



SOUTHERNGOLD

A GOLD EXPLORER WITH GOLD PRODUCTION



Cannon Mine, July 2016

ASX Ticker: SAU

**The Mining 2016 Resources Convention
24-25 August 2016**

Disclaimer

Forward-looking statements

The information in this presentation is published to inform you about Southern Gold Limited (“Southern Gold”) and its activities. Some statements in this presentation 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 and increasing the company’s resource base

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.

Competent Person’s statements

The information in this report that relates to Exploration Results and Exploration Targets has been compiled under the supervision of Mr. Ian Blucher (MAusIMM). Mr Blucher, who is a full time 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 Mineral Resources is based on information compiled by Mr Ian Blucher (MAusIMM). Mr. Blucher is a full time 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.

The information in this report that relates to Exploration Results has been compiled under the supervision of Dr Chris Bowden (FAusIMM(CP)). Dr Bowden, who is an employee of Southern Gold Limited and a Fellow and Chartered Professional of The Australasian 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 Exploration Results, Mineral Resources and Ore Reserves. Dr Bowden consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Kalgoorlie Au Production, Korean Au Exploration

- ❑ **Gold Mine:** an active gold explorer and gold producer with **Cannon** open pit mine, 35km east of Kalgoorlie WA, with Metals X as operator.
- ❑ **Large cash margin:** Cannon ~50koz Au recovered @ total cost ~A\$1000/oz with current AUD Au @ ~A\$1750/oz = >\$700/oz margin.
- ❑ **Cash:** Cash flow in next 7 months under 50% profit share* >A\$17m with first 20koz hedged @ A\$1530/oz and 30koz spot Au @ A\$1750/oz.
- ❑ **High grade exploration:** Newly acquired **South Korean** projects opens up a whole new world of opportunity with enormous discovery potential.
- ❑ **Compelling investment:** Tight capital structure (42.9m shares) and with market cap (~A\$16m) less than cash flow over the next 7 months.
- ❑ **Exploration upside comes for free:** zero value currently attributed to our **Kalgoorlie gold projects** or the newly acquired **South Korean gold-silver projects**.



**Prior to repayment of MLX debt facility. See slide 6 for details.*

Strategy: Find Gold Near A Mill And Monetise

Current Cash Flow

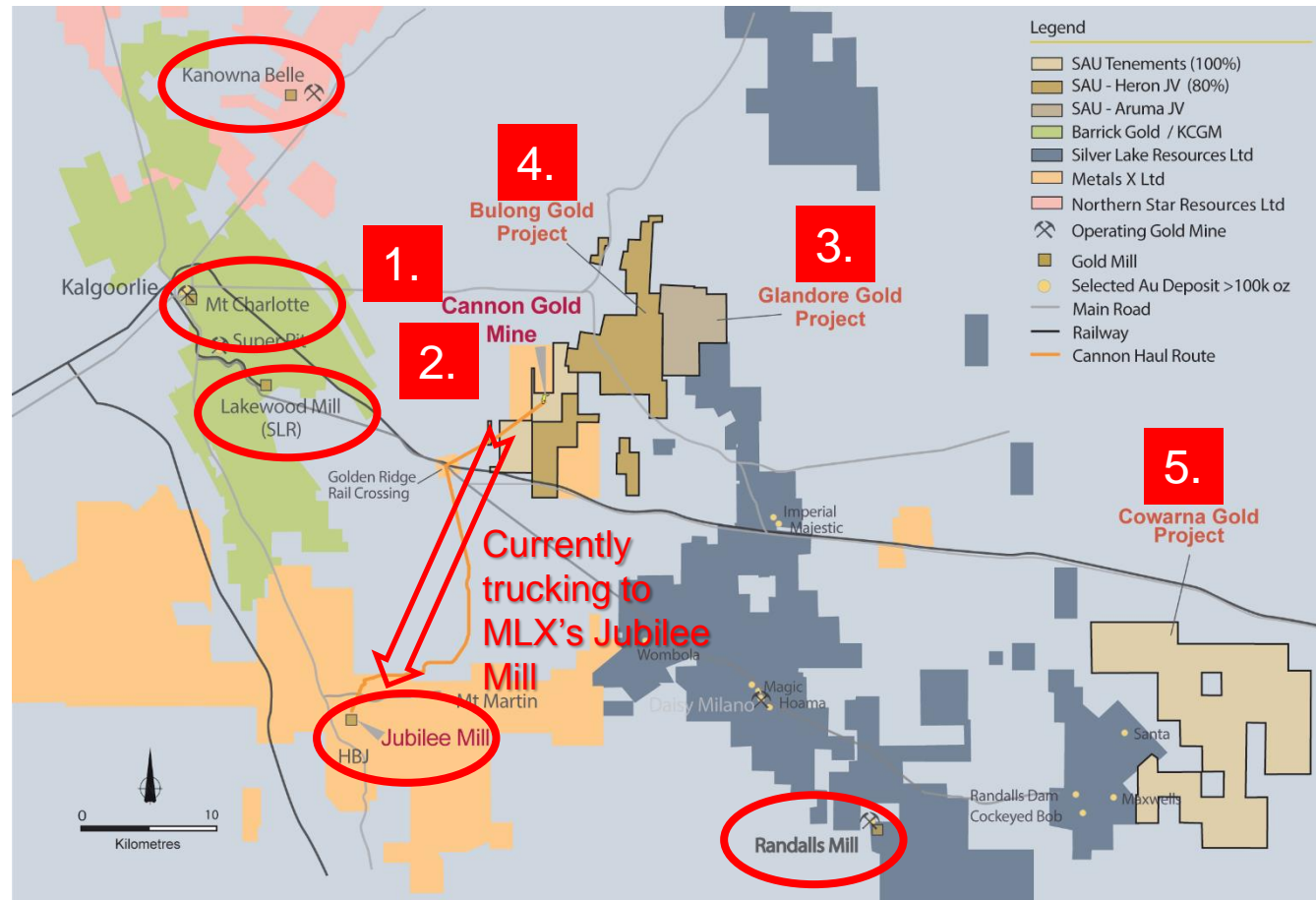
1. Cannon Open Pit

Near Term Targets

2. Cannon Underground?
3. Glandore Gold Project
4. Bulong Gold Project

Mid Term Target

5. Cowarna Gold Project
- + 6. South Korea – Multiple Projects



Total Shareholder Return Benchmark

Southern Gold to consider a formal dividend/capital return policy at appropriate time

1. Cannon Gold Mine: Metals X Operation



Cannon Mine is 50/50 Profit Share with MLX. Georges Reward is 100% MLX.

1. Cannon Gold Mine: Cash Generation



Pit Shell @ A\$1400/oz Economics @ A\$1500/oz		Expanded Pit Total
Ore Processing Complete	End Date	February 2017
Tonnes Mined	Tonnes	479,120
Head grade (fully diluted)	g/t Au	3.77
Mined Ounces	koz Au	58.0
Recovery (LOM average)	%	86.3
Recovered Ounces	koz Au	50.0
C1 Operating Cost	A\$/oz	\$981
All In Sustaining Cost (AISC)	A\$/oz	\$1,014
Total Cash Cost/oz, including capital	A\$/oz	\$1,037
Total Net Cash to Southern Gold*	A\$m	@A\$1500/oz spot = \$11.6
Hedge (\$500/oz cash margin)		20koz fixed at A\$1530/oz
Total Net Cash to Southern Gold	A\$m	@A\$1750/oz spot = \$15.8

First Ore Load – Aug '15



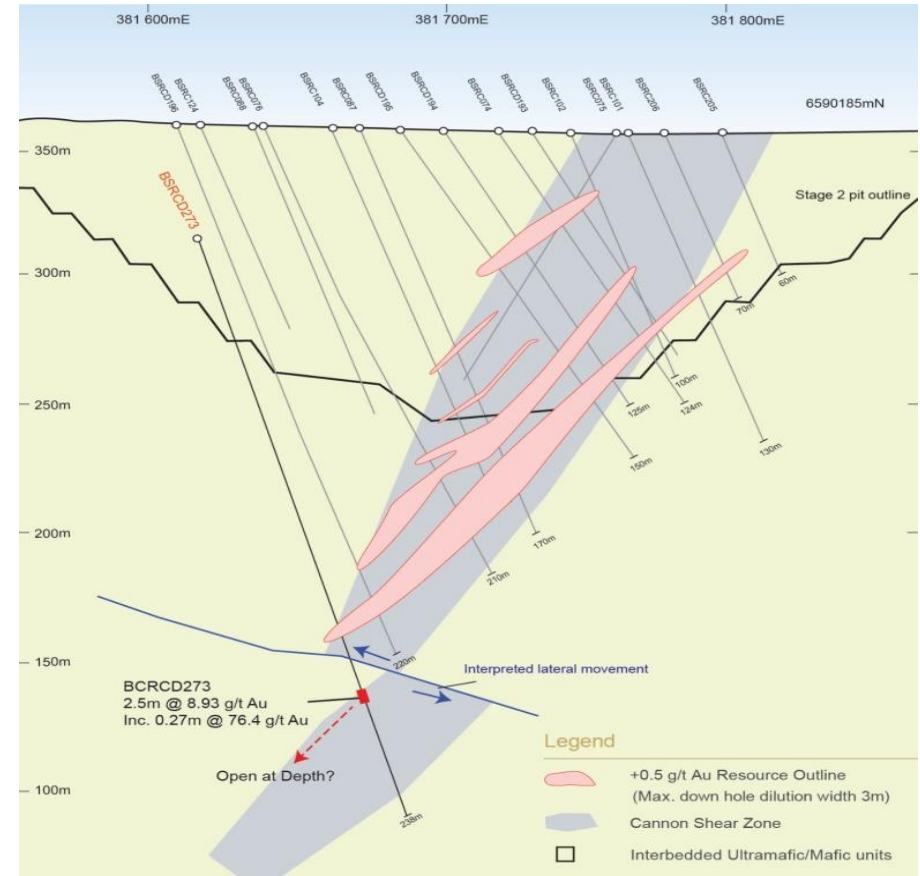
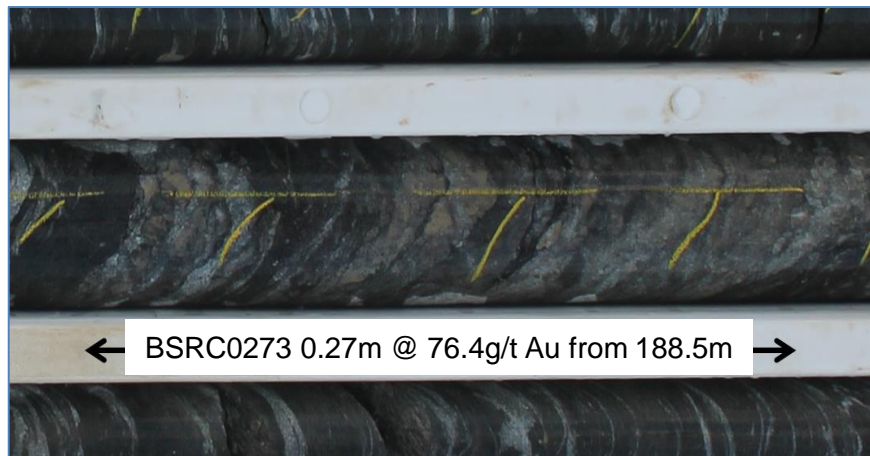
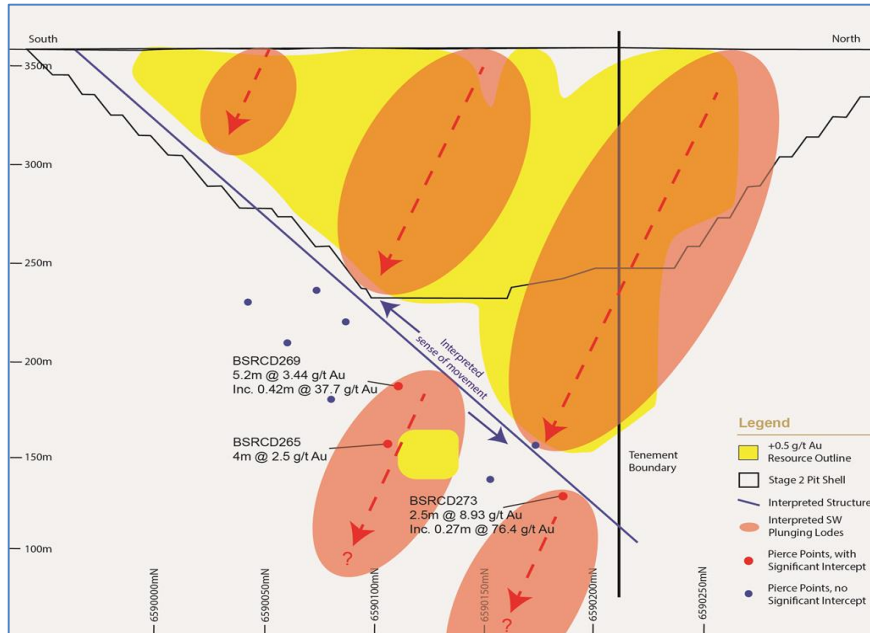
Maiden Gold Pour – Nov '15



A\$15.8m is the equivalent of 37c/share (currently trading 38c/share)

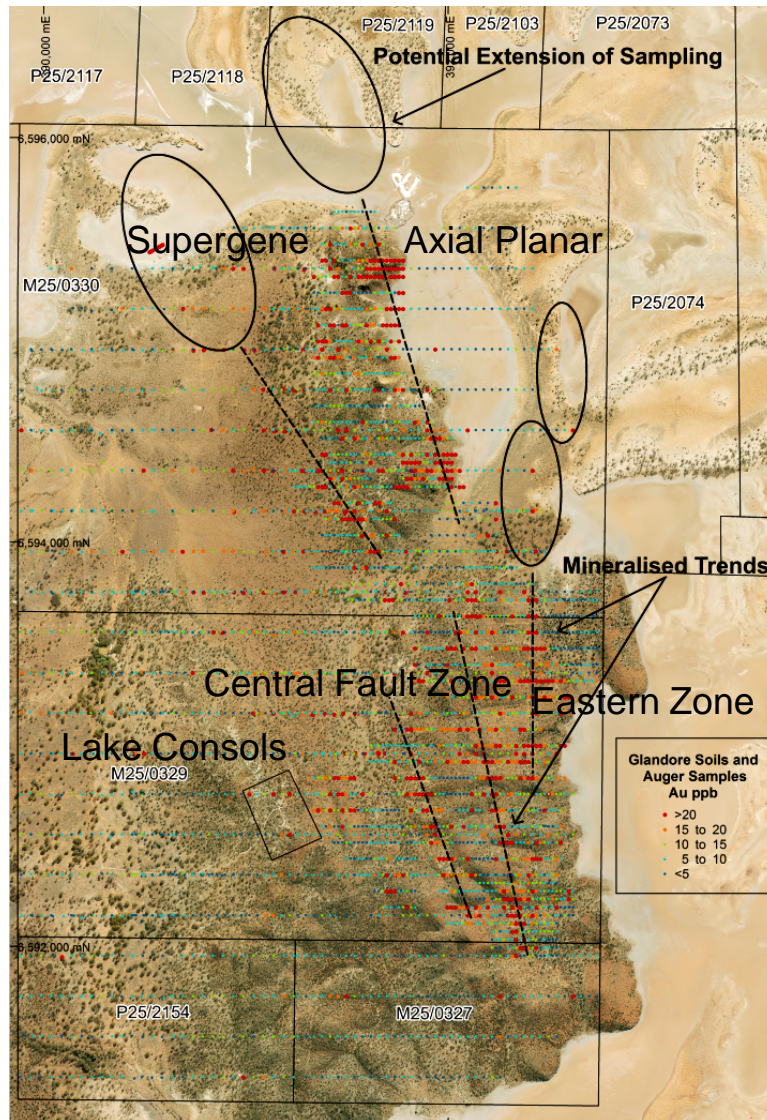
*\$1500/oz Base Case (A\$11.6m) - See ASX announcement 3 November and 9 December 2015 for details. Calculations prior to MLX debt repayment.

2. Underground? Kundana/Daisy Milano?



- Cannon style mineralisation continues at depth below structure – exploration only just begun.
- Deeper drilling required – post open pit mine operations can access bottom of the pit.

3. Glandore Project – 4 High Grade Targets



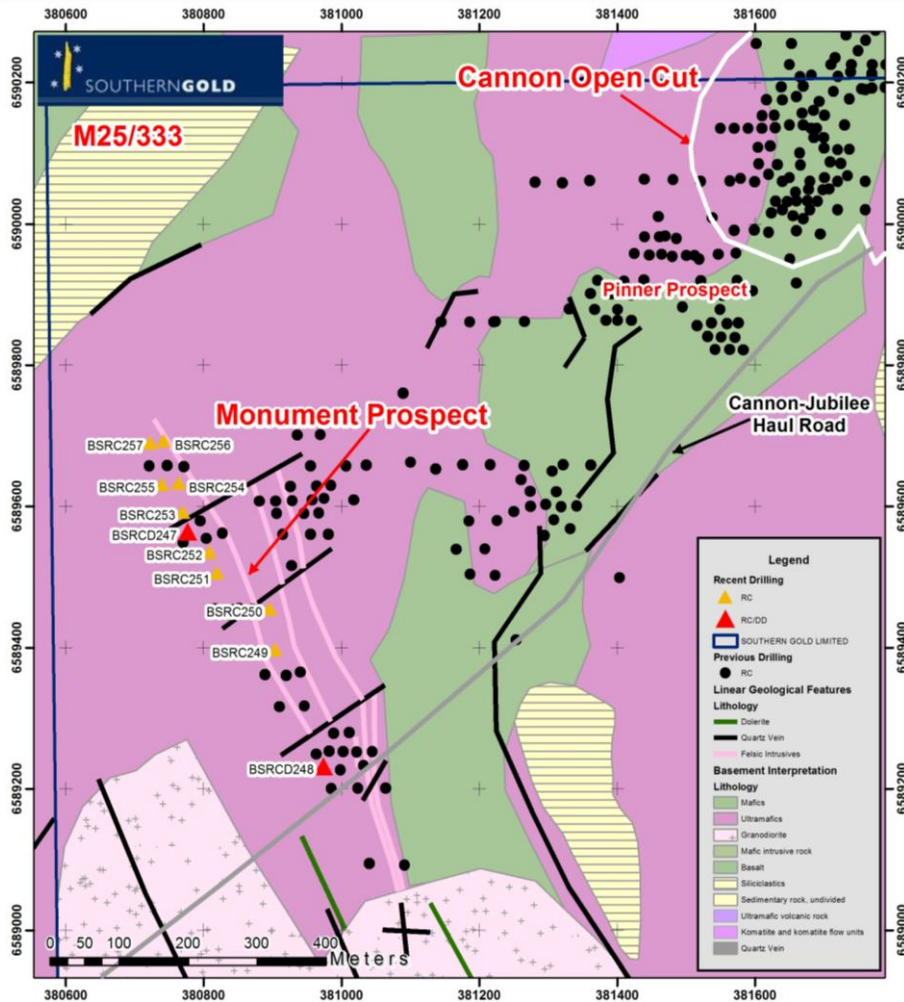
- ❑ Down dip / plunge from the **4m @ 18.8g/t Au** intersection in HGRC032 and **10.25m @ 10.3g/t Au** intersection in GDJD336 at **Axial Planar project**;
- ❑ Down dip / plunge and along strike from **2m @ 43.4g/t Au** in HGRC107 at the **Supergene Zone**;
- ❑ Extensions to the **9m @ 4.22g/t Au** intersection in GDJC10 **Central Fault Zone**; and
- ❑ Follow up on open intercepts **5m @ 35.8g/t Au** intersection in GP61B at **Lake Consols**.

Conceptual Exploration Target is 500,000 to 2,500,000 tonnes with grades in the range of 2.4 – 3 g/t Au (50koz – 200koz Au in several deposits).*

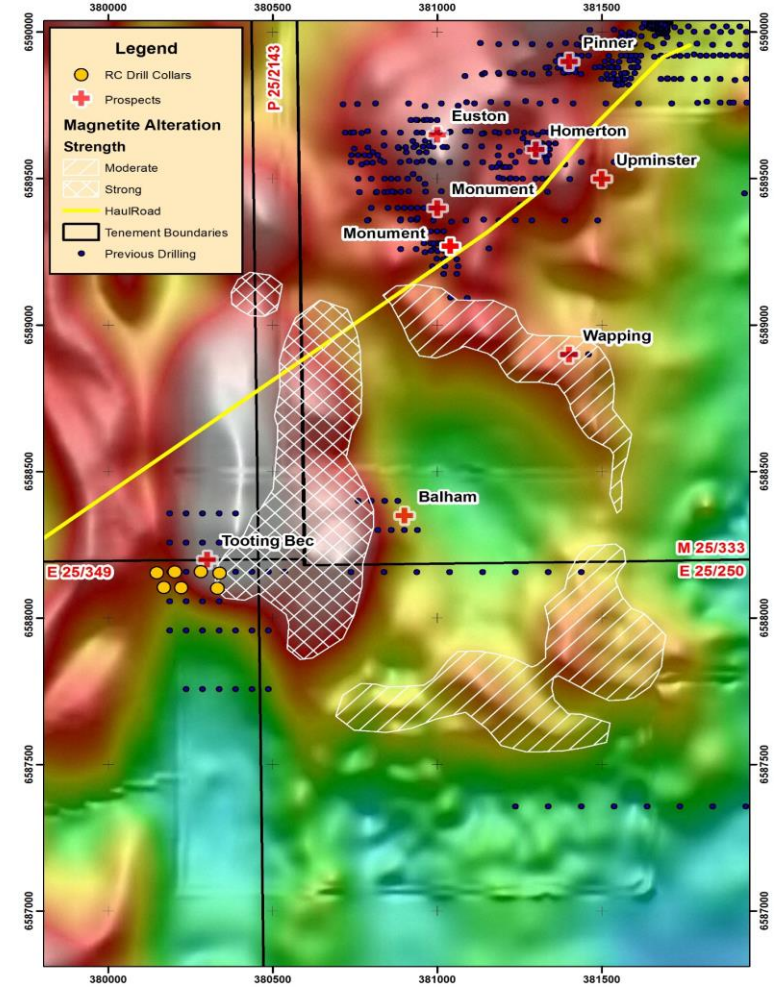
This Exploration Target is not a mineral resource and is conceptual in nature. The exploration carried out to-date is insufficient to estimate a resource and it is uncertain whether further exploration will result in the estimation of a resource.

**see ASX Release 4 April 2016 for details*

4. Monument & Tooting Bec Prospects

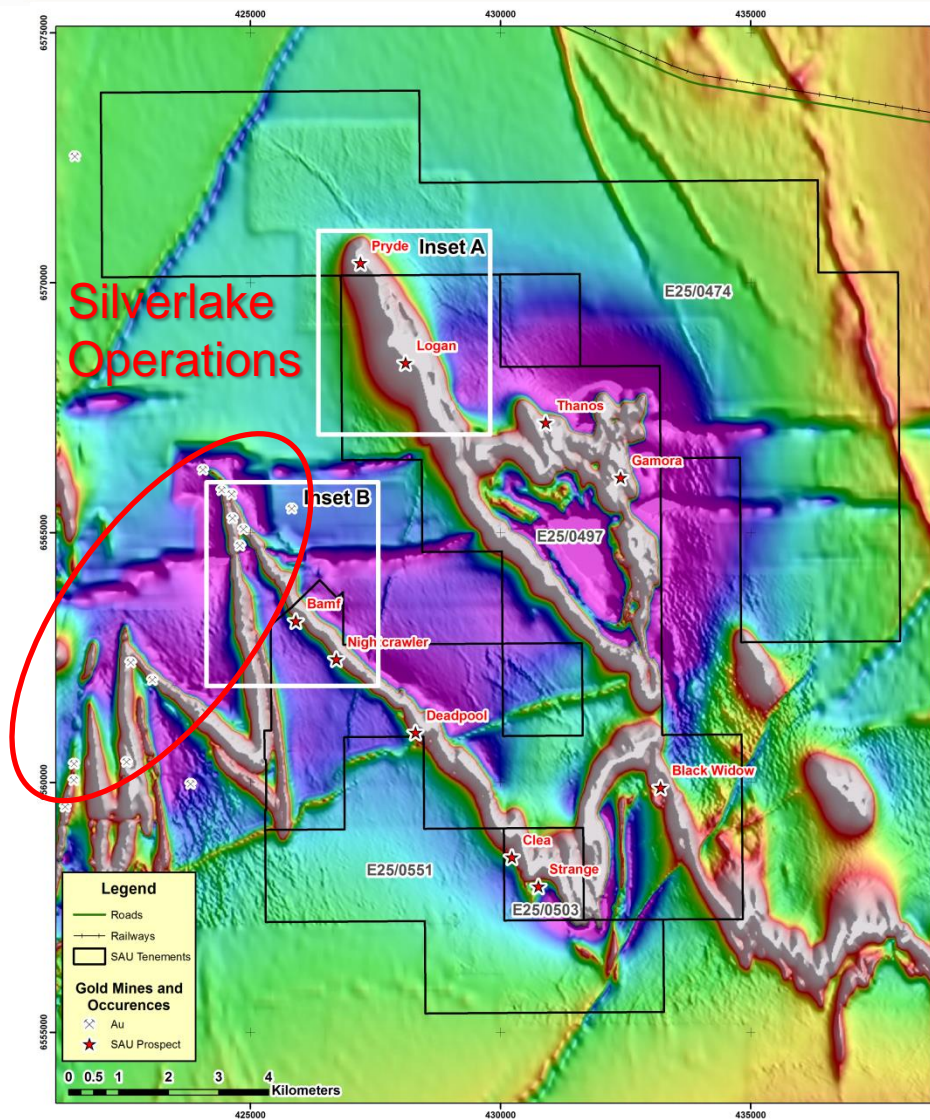


- Monument – potential for JORC resource.



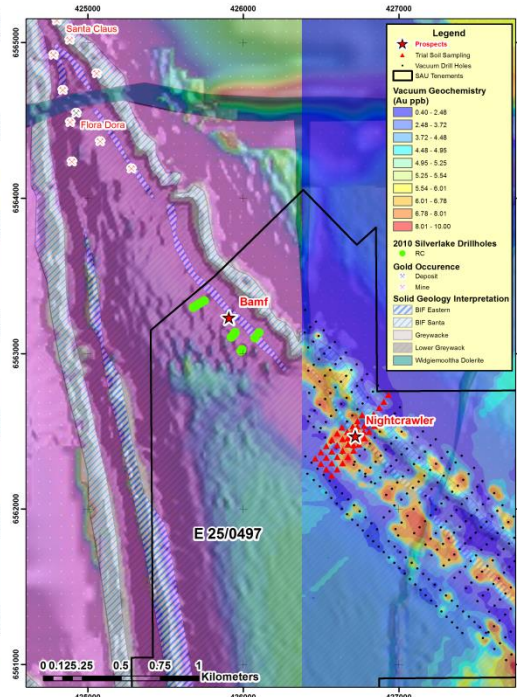
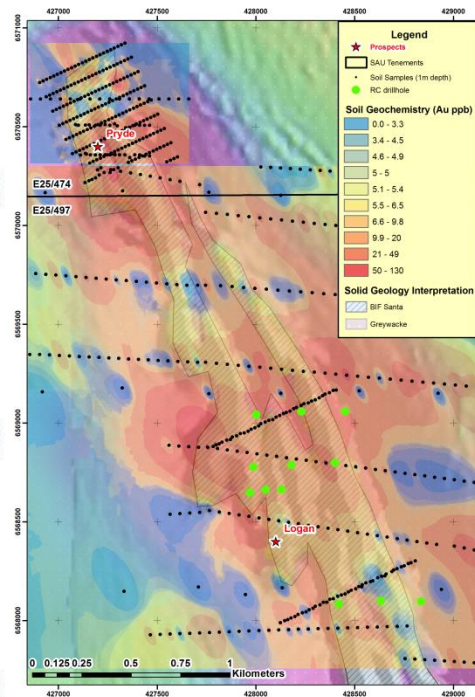
- Tooting Bec – larger mineralised system?

5. Cowarna Gold Project



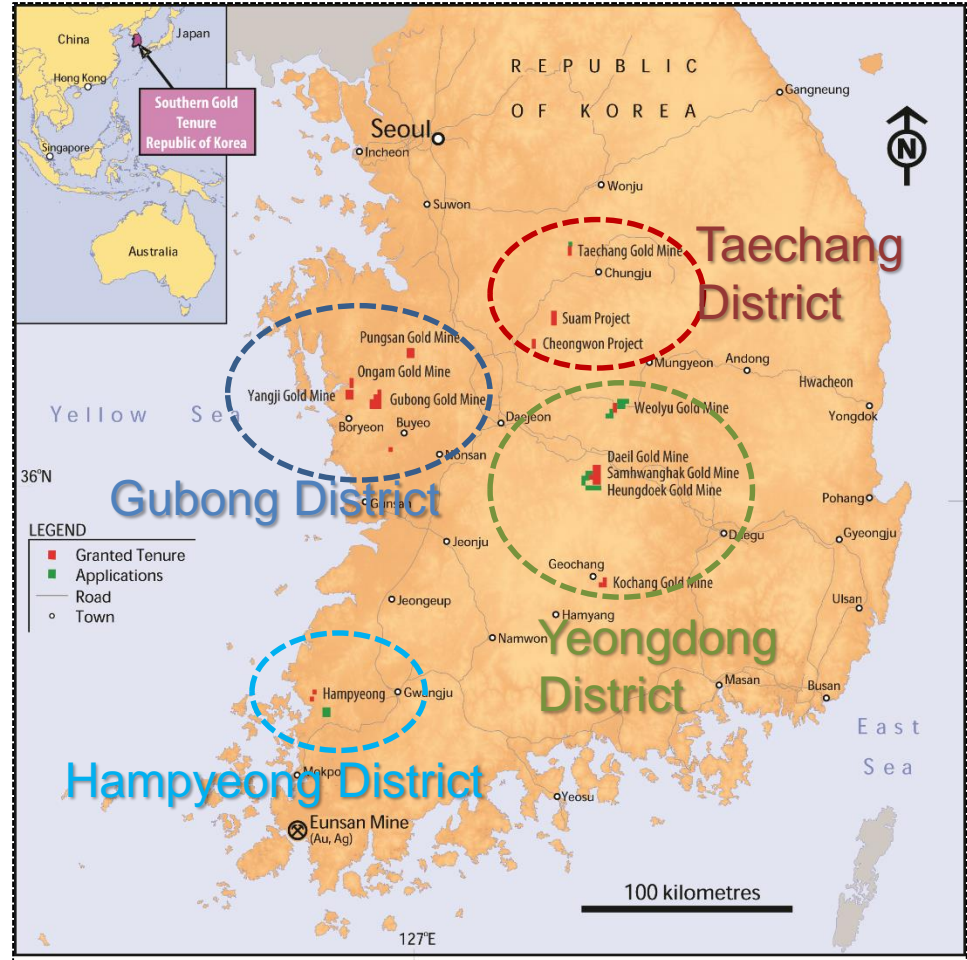
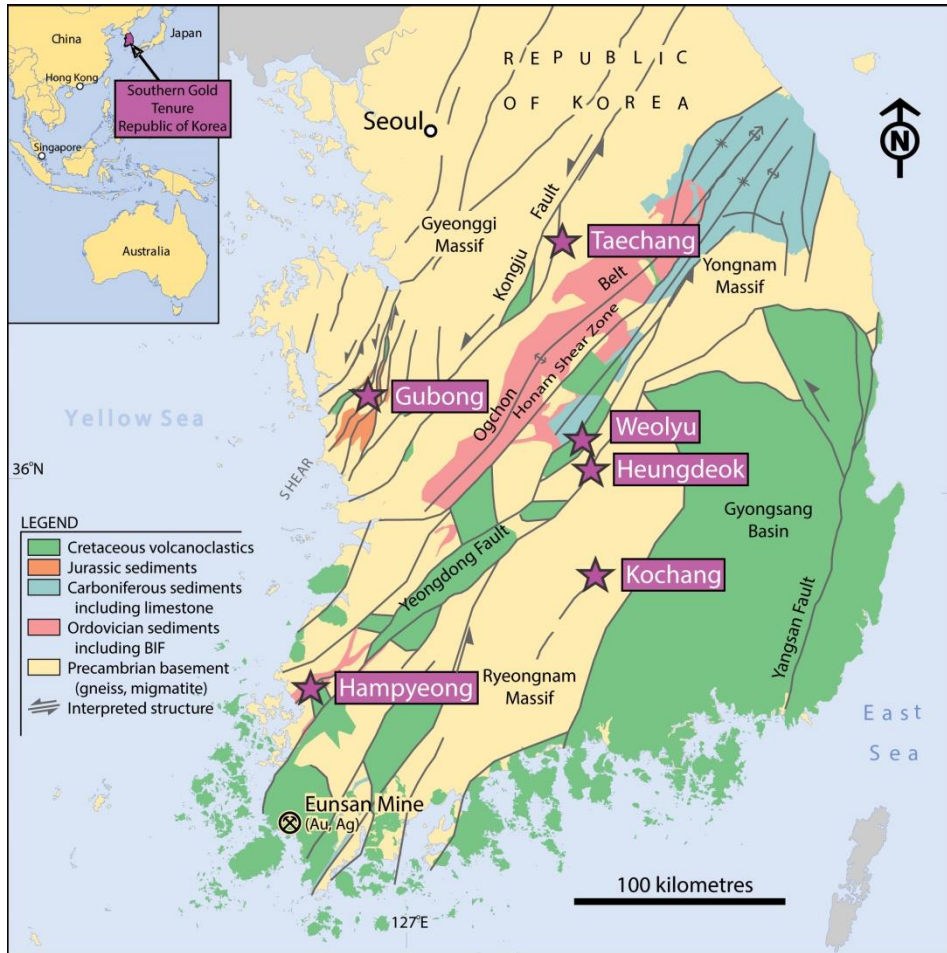
Inset A: Pryde/Logan

Inset B: Nightcrawler



- Multiple targets identified from review of historical soil/auger sampling and drilling
- Cowarna is within trucking distance of Silverlake's Randalls Mill

6. South Korea (SK)



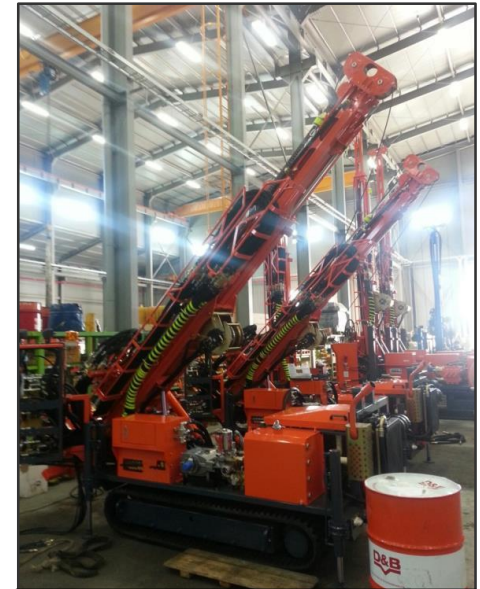
Major strategic target: Yeongdong Fault

Tenure: largest of any foreign company

SK: Jurisdiction



- First mention of Korea in western literature references the land of Unified Silla as a land “rich in gold” (*Khordadbeh, 9th century*);
- In modern timesthere are no government (local or national) mining royalties nor is there a requirement for a government free carry and the corporate tax rate is 24.2%;
- There is also a government financial subsidy programme for exploration and mine capital expenditure (e.g.: the current KORES sponsored drilling at Kochang);
- Ubiquitous infrastructure such as road, rail, electricity, internet networks;
- It has a low cost base compared to Australia with salaries perhaps 50% Australian equivalents and electricity 6c/kwh to 10c/kwh peak; and
- It has one of the largest manufacturing bases anywhere in the world with population of 50 million and GDP per capita of ~US\$26k (cf. Australia ~US\$67k per capita).



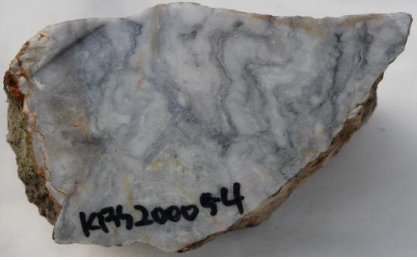



Drilling rig manufacturing plant – Hanjin D&B in Gwangju

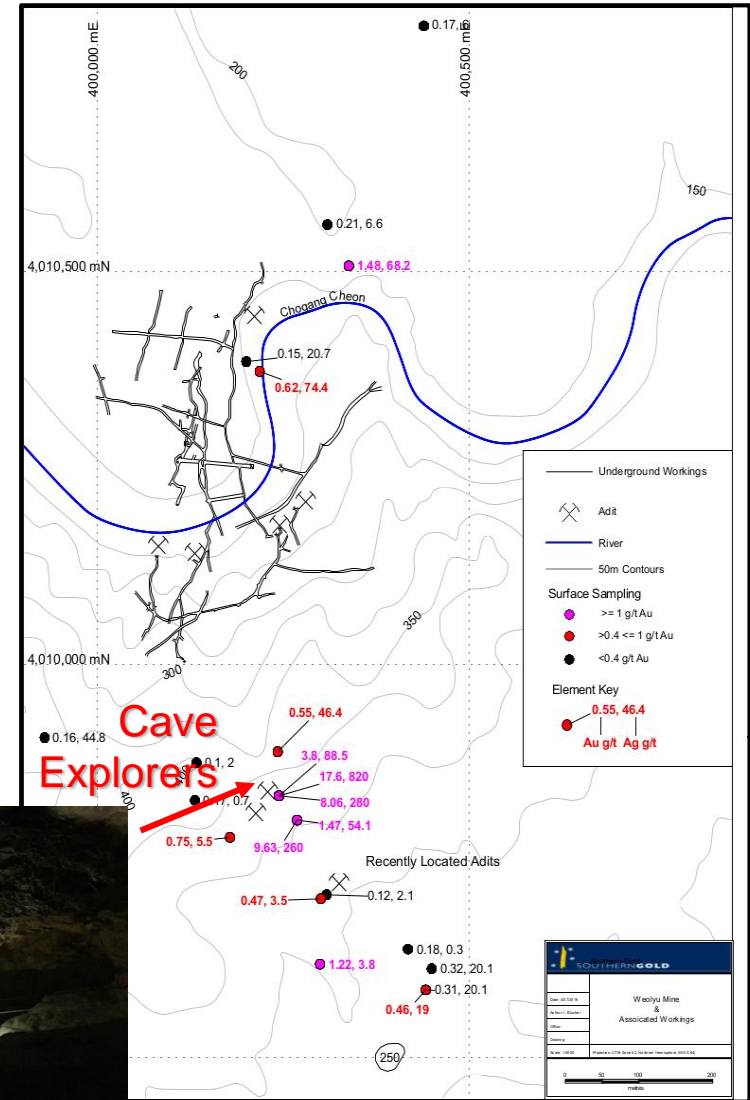


SK: Weolyu Project

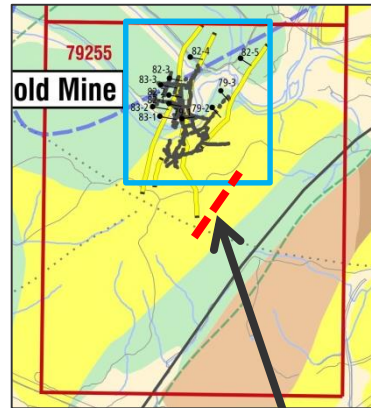
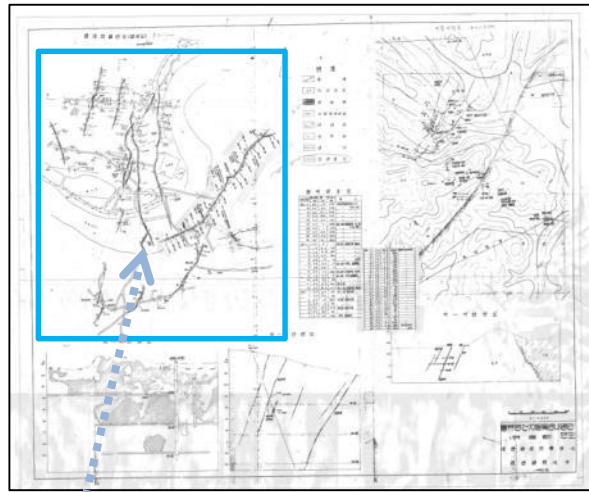


Plate 1: Weolyu	
<p>a. Weolyu South High Level Bladed Texture</p> 	<p>b. Classic epithermal banded quartz texture</p> 
0.47g/t Au & 3.5g/t Ag (on surface)	17.6g/t Au & 820 g/t Ag (from mullock)
<p>c. Multiphase banded epithermal texture</p> 	<p>d. Fluid flow breccia</p> 
8g/t Au & 280g/t Ag (from adit)	9.6g/t Au & 260g/t Ag (from adit)

*see ASX Release 10 August 2016 and 8 July April 2016 for details



SK: Weolyu – What Do We See?

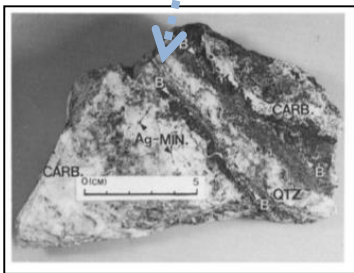


In-situ gold mineralisation at decommissioned mine with upside potential **PLUS newly discovered classic high-level low-sulphidation** epithermal veining distal to previously mined epithermal veins - hosted by Cretaceous volcanic (extrusive & sub-volcanic intrusive) rocks that show significant propylitic-sericitic (& acid sulfate) alteration.

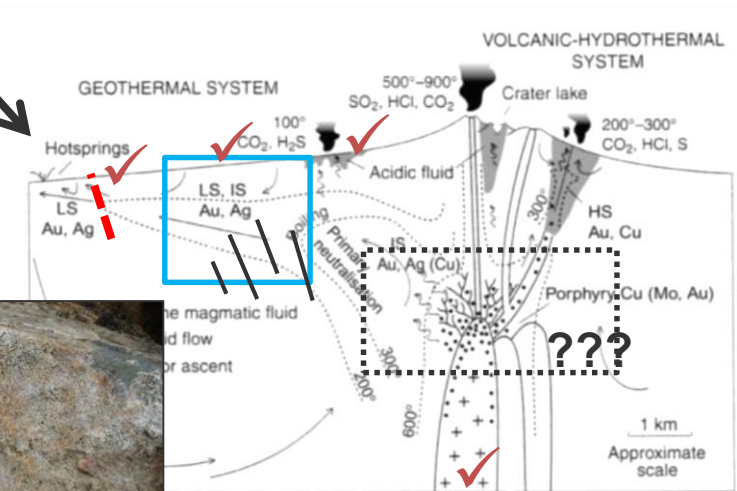
Potential porphyry – epithermal transition?

NEW DISCOVERY

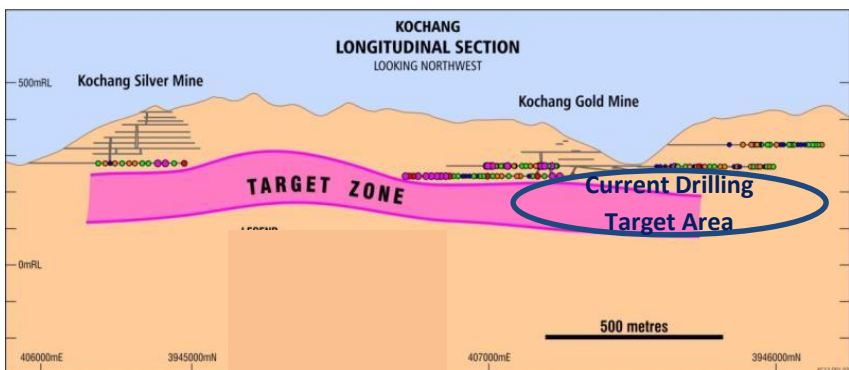
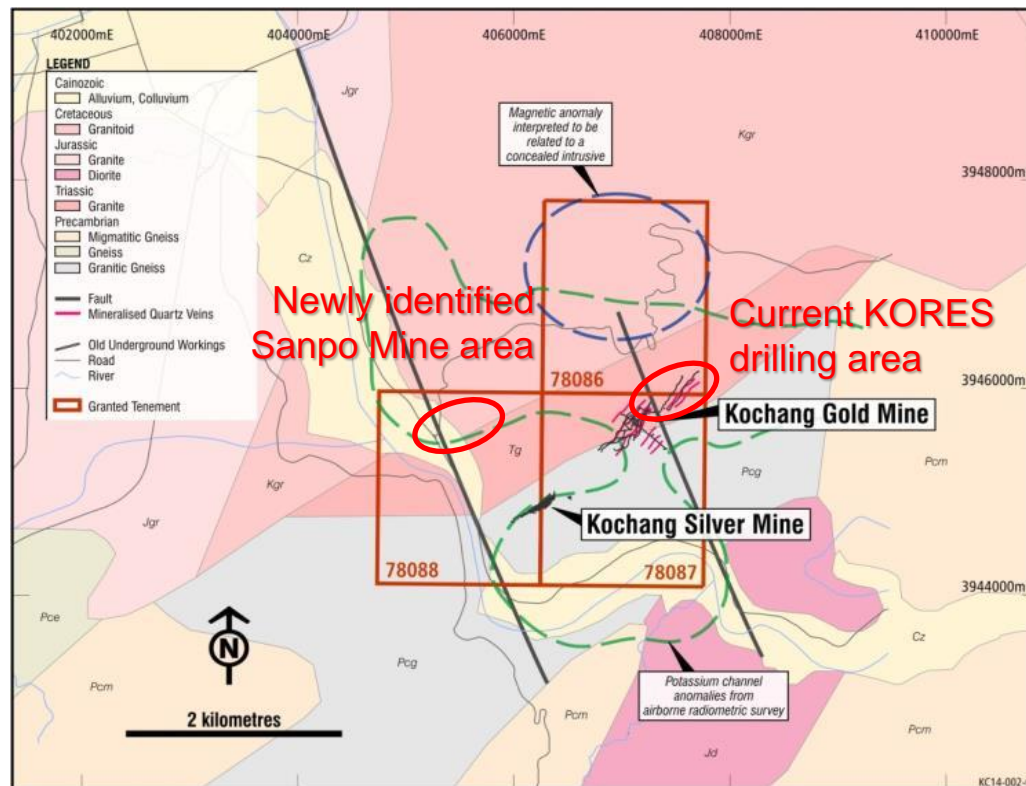
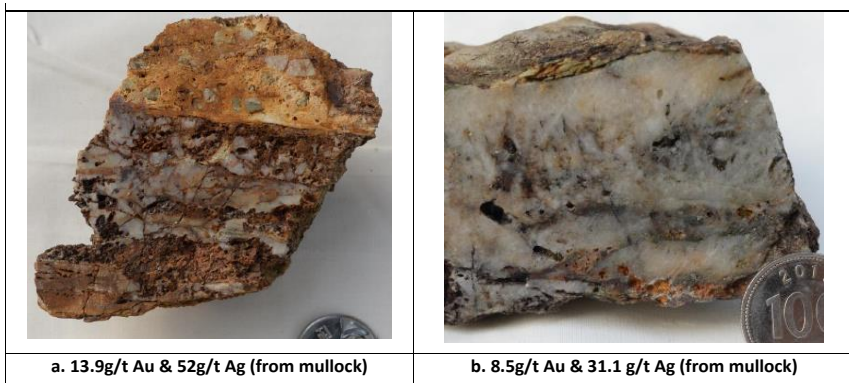
Previous mining & veins



Bladed carbonate boulders



SK: Kochang Project, KORES Drilling



*see ASX Release 10 August 2016 for details

SK: Foreign Estimates (Non-JORC)



Weolyu and Kochang projects just part of a broader portfolio.

Mine Name	Vein Width Range (m) ⁽²⁾	Au Avg. Grade (g/t)	Ag Ave. Grade (g/t) ⁽²⁾	Korean Tonnage Classification ⁽¹⁾			Total Tonnes	Ref. No.
				Secured Reserve (Tonnes)	Estimated Reserve (Tonnes)	Presumption (Tonnes)		
Gubong	0.6 - 1.5	7.3	5 - 6	-	-	2,346,440	2,346,440	3,7
Ongam	0.5 - 1.0	24		42,720	144,311	-	187,031	3
Yangji		17		15,016	101,797	-	116,813	3
Imchon	0.2 - 0.6	14.66	40 - 60	45,412	67,442	-	112,854	3
Pungsan	0.1 - 1.5	10		-	-	144,553	144,553	2
Total Gubong Area				103,148	313,550	2,490,993	2,907,691	
Sobo	0.1 - 1.0	17.2	44	20,790	25,600	-	46,390	3,5
Taechang	0.1 - 0.3	16	6 - 114	-	-	1,106,283	1,106,283	2
Jang Am		6		-	-	245,892	245,892	2
Suam	0.2 - 0.6	10		460	1,449	-	1,909	3
Total Taechang Area				21,250	27,049	1,352,175	1,400,474	
Heungdeok	0.5 - 1.0	25		66,434	237,807	-	304,241	3,4
Weolyu	0.3 - 0.1	10.99	200-1,000	1,140	23,650	297,179	321,969	2,3
SH ⁽³⁾ #1		15		-	-	163,000	163,000	8
SH ⁽³⁾ #2		6.42		65,968	84,389	-	150,357	8
Daeil	0.1 - 2.0	15	<1 - 119	3,950	8,900	11,970	24,820	3,6
Kochang		12	3 - 217	-	104,700	77,490	182,190	3
Total Yeongdong Area				137,492	459,446	549,639	1,146,577	

See ASX Release 8 July 2016 for full disclosure, including references.

- (1) Korean Tonnage Classifications are "Foreign Estimates" and are not compatible with JORC (2012).
 (2) Not all categories of information are provided in every reference.
 (3) Project called Samhwanghak

The Directors of Southern Gold emphasise that these figures are not quoted in accordance with the JORC code and do not represent Resources, Inferred or otherwise (terms such as "Secured Reserve" and "Estimated Reserve" are not recognized under the JORC Code). Nevertheless, these estimates are more in line with Exploration Target Range figures that are used under the Code. In this respect, the portfolio of projects gives an indicative exploration target range of 1Mt to 4.5Mt at between 6g/t Au and 12g/t Au (or approximately 500,000oz Au to 1,500,000oz Au) in several deposits.



Exploration Manager – South Korea, Dr Chris Bowden, PhD, GCMEE, FAusIMM(CP), FSEG:

- more than 20 years' experience with an excellent discovery record
- PhD completed on the epithermal gold mineralisation in South Korea
- Experience in South Korea with Ivanhoe Mines on the Eunsan/Moisan discoveries
- Discovery and delineation of Dish Mountain in Ethiopia (2Moz JORC compliant deposit)



Country Manager – South Korea, Joseph Lee:

- Korean born Australian finance and business development professional
- Over 12 years' experience, including capital raisings, IPO's, M&A, and investor relations
- Extensive experience in South Korea as a corporate advisor
- Educated in Australia, Joseph is bilingual and now based in South Korea.



Senior Consulting Geologist and Advisor – South Korea, Douglas Kirwin:

- World renowned geologist with more than 45 years international exploration experience
- Excellent discovery record including:
 - Hugo Drummett deposit at Oyu Tolgoi in Mongolia
 - Jelai Mewet and Seryung epithermal deposits in Kalimantan
 - Eunsan-Moisan gold mines in South Korea
 - Moditaung gold deposit in Myanmar
 - Merlin Re-Mo deposit in Australia.
- Doug has held senior positions with Anglo American, Amax, Indochina Goldfields and Ivanhoe Mines Ltd until it was acquired by Rio Tinto in 2012.

SK: Summary



- ❑ Excellent jurisdiction, including significant government support
- ❑ Proven gold endowment and significant historical producer
- ❑ Lack of modern exploration on first class 'ring of fire' geology
- ❑ Excellent geological and management team in place
- ❑ Drill ready 'near mine' brownfield targets (started drilling within 10 days of acquisition)
- ❑ Reopening the old mines for underground access
- ❑ Significant Exploration Target Range
- ❑ Incredible blue sky / discovery potential

Corporate Overview

Year to date price performance



The Board

Greg Boulton AM	Chairman
Simon Mitchell	Managing Director
Mick Billing	Non Executive Director
David Turvey	Non Executive Director

Financial information

Number of shares	42.9 m
Call Options (\$0.375, \$0.90)	~0.85m
Call Options (\$0.32, 30 June 2017)	1.39m
Call Options (\$0.40, 30 June 2017)	1.39m
Call Options (\$0.375, 30 June 2021)	1.24m
Total Fully Diluted Shares	47.7m
Share price (19 August 2016)	A\$0.38
Market capitalisation (undiluted)	A\$16.3m
Debt (Metals X, \$0.5m undrawn)	A\$2.0m
“Convertible Debt”	A\$1.0m
Cash (30 June 2016)	A\$1.5m
Enterprise value	~A\$17.8m

+ Placement
3.43m @ 35c

option conversion
repays
convertible debt
principal

+ Placement
\$1.2m Sept.'16

1. Cannon Open Pit Mine = Cash = Market Cap

+ Exploration comes for free! = 2. Cannon underground? 3. Glandore, 4. Bulong 5. Cowarna and now +6. **South Korea**

Next 12 Months

- ❑ **Cannon Gold Mine** - below pit for underground?
- ❑ **Glandore Gold Project** - rapid JORC conversion
- ❑ Satellite open pit designs & approvals at **Bulong Gold Project**
- ❑ Project reconnaissance at **Cowarna Gold Project**
- ❑ Drilling in **South Korea** with potential for new discoveries!
- ❑ Reopening old mines in **South Korea** for underground access
- ❑ **Bank significant cash flow** from Cannon and...
- ❑ Ensure there is **more cash to come**



Thank You



Simon Mitchell
Managing Director

+61 8 8368 8888
info@southerngold.com.au
www.southerngold.com.au

Level 1, 8 Beulah Road
Norwood, SA 5065
PO Box 255
Kent Town SA 5071

- ❑ RCR Research Report by John Wilson, August 2016
(NAV @ \$0.45/share and price target >\$0.50/share)
- ❑ <http://www.southerngold.com.au/assets/docs/investors/>