



Shares Issued: 46.3m

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Photo 1: Brecciated sulphidic quartz vein, KCDD004, Kochang

Second KORES Drilling Grant Secured

- Korean Resources Corporation (KORES) to fund 70% of direct drilling cost of 380m diamond drilling at Sanpo Mine, part of the Kochang Project in South Korea
- Drilling will follow up excellent results from 1984 where wide, high grade gold and silver intersections were returned

Second round drilling grant confirmed

Australian gold producer, Southern Gold Ltd (“Southern Gold”), advises that it has been successful in securing the second drill grant from Korean Resources Corporation (KORES) for the Kochang Project in South Korea, located about 250km southeast of the capital Seoul (**Figure 1**).

The drill grant covers 70% of the direct drilling costs of two diamond drill holes for a total of 380m and targets extensions to excellent results returned from drilling in 1984 adjacent to a historic mine called Sanpo (**Figure 2**). KORES drill hole 84-02 previously returned the following results:

- 0.6m @ **10.6g/t Au and 12g/t Ag** from 26.9m;
- 2.5m @ **17.4g/t Au and 4g/t Ag** from 63.0m; and
- 2.4m @ **1763g/t Ag** from 97.6m. (Drilling ended in mineralisation at 100m)

Southern Gold considers the Sanpo mine to be part of the broader Kochang project, which includes three other zones: Kochang Gold Mine, Kochang Silver Mine and Kochang East (“KCE”). There is also a zone of interest between the two mines referred to as Kochang Gap (“KC Gap”, **Figure 2**).

Drilling under this grant will commence in the next few weeks with drill operations to take about one month. Results from the programme are expected in December.

First round drilling results update

All drill core from the first programme has now been logged and sampled by Southern Gold after KORES completed its studies. The samples have been sent for analysis at internationally certified MAS laboratories in Thailand. First gold results are expected in 7-10 days. All four drill holes intersected visual mineralisation in the target zone, including significant intervals of sulphide bearing quartz veins and mineralised breccia (**Photo 1**, left, from KCDD004 at 34.75m – assays pending).

Also included in this batch are reconnaissance field mapping samples taken at both Sanpo (Kochang NW) and KCE (**Figure 2**). Southern Gold has been sampling mineralisation as quartz boulders and altered vein breccia material adjacent to old informal mine workings and in nearby creeks. Examples of rock slabs cut from these samples are illustrated in photos 2 and 3 (**Plate 1**).

A very experienced consultant geologist has commenced a more detailed drill core logging and mapping exercise in order to provide for a wider project context to assist in the interpretation of drilling results and define additional drill targets.

Figure 1: Location of key projects in South Korea with Kochang highlighted

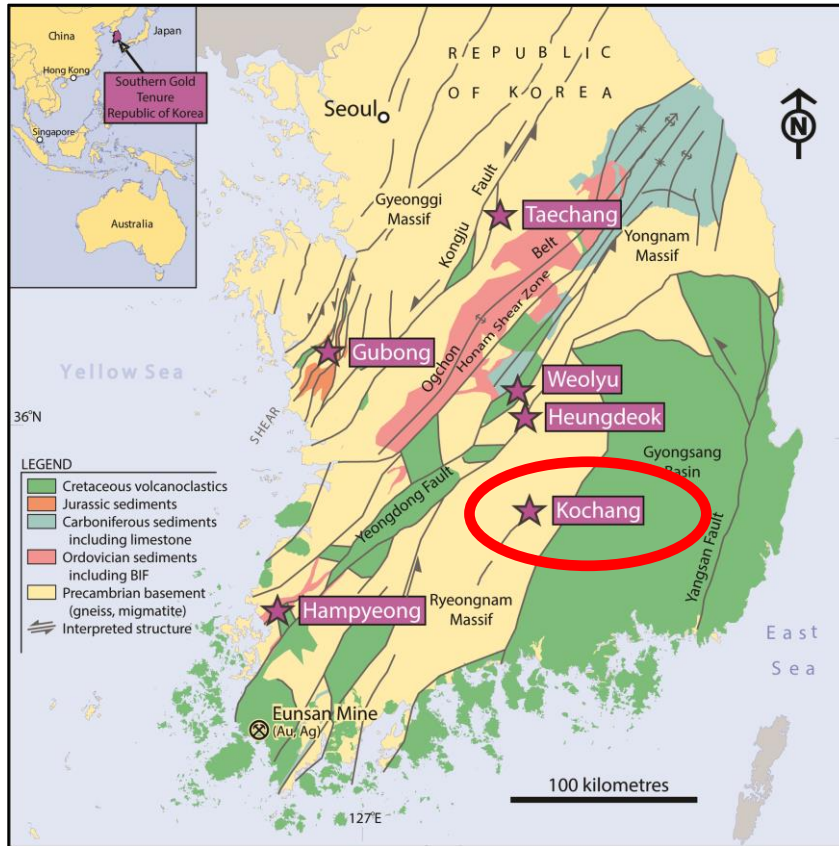


Plate 1: Kochang Rock Slabs from Recon Mapping (note: assays pending)

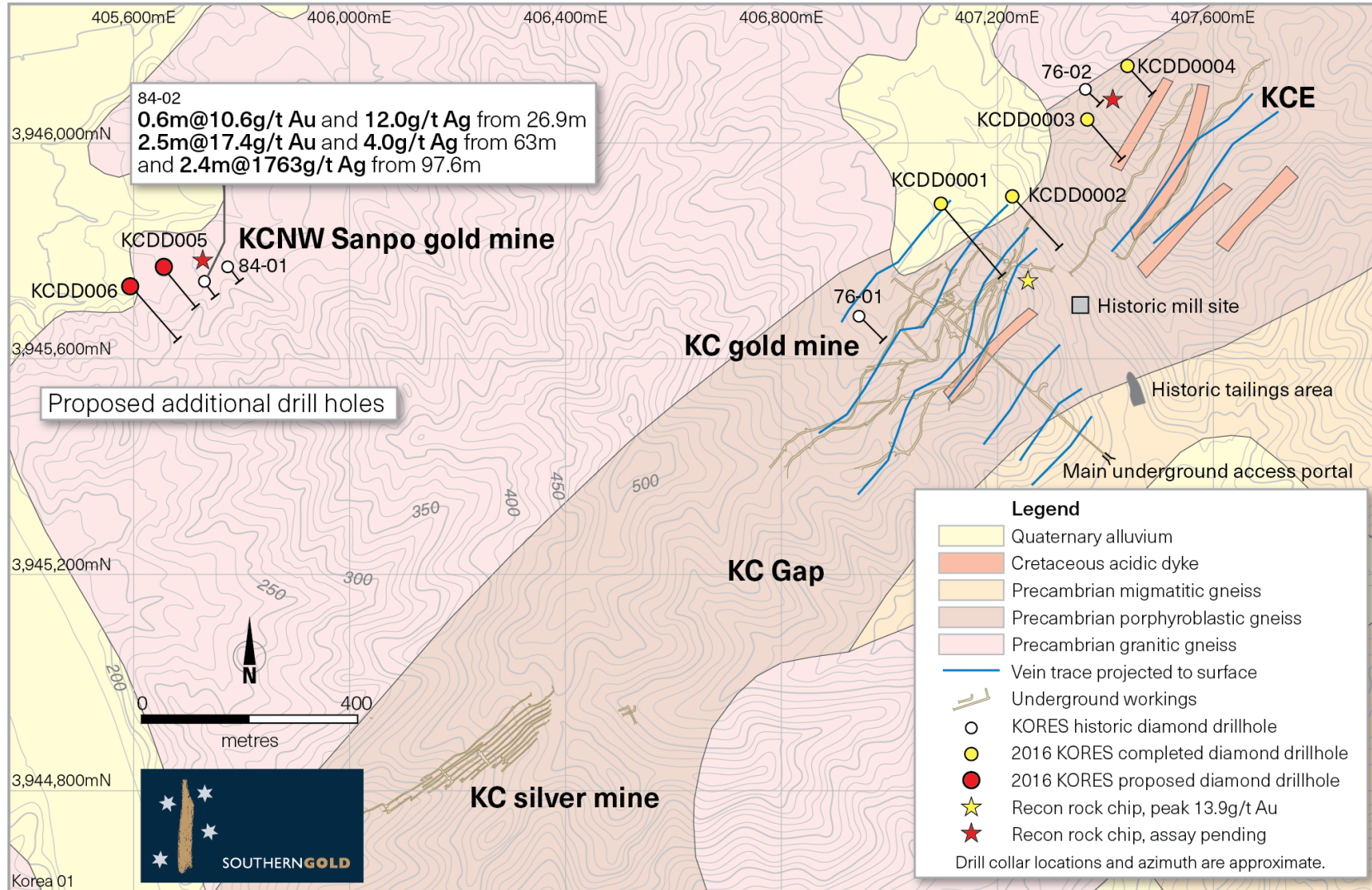
Photo 2. Sulphide rich quartz vein, KCE



Photo 3. Intensely altered quartz breccia with sulphide, Sanpo



Figure 2: Kochang Project Area Map showing position of proposed KORES funded drill holes at Sanpo



Note: the source of the technical information is the same as referenced in the foreign estimates for this general area as per ASX Release of 8 July 2016.

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 Metals X Ltd financing and developing the deposit under a 50/50 profit share arrangement. Metals X 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 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.

The information in this report that relates to Exploration Targets 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.

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.