



Shares Issued: 46.4M

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

- Total of \$7.5 million has now been received from Cannon
- Small underground adit being developed into ore
- Further processing and distributions over the coming months

### \$2 Million Profit Share Distribution Received

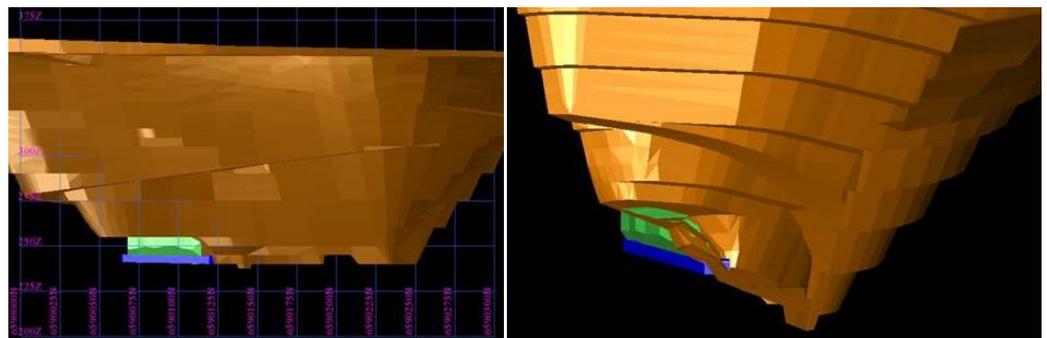
The Directors of Southern Gold Ltd ('Southern Gold') are pleased to advise the payment of the fourth profit share distribution from the Cannon gold mine. The Cannon gold mine operations committee resolved to pay \$4 million in distributions, or \$2 million to Southern Gold as its 50% profit share. **This takes total payments to Southern Gold so far to \$7.5 million.**

### Debt Free Status

Southern Gold has fully repaid all of its debt with a total of \$3.7 million of payments being made in the last few months to various debt providers. **As such this \$2 million distribution is fully banked.**

### Status of Mining at Cannon

As part of a strategy to manage geotechnical issues in the open pit, **the Operations Committee has approved a small underground operation to extract the high grade ore at the bottom of the pit** in a safe manner. The figures below illustrate the proposal in a long-section view looking west (left figure) and obliquely looking south east (right figure) highlighting a small adit (blue) and extracted high grade ore above (green). For scale the adit is approximately 50m long.



Subject to regulatory approvals, this mining activity will be completed in May with the high grade parcel processed in June. During this period the economics of a larger scale underground operation will also be further assessed and diamond drilling targeting extensions of the deposit at depth will be designed.

### Status of Processing Campaign and Cash Distributions

The eighth processing campaign of Cannon ore commenced last week and will continue until early April. Around 40kt of ore is expected to be treated recovering circa 3,500koz gold. **The next cash distribution is expected at the end of April.**

### 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 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.*