

Cannon Mine – First Processing Campaign

- 6,474oz gold produced after 90.9% recovery
- Mine reconciliation indicates +36.5% gold mined in November

Maiden Processing Campaign Returns 6,474oz Au on 90.9% Recovery

Southern Gold Ltd ('Southern Gold', ASX Code "SAU") is pleased to report the results of the first processing campaign of ore treated from the Cannon Gold Mine during November. The mine is being managed by development partner Metals X Ltd ('Metals X', ASX Code "MLX") with ore being treated at MLX's South Kalgoorlie Operations (SKO) Jubilee plant, approximately 35km to the south west.

The results of this processing campaign are summarised in **Table 1** below.

Table 1: Maiden Cannon Processing Campaign (M25/333 Only)

High Grade Ore Mined to End of November	tonnes	113,688
Mine Head Grade (fully diluted)	Au g/t	2.63
Tonnes Milled (dry)	tonnes	86,333
Mill Head Grade	Au g/t	2.57
Recovery	%	90.92%
Gold Produced	oz Au	6,474

At the end of the campaign 27,355 tonnes at 2.86g/t Au containing an estimated 2,517oz Au remained unprocessed and will constitute part of the next batch due for processing in early 2016. Mining continues at Cannon and operations remain ahead of schedule.

Furthermore, mine reconciliation for the month of November at Cannon saw more gold mined than predicted by the resource model as per the following **Table 2**.

Table 2: November Mine Reconciliation (M25/333 Only)

		Predicted Mine Inventory in Pit	Actually Mined	% Difference
Tonnes	tonnes	31,179	53,294	+70.9%
Grade	Au g/t	2.99	2.38	-20.4%
Contained Gold	Ounces	2,994	4,086	+36.5%

Southern Gold Ltd Managing Director, Simon Mitchell, commented: *"the Cannon Mine is performing above expectations up to this point. While early days, we are very encouraged by the general operating performance and are well and truly on track to meet our production targets and schedule."*



Shares

ASX Code: SAU
 Issued: 36.53M

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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 having 846kt @ 3.6g/t Au or 97koz gold defined in accordance with the JORC code, 94% of which is in the Measured and Indicated categories.

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).

By monetising the Cannon Gold resource, the company will look to accelerate project development opportunities within its broader tenement holdings to ensure continuity of cash flow into the medium term.

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.