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**Photo 1:** Sulphidic zone in quartz vein, KCDD002, Kochang

## Cave explorers check South Korean gold mine

- Cave explorers descend into small historic gold mining shaft at the Weolyu South project in South Korea, confirming the target epithermal quartz vein at depth
- Scout diamond drilling at another South Korean gold project, Kochang, returns brecciated quartz veins in drill hole KCDD002

### Progress at Second South Korean Project Area: Weolyu South

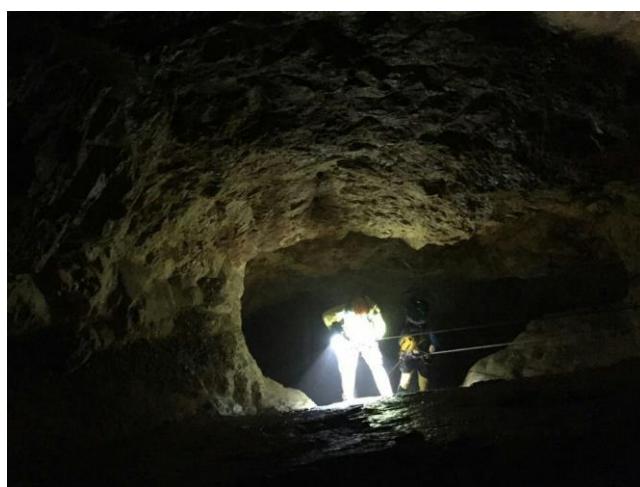
Australian gold miner, Southern Gold Ltd (“Southern Gold”), advises that the novel use of cave explorers has been employed to initiate exploration on a second gold-silver project in South Korea, Weolyu South, located about 150km southeast of the capital Seoul (**Figure 1**).

A small team of South Korean cave explorers (**Photo 2 and 3**) was engaged to gain access to the bottom of a small shaft within an artisanal scale mine at Weolyu South (approximately 20m below surface). This enabled the exploration team to confirm, in a qualitative fashion, the target of the old mine workings.

**Photo 2:** Cave explorers prepare to descend into the Weolyu South shaft



**Photo 3:** Cave explorers advance to lower level of the Weolyu South workings



The mine workings do not appear on any government maps or records. Adjacent to the mine workings are mullock heaps that contain banded epithermal quartz vein fragments (**Plate 1** – see ASX release 8 July 2016).

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

It has now been confirmed that an approximately 1 metre wide zone including banded and highly oxidized epithermal quartz vein has been observed in the mine wall at the bottom of the shaft (**Photo 4 and 5**). It is important to note that the quartz vein appears to be in-situ, augmenting the quality of the drill target.

**Photos 4 and 5:** Banded epithermal quartz vein at the Weolyu South Working (note: field of view 1m to 2m)

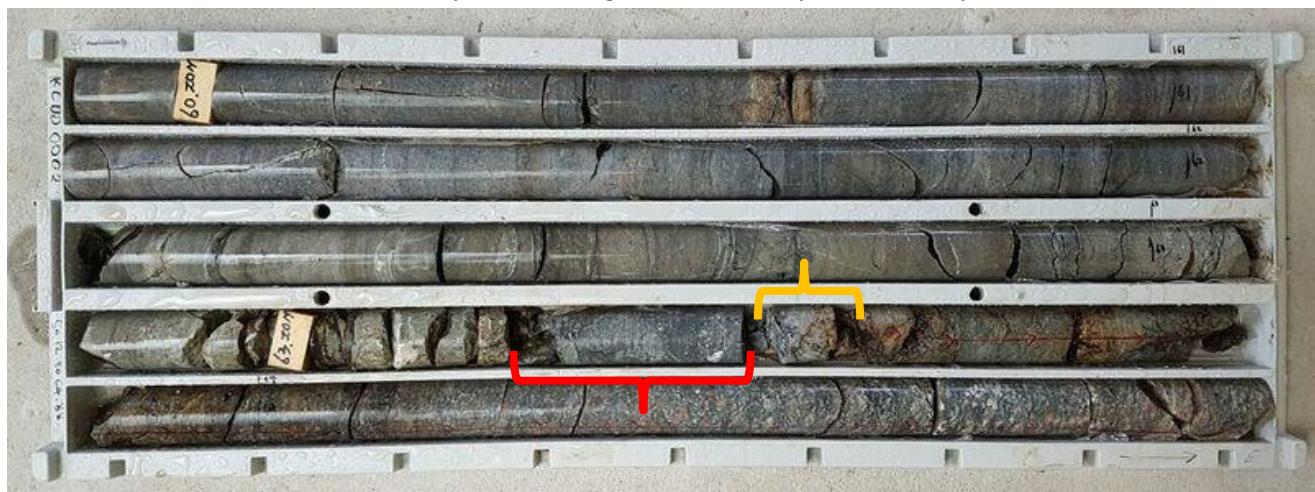


## Diamond Drilling Continues at Kochang

On 18 July 2016 Southern Gold announced the commencement of diamond drilling at its first South Korean exploration target, Kochang. Progress since has been good, with two drill holes completed for 450.8 metres of core and with two drill holes in the current campaign still to be completed.

Qualitative results from the second drill hole have been encouraging, with a zone of silicified sulphidic breccia across 1m down hole and adjacent, variably altered, hanging wall with multiple narrow quartz veins across 4m width downhole. (**Photo 1**, front page, and **Photos 6 and 7** below)

**Photo 6:** Example of initial core drilling from drill hole KCDD002 (Polymict vein breccia with sulphide in red zone, Photo 7, and sulphide bearing mesothermal quartz vein in yellow zone, Photo 1)



**Photo 7:** Close up of polymict vein breccia with clasts of sulphide bearing veins and sulphide in silicified matrix, from 63.4m in drill hole KCDD002

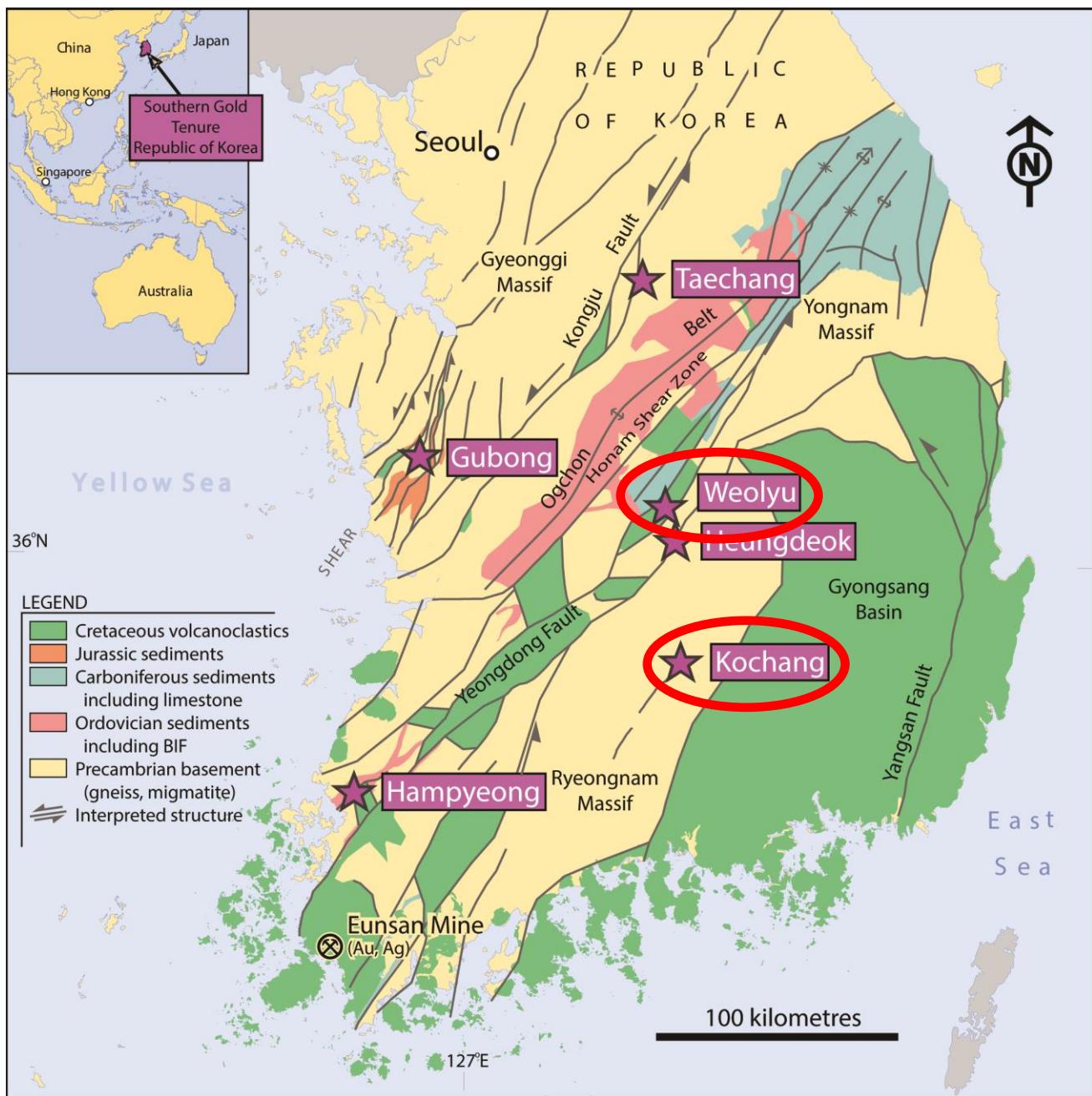


Because this drill programme is receiving funding support from Korean Resources Corporation (KORES), all four drill holes need to be completed, logged and processed before sample dispatch. Assay results from this initial four hole programme are therefore expected in mid-September, or approximately 2-3 weeks after drilling programme completion.



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**Figure 1:** Location of key projects in South Korea with Weolyu (Cave explorers) and Kochang (KORES supported drilling) highlighted



## 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.*