



Shares on Issue: 55.8m

Share Price: \$0.19

Market Capitalisation: \$10.6m

Asset Base – WA, Australia

Cannon Gold Mine (100%)

Glandore Gold Project (75%*)

Cowarna Gold Project (100%)

Transfind South (Option)

*currently earning 90%

Asset Base – South Korea

Gubong Project (50%/50% BMV)

Kochang Project (100%*/BMV)

Taechang Project (100%)

Weolyu Au-Ag Project (100%)

Hampyeong Au-Ag Proj. (100%)

Aphae Au-Ag Project (100%)

Deokon Au-Ag Project (100%)

Beopseongpo Au-Ag Proj. (100%)

Neungju Au-Ag Project (100%)

Sonbul Au-Ag Project (100%)

*Currently under BMV farm-in

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Kochang Project Update: Near-Mine Mineralisation Potential Estimated

Highlights

- 3D modelling completed, highlighting multiple vein system with continuity >900m along strike.
- Kochang geological potential significant with an Exploration Target Range estimated from vein modelling.
- Farm in and Joint Venture Agreement commitments to be met during November.

Overview

Australian gold company Southern Gold Ltd (“Southern Gold”) advises that its development partner in South Korea, London Stock Exchange listed Bluebird Merchant Ventures Ltd (“BMV”), has completed its funding commitments for the farm-in stage of the Farm-in and Joint Venture Agreement for the Kochang Project.

Bluebird are finalising the report on the feasibility of reopening the historic Kochang Mine, as part of its final requirement to the commencement of the Joint Venture. Once this final condition is met costs will then be shared equally between Southern Gold and Bluebird. The Joint Venture will now work towards the development of both the Gubong and the Kochang Mines with BMV as operators.

Recent channel sampling at Kochang was reported in ASX Release on 24th May 2018 “Kochang underground channel sampling by Bluebird Merchant Ventures Ltd returns significant assay results”. These results formed the basis of the vein modelling and estimation of geological potential.

The exploration target range has been estimated at between 500,000 and 700,000 tonnes, with a grade range of 5.0 to 7.0 g/t gold and 27g/t and 35 g/t silver. This exploration target is not a mineral resource and is conceptual in nature. The estimate is based upon 3D modelling of the geological structures within the Kochang Gold and Silver mines using the recently obtained underground access to the Kochang 245mRL and 265mRL Levels and the geological mapping and channel sampling program carried out this year to augment and validate the historical data.

Southern Gold Managing Director, Mr. Simon Mitchell: *“This recently defined geological potential at Kochang is a good base to build on. It is important to remember that the estimate is based on data in or near the underground mine environment and does not constitute an estimate of the total mineralised system. We expect to identify new veins with drilling in due course and also define some higher-grade pods that are evident from the historical data. Kochang represents a straight forward project to move into production relatively quickly, subject to regulatory approvals and further detailed assessment of the mineral potential.”*

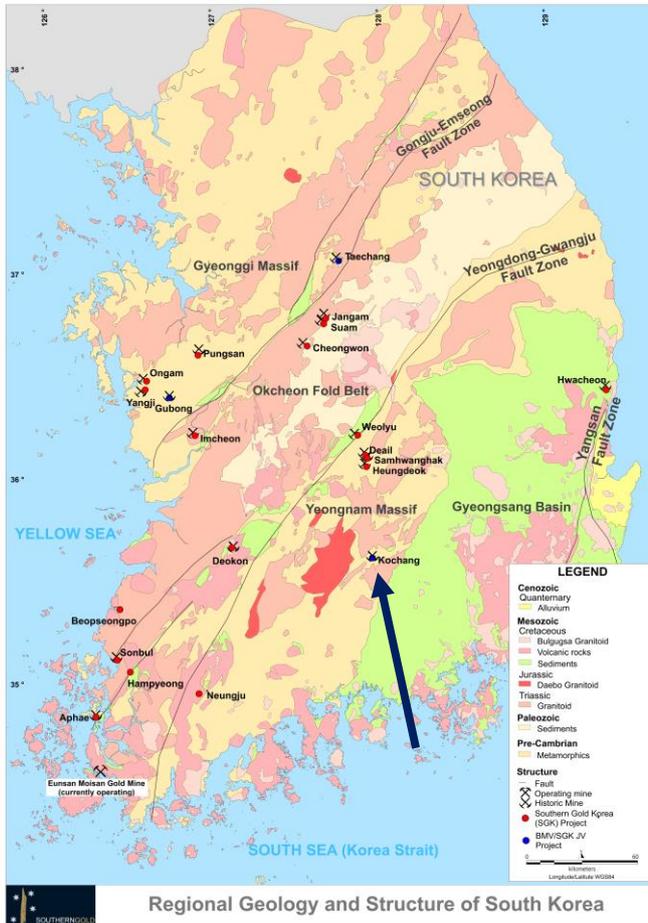


Figure 1: Kochang Project Location Map.

Kochang Project Developments

The Kochang Project is 240km south east of Seoul and 97km south of the major regional city of Daejeon by road (Figure 1). The mine is located at Nambamyeon, Kochung-gun, Southern Gyeongsang Province with the nearest regional center of Geochang only 9km away. The project area is covered by forested hills which rise to 300-500m above sea level with roads, settlements and agricultural land concentrated along a river valley which passes through the property. Mining was historically carried out between 1938 and 1975 with minor activity to 1991 when it formally closed and was rehabilitated.

Bluebird has recently announced that it has completed a review and preliminary assessment as part of its Report on Feasibility commitments, of all data to date, related to Kochang Gold and Silver mines. This review has incorporated historical plans, production statistics and sampling and drilling and then included recent surface explorations mapping and sampling, underground surveying, grab and channel sampling and then generated a preliminary 3D computer model.

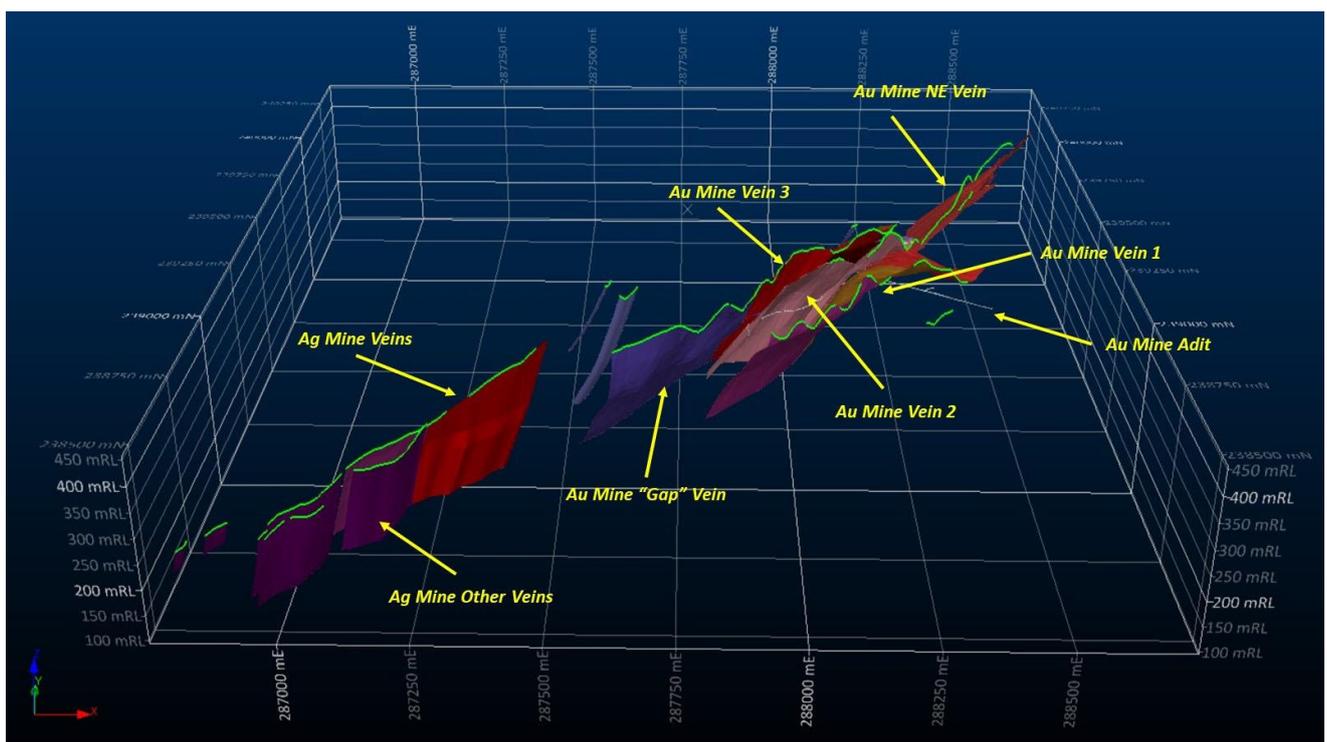


Figure 2: Isometric view of the 3D modelling of the interpreted Kochang ore system

A total of 15 veins were modeling as part of the exercise with at least 3 of significant continuity along strike and up and down plunge, referred to as Au Mine Vein 1 ,2 & 3 as well as the Ag Mine Vein (**Figure 2**). The mapped main vein system extends for over 900m and remains open along strike with veins mapped in terminated tunnel faces.

At Kochang, based upon this comprehensive review of this data by BMV, the exploration target range at both the Kochang Gold and Silver Mines is estimated at between 500,000 and 700,000 tonnes, with a grade range of 5.0 to 7.0 g/t gold and 27g/t and 35 g/t silver.

This exploration target in not a mineral resource and is conceptual in nature. The estimate is based upon 3D modelling of the geological structures within the Kochang Gold and Silver mines using the recently obtained underground access to the Kochang 245mRL and 265mRL Levels and the geological mapping and channel sampling program carried out this year to augment and validate the historical data.

The exploration target range tonnage, using a density of 2.6kg/m³ was conservatively reduced by over 50% to allow for historical mining depletion and geological uncertainties.

The recent modelling has also highlighted many obvious underground and surface drill targets in close proximity to the 3 main veins exposed in the 245 level old workings. The extended and open-ended continuity of the main vein systems and peripheral lodes presents a target rich environment that remains open and untested at depth. The Joint Venture intends to commence an underground and surface drilling program, along with further mapping and channel sampling in other historic workings in early to mid-2019. The depth of mineralisation projected to date is approx. 150 metres below the recently mapped and sampled workings, which has been intercepted at these depths by limited historic drilling. The geological modelling has also highlighted that the ore mineralisation is open at depth and along strike (**Figure 3**).

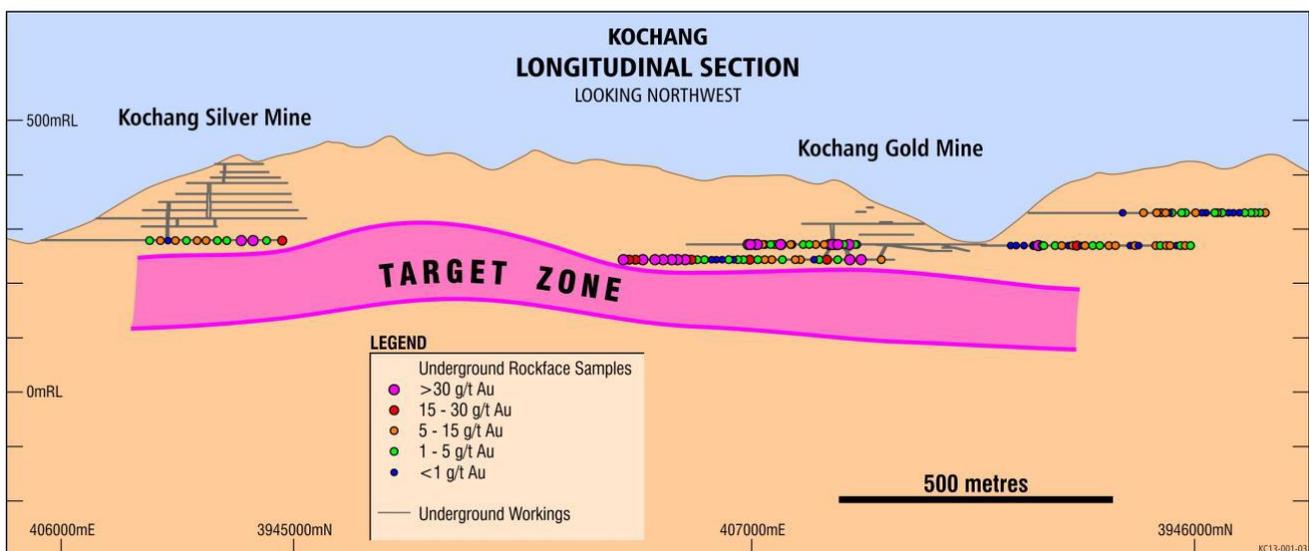


Figure 3: Schematic long section, showing historical sampling and target zone at Kochang.

The discussion of proposed mining method is at an early stage but would initially focus on accessing remnant ore initially as well as reclaim broken stocks where available. Mining historically was from shrinkage stoping but consideration on using more modern mechanise approach such as long hole open stoping, given the very good ground conditions would be considered.

Preliminary consideration has already been given to an indicative layout for the mine and mine plant facilities at Kochang (**Figure 4**). Given the historical mining at Kochang there are several suitable areas that can be utilised to minimise environmental impact.

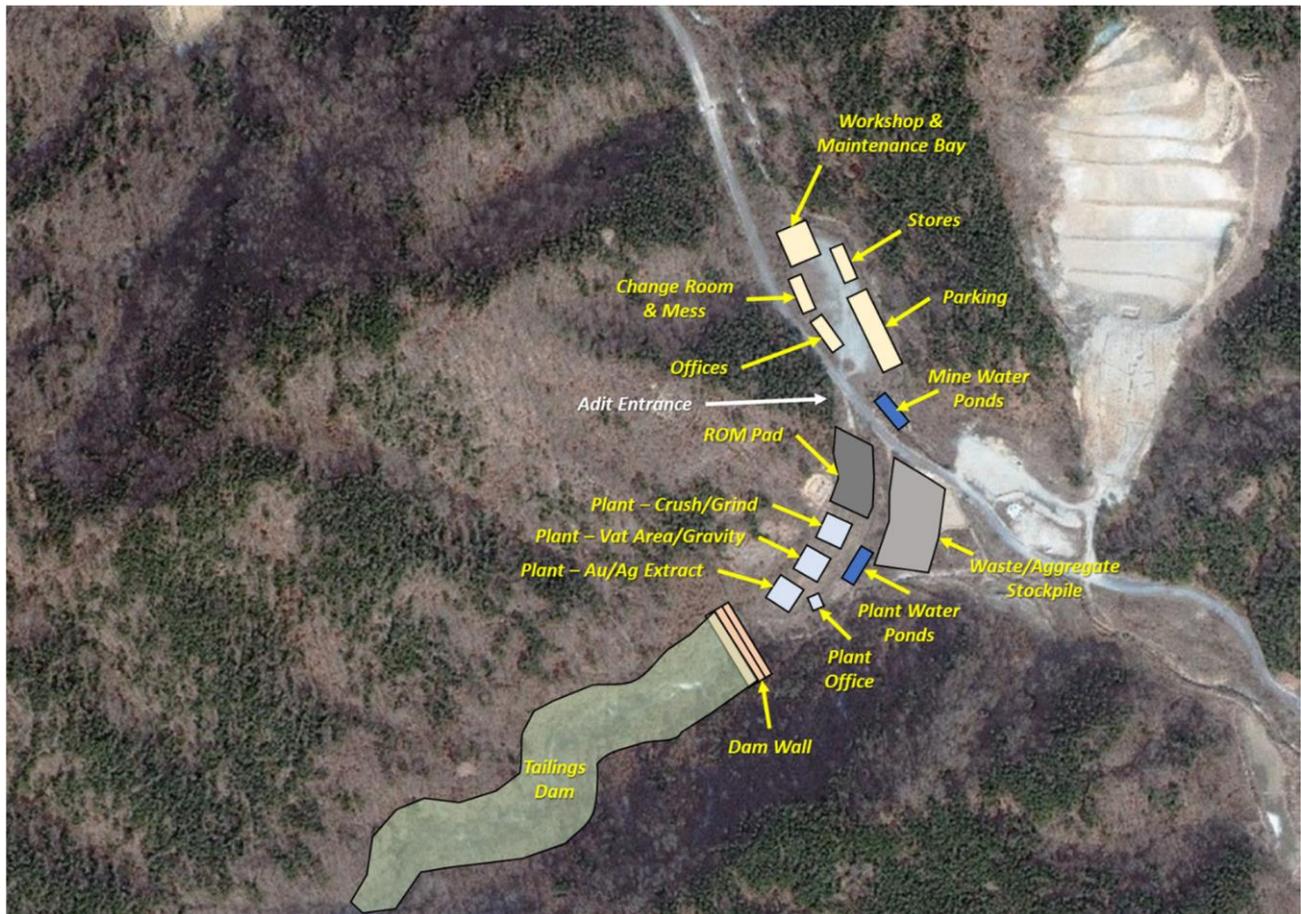


Figure 4: Indicative Kochang Mine Facilities layout.

Further details of the conceptual mine plan will be outlined in BMV's report on feasibility of the reopening of the Kochang Gold Mine, expected over the coming weeks.

Related ASX Releases

- 21st September 2018: South Korean Joint Venture Update.
- 24th May 2018: Kochang underground channel sampling by Bluebird Merchant Ventures Ltd returns significant assay results.
- 13th February 2018: Farm In and Joint Venture agreement with Bluebird Merchant Ventures on the Kochang Project, South Korea.
- 7th June 2017: Substantial Kilometre scale mineralized systems identified at Weolyu and Kochang, South Korea
- 23rd October 2016: Korean core drilling and rock sampling deliver peak gold result of 27.8 g/t Au.

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"). At the Cannon project near Kalgoorlie we are currently developing a small underground operation where Northern Star Resources Ltd holds a five year right-to-mine. Southern Gold is also looking to develop a much larger mine, Gubong, in South Korea within the next 12-18 months with development partner London-listed Bluebird Merchant Ventures.

We are also active explorers. Around Kalgoorlie Southern Gold is testing projects such as Glandore and Cowarna looking for additional small high-grade open pit-able gold resources to maintain cash flow. In South Korea, Southern Gold also owns a portfolio of high-grade gold projects that are a combination of decommissioned gold mines with orogenic gold mineralisation and greenfield epithermal gold-silver targets. Backed by a first-class technical team, including renowned geologist Douglas Kirwin, Southern Gold's aim is to find world-class epithermal gold-silver deposits.

In essence, Southern Gold looks to monetise the small gold deposits while we search for the bigger ones.

Competent Person's Statements

The information in this report that relates to Exploration Results from the Kochang underground sampling program and Exploration Target Range estimates has been compiled under the supervision of Mr. Paul Androvic (AusIMM). Mr Androvic who is an employee of Southern Gold Limited and a Member 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 Mineral Resources and Ore Reserves. Mr Androvic 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.