

Cambodian Assets – Deal Completion



ASX Code: SAU

Issued Shares: 36.53M

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- Completion occurs under the Sale, Purchase and Joint Venture Agreement with Mekong Minerals Ltd
- Southern Gold retains exposure through a 15% free carried interest and 2% gross sales royalty

Deal Closure

Southern Gold Ltd (Southern Gold, ASX Code “SAU”) advises that all conditions precedent and consents necessary to affect Completion under the Sale, Purchase and Joint Venture Agreement with unlisted public company Mekong Minerals Ltd (“Mekong”) have now been fulfilled.

Under the agreement, all shares in Southern Gold subsidiary, Southern Gold (Asia) Pty Ltd (“SG Asia”) have been transferred to Mekong and the Joint Venture (“JV”) is now in place. **Southern Gold retains a 15% free carried interest in the JV (until completion of a positive definitive feasibility study) and a 2% gross sales royalty.** The 2% gross sales royalty applies until a cumulative US\$11 million is earned at which point the royalty reduces to 1%.

See ASX Release dated 4 June 2015 for details.

Exploration Licenses in Cambodia Re-Issued

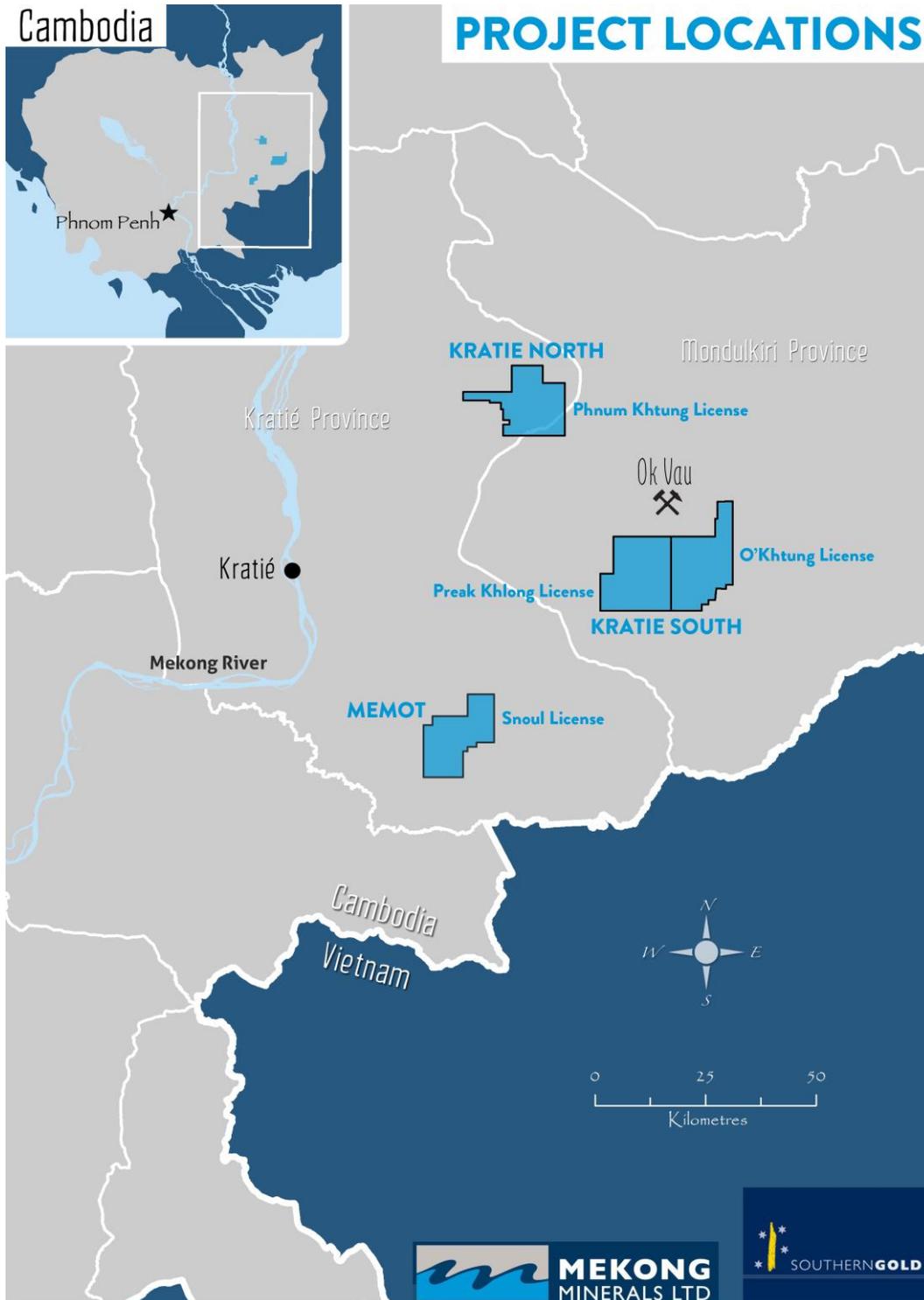
Mekong have been successful in securing the re-issue of Snoul and Phnum Khtung licenses for a period of 6 years as part of the Memot and Kratie North projects respectively. The other two licenses, Preak Khlong and O’Khtung, as part of the Kratie South Project are advanced in the renewal process and expected to be granted in due course. (Figure 1, next page)

Commenting on the deal completion step, Southern Gold Ltd Managing Director, Simon Mitchell, said:

“Our Cambodian tenements were non-core assets receiving little attention or value from our investors. In Mekong hands they should move forward and represent interesting exploration plays. I also want to acknowledge the good work of Mekong in getting the exploration licenses re-issued in what has been a protracted and difficult process. We look forward to seeing them re-launch exploration activity over the coming year.”

Southern Gold retains excellent exposure to discovery in Cambodia with its free carried interest and royalty but will continue to concentrate on our Cannon project, where gold has been poured, and on finding and exploiting other gold projects in the Kalgoorlie region. We have no shortage of drill targets and will prudently advance the “brownfield” style opportunities in the near term.”

Figure 1: Map of Tenement Locations in the Kingdom of Cambodia



Japan Oil, Gas and Metals National Corporation (“JOGMEC”) holds a 47.09% interest in the Kratie South project under a separate joint venture agreement and a Deed of Novation was executed as part of the completion process (obligations to JOGMEC under the Kratie South Joint venture have been transferred to Mekong as a consequence of this deal).

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.