

Southern Gold

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Southern Gold extends farm-in to third South Korean gold project

Southern Gold Limited (ASX:SAU) has extended a farm-in and joint venture arrangement with London listed Bluebird Merchant Ventures Ltd (LON:BMV) to encompass a third South Korean gold project.

Bluebird will invest a further US\$500,000 and is adding evaluation activities at the Kochang project to its ongoing work at the Gubong and Taechang projects.

As experienced narrow vein underground gold miners, Bluebird is evaluating which of these historical mines has the most potential for a restart of mine operations.

Mines closed in the 1970s

All three mines were closed in the 1970s when the gold price was less than US\$140 per ounce compared to today's price of circa US\$1,325.

Price: A\$0.255

Market Cap: A\$12.53M

1 Year Share Price Graph



Share Information

Code: SAU

Listing: ASX

52 week High Low
0.345p 0.235p

Sector: Mining

Website: www.southerngold.com.au

Company Synopsis:

Southern Gold (ASX:SAU) is listed on the Australian Securities Exchange.

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Southern Gold has a number of projects in South Korea.

Bluebird has dewatered and gained safe access to the Kochang mine through the cement plug that blocked the main portal and is assessing options to rapidly restart operations.

Terms for Kochang are broadly in line with what was previously agreed for Gubong and Taechang.

Investment in Southern Gold

The farm-in stage involves Bluebird investing US\$500,000 in compiling a high-level report on project feasibility targeting capital expenditure of no more than US\$10 million.

This report may or may not provide for several projects to be developed in parallel or potentially as standalone operations.

However, Kochang's relatively high gold and silver grades may enable transport of ore over distance

Bluebird or its associates are also to complete a placement by 31 May 2018 of A\$250,000 at the same price agreed for the other projects of A\$0.386 per share.

Joint venture is next stage

After completing the farm-in investment, share placement and project feasibility report, a contributing joint venture will be formed with Bluebird as the operator.

This is expected to occur within 12 months.

Historically much of the district was known for its silver mining, but recent work by Southern Gold has demonstrated that there are significant gold grades.

READ: Southern Gold reveals new resource for Cannon gold mine

Southern Gold also has a stake in the Cannon mine in Western Australia and recently revealed a new gold resource.

The underground indicated and inferred resource is 142,000 tonnes at 5.2 g/t gold for 23,600 contained ounces, with a further potential to increase the resource with drilling.

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