



Shares on Issue: 83.3m

Share Price: \$0.145

Market Capitalisation: \$12.1m

South Korea Exploration (100%)

Weolyu Au-Ag Project

Deokon Au-Ag Project

Beopseongpo Au Project

Aphae Au-Ag Project

Neungju Au-Ag Project

Dokcheon Au-Ag Project

Hampyeong Au-Ag Project

South Korea Development

BMV# JV (50%)

Gubong Project JV Co Ltd

Kochang Project JV Co Ltd

Bluebird Merchant Ventures is LSE listed

Australia (100%)*

Cannon Au Mine

Glandore Au Project

Cowarna Au Project

*current sale process with PCF Capital

Directors

Greg Boulton AM (Chairman)

Simon Mitchell (MD)

Peter Bamford

David Turvey

Head Office

Southern Gold Ltd

10 George St

Stepney SA 5069

Telephone: (08) 8368 8888

Facsimile: (08) 8363 0697

info@southerngold.com.au

www.southerngold.com.au

ABN: 30 107 424 519

Postal Address

Southern Gold Ltd

PO Box 255, Kent Town SA 5071

Quarterly Activities Report

30 June 2019

Highlights

South Korea

- Bonanza grade outcrop and float assays returned at the **Deokon** Project, with peak grades of 32.4g/t gold and 1,095g/t silver in outcrop and 53.9g/t gold and 6,240g/t silver in float. Two identified veined zones, "Bonanza" and "Thorn", 4m-20m wide 500m apart with interpreted continuity and open along strike. Land access approval for drilling is being sought.
- Major low-sulphidation epithermal gold target identified at **Beopseongpo** containing five major veined zones in excess of 20 metres wide and combined strike length of over 2,570 metres. Surface rock chips returned peak grades around 1-2g/t Au and given the vein textures show a boiling environment, means the best part of the system is likely 100-500 metres below surface. This represents a truly compelling target and initial scout drilling is imminent at Lotus North.
- Surface mapping and outcrop rock chip and float sampling completed at **Neungju** and **Dokcheon** Projects, with 130 and 49 samples taken respectively. Assays and full technical report pending.
- Preparation for drilling at the **Weolyu** Project continued with improvement of infrastructure to enable mobilisation of drilling equipment. A change in target ranking was decided as a consequence of the recent compelling results returned at Beopseongpo and Deokon, which prioritised initial drilling programs to commence there ahead of Weolyu.
- Permit to develop submissions for the **Gubong** and **Kochang** Projects operated by JV company BMV have proceeded to the next assessment stage

Corporate

- Fully underwritten non-renounceable 1 for 3 Rights Issue offer at A\$0.11 per share (with 18c call option to 31 Dec 2021 for every 2 rights shares subscribed for) to raise capital of \$2.3 million to execute the Korean-focused exploration strategy. A post-Rights Issue placement to 4 major shareholders raised an additional \$0.44 million on the same terms, subject to shareholder approval.
- Underground JORC Probable Reserve completed at Cannon Gold Mine, with 117kt at 5.31g/t Au for 20koz calculated using 3.0 g/t Au economic cut-off grade.
- Formal sales process of the West Australian assets by PCF capital at an advanced stage.

South Korea

Southern Gold ramped up activities significantly in the June quarter, with the main focus being mapping and sampling at the Beopseongpo, Deokon, Neungju and Dokcheon Projects with an experienced epithermal consultant (**Figure 1**). A number of significant grade Au-Ag rock chip results were received and stand out targets were discovered ready for scout diamond drill testing in the September quarter.

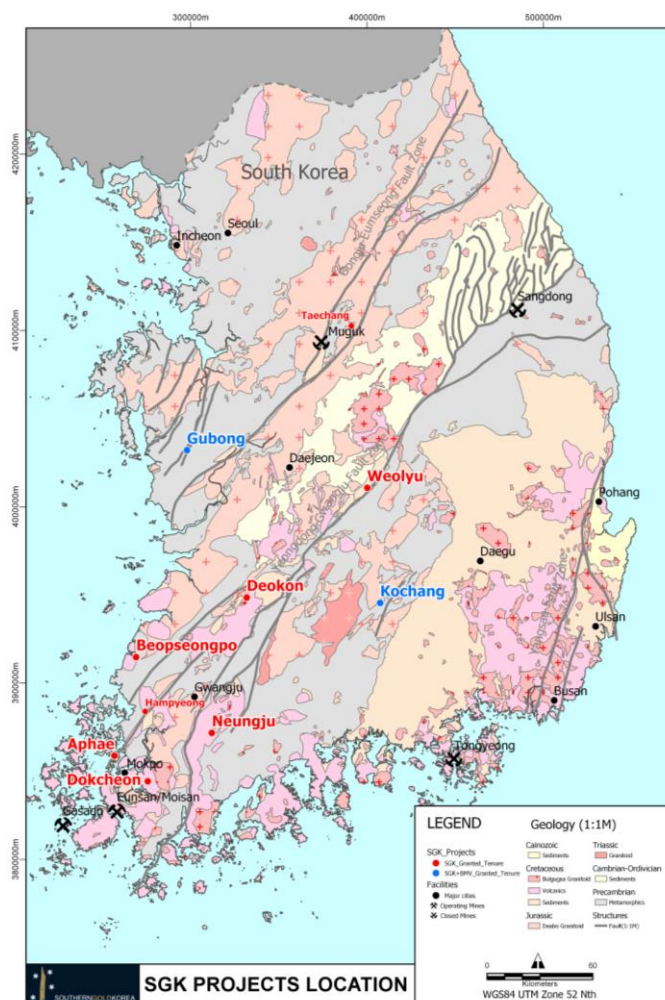


Figure 1: South Gold project Locations in South Korea including JV Projects (BMV).

Deokon (SAU 100%)

An intensive sampling program was completed at Deokon with over 112 new samples being taken and submitted for analysis. Eleven outcrop rock chip and five float samples returned high grade gold-silver results (**Figures 3 and 4 and Table 1**). The peak outcrop rock chip sample at 'Bonanza Vein Zone' was **32.4g/t Au and 1,095g/t Ag** with the peak outcrop sample at 'Thorn Vein Zone' returning **34.3g/t Au and 69.2g/t Ag**.

Work to date included systematic field traversing, extensive rock sampling and 1:5000 geological mapping (**Figures 3 and 4**). This process has succeeded in highlighting multiple untested vein systems in addition to historical mine workings. The Deokon project represents a high-quality Au-Ag fertile epithermal mineralisation system with multiple vein zone targets identified across several square kilometres of project area.

Low to intermediate sulphidation epithermal mineralisation has been mapped across a broad area and is focused predominately along north to northeast striking structures.

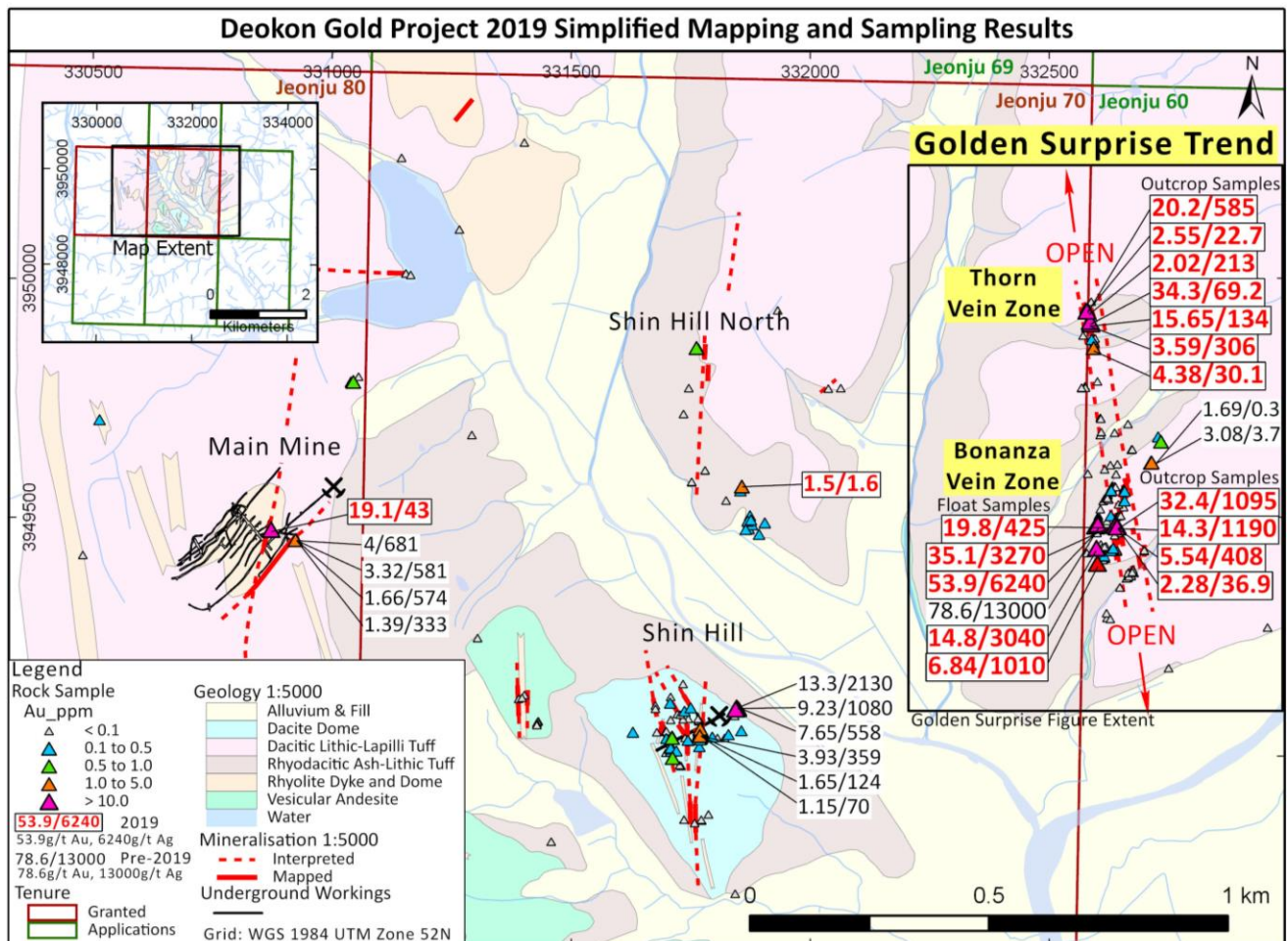


Figure 3: Deokon Project sampling results and geology.

The Golden Surprise vein corridor was first identified in 2018 by the discovery of a bonanza float sample, but the outcrop had remained elusive. Dense vegetative cover prevents easy access during the summer months. Access and outcrop visibility are greatly improved post winter thaw.

Notwithstanding this, outcrop has been located at both the Bonanza and Thorn vein zones confirming high grade mineralisation across a large area (**Photos 1 and 2**).



Photo 1: Southern Gold Geologist at the Golden Surprise discovery outcrop at 'Bonanza Zone'.



Photo 2: Golden Surprise, 'Thorn Zone' vein, 500m along strike of the 'Bonanza Zone' vein.

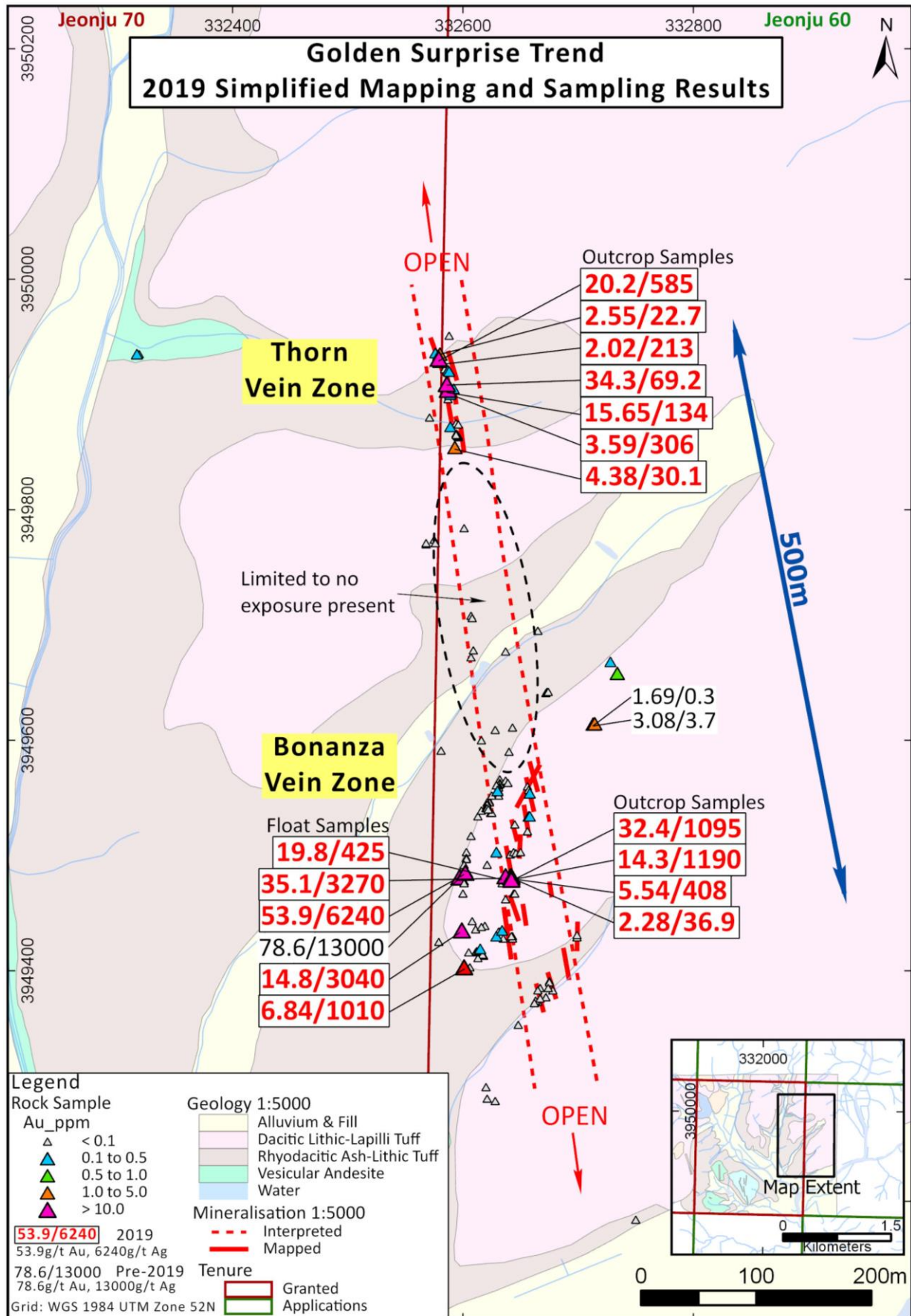


Figure 4: Deokon Project – Golden Surprise Trend sampling results and geology.

Deokon displays the typical geological and structural complexity seen in highly prospective back-arc extensional basin-hosted volcano-plutonic sequences. A complex package of andesitic through to rhyolitic resurgent dome, diatreme and pyroclastic flow emplacement, punctuated by periods of quiescence and moat formation characterises the area (a similar setting to the Company's Hampyeong, Weolyu, Neungju and Beopseongpo project areas in South Korea). Structural complexity is also evident, governed by a northeast-southwest and northwest-southeast fault and fracture mesh that is a product of sinistral reactivation of pre-existing strike-slip faulting during the late Cretaceous Period.

Final significant assay results returned from the recent mapping program are presented in **Table 1**. Peak results of **53.9g/t gold and 6,240g/t silver (Photo 3)** and **35.1g/t gold and 3,270g/t silver (Photo 4)** were returned. These peak results are from the 'Bonanza Zone' within the Golden Surprise trend. Follow-up mapping and sampling work on the Golden Surprise trend, and Shin Hill North, was undertaken in June to continue building the understanding of the Deokon mineralised systems.

Sample ID	Au g/t	Ag g/t	Sample Type	Prospect	Grid ID	Easting	Northing	Elevation
KRS206270	53.9	6240	Float	Bonanza Vein Zone	WGS84_Z52Nth	332602	3949485	253
KRS206272	35.1	3270	Float	Bonanza Vein Zone	WGS84_Z52Nth	332637	3949482	273
KRS206303	34.3	69.2	Subcrop	Thorn Vein Zone	WGS84_Z52Nth	332586	3949909	277
KRS206354	32.4	1095	Outcrop	Bonanza Vein Zone	WGS84_Z52Nth	332642	3949479	276
KRS206311	20.2	585	Outcrop	Thorn Vein Zone	WGS84_Z52Nth	332579	3949931	292
KRS206215	19.8	425	Float	Bonanza Vein Zone	WGS84_Z52Nth	332637	3949482	269
KRS206291	19.1	43.9	UG Outcrop	Main Mine Geum #2 Adit	WGS84_Z52Nth	330872	3949474	354
KRS206301	15.65	134	Outcrop	Thorn Vein Zone	WGS84_Z52Nth	332587	3949904	277
KRS206391	14.8	3040	Float	Bonanza Vein Zone	WGS84_Z52Nth	332599	3949435	258
KRS206353	14.3	1190	Outcrop	Bonanza Vein Zone	WGS84_Z52Nth	332642	3949481	276
KRS206389	6.84	1010	Float	Bonanza Vein Zone	WGS84_Z52Nth	332601	3949403	259
KRS206352	5.54	408	Outcrop	Bonanza Vein Zone	WGS84_Z52Nth	332642	3949482	276
KRS206410	4.38	30.1	Outcrop	Thorn Vein Zone	WGS84_Z52Nth	332593	3949854	260
KRS206309	3.59	306	Outcrop	Thorn Vein Zone	WGS84_Z52Nth	332579	3949931	292
KRS206225	2.55	22.7	Outcrop	Thorn Vein Zone	WGS84_Z52Nth	332580	3949935	284
KRS206351	2.28	36.9	Outcrop	Bonanza Vein Zone	WGS84_Z52Nth	332641	3949483	276
KRS206310	2.02	213	Outcrop	Thorn Vein Zone	WGS84_Z52Nth	332580	3949929	293
KRS206234	1.5	1.6	Float	Shin Hill North	WGS84_Z52Nth	331857	3949564	243

Table 1: Significant reconnaissance surface mapping rock sample results from Deokon (>1.0g/t Au).



Photo 3: float sample KRS206270, 53.9g/t Au and 6,240g/t Ag. Golden Surprise, **Bonanza Zone**



Photo 4: float sample KRS206272, 35.1g/t Au and 3270g/t Ag. Golden Surprise, **Bonanza Zone**.

The Golden Surprise Trend is a mineralised vein corridor with an approximate width of 60m and a strike extent of at least 500m based upon geological mapping and is not closed off in either direction. Further thorough reconnaissance is planned post summer when vegetation die-off has occurred. The corridor strikes north-northwest – south-southeast with the average dip of the veins 66° to the ENE within the zone. The core zone within the corridor includes intense sheeted and network vein development over a width of 4m to 20m. These core zones host quartz \pm sulfide-sulfosalt veins and quartz \pm sulfide-sulfosalt vein breccias that vary between 1cm – 25cm in width and with sheeted vein densities observed up to 4-5 veins per metre.

It is suggested from the observed quartz textures and associated sulfide assemblages that they are indicative of an epithermal system that has evolved from an early Intermediate-Sulfidation to a late stage overprinting low-sulfidation adularia-sericite type vein system in the north as evidenced by the Thorn vein segment. It is interpreted that a diatreme breccia pipe that cuts through a rhyolite dome 500m to the east of the Southern Bonanza vein segment is the likely source of mineralising fluids.

This discovery by surface prospecting, high quality geological field mapping and targeted sampling is straight forward first principles exploration. The Golden Surprise Trend is ready for scout diamond drilling to confirm the down dip continuity and should begin in the coming months.



Photo 5: New Outcrop Sample KRS206353, **14.3g/t Au and 1190g/t Ag**. Intensely silica-illite/adularia-pyrite altered and limonite-haematite-stained, hydraulically brecciated and interlocking crystalline quartz network rehealed dacitic to rhyolitic lithic-lapilli tuff. Limonite and haematite are after oxidised sulphides. **Bonanza Zone.**

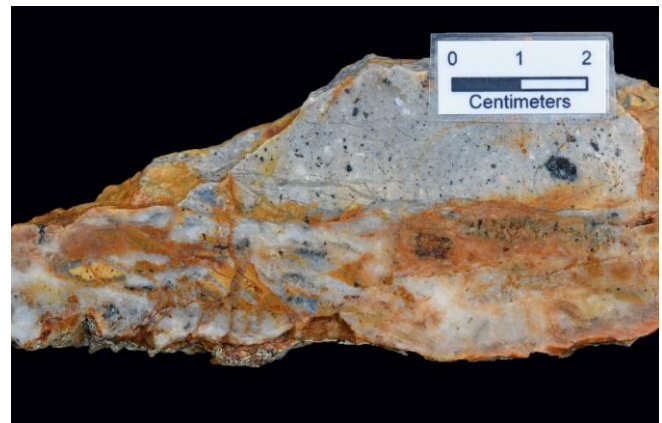


Photo 6: New Outcrop Sample KRS206311, **20.2g/t Au and 585g/t Ag**. Intensely silica-illite-pyrite altered and limonite-stained, dacitic lithic tuff to tuffaceous sandstone. Cut by a 2 cm wide, limonite-stained mesocrystalline to interlocking crystalline quartz vein hosting segregations of bluish-grey silver sulfosalts and sulfides. **Thorn Zone.**

Additional Work at the Historic Deokon Mines

Additional work was also conducted around the historic Deokon Main Mine within the Eun and Geum adits. Final assay results were returned for April 2019 UG grab sampling at Deokon Main Mine 310 Level which was accessed from the Eun Adit. Significant results are also presented in **Table 2**.

The historical Main Mine, Eun and Geum Adit workings are a separate trend from the Golden Surprise vein corridor but are interpreted to be a part of the same mineralised system.

Sample ID	Au (ppm)	Ag (ppm)	Sample Type	Location	Rock Type
KRS205520	4.1	22.2	UG Outcrop	Main Mine	Quartz Veined Dacite
KRS205535	3.58	1500	UG Outcrop	Main Mine	Quartz-Sulphide Vein
KRS205521	2.25	233	UG Outcrop	Main Mine	Quartz-Sulphide Vein and Lode
KRS205514	1.92	3.3	UG Outcrop	Main Mine	Quartz Sulphide Lode
KRS205519	1.48	157	UG Outcrop	Main Mine	Quartz-Sulphide Vein and Lode
KRS205515	1.37	4.5	UG Outcrop	Main Mine	Quartz Sulphide Lode
KRS205536	1.32	94.7	UG Outcrop	Main Mine	Quartz Sulphide Lode
KRS205528	1.26	253	UG Outcrop	Main Mine	Quartz-Sulphide Vein and Lode
KRS205529	1.26	324	UG Outcrop	Main Mine	Quartz-Sulphide Vein and Lode
KRS205531	1.02	132	UG Float	Main Mine	Quartz-Sulphide Vein and Lode

Table 2: Significant underground grab sampling results from Deokon Main Mine 310 Level (>1.0 g/t Au). No co-ordinates are shown as they are grab samples.

Beopseongpo (Southern Gold 100%)

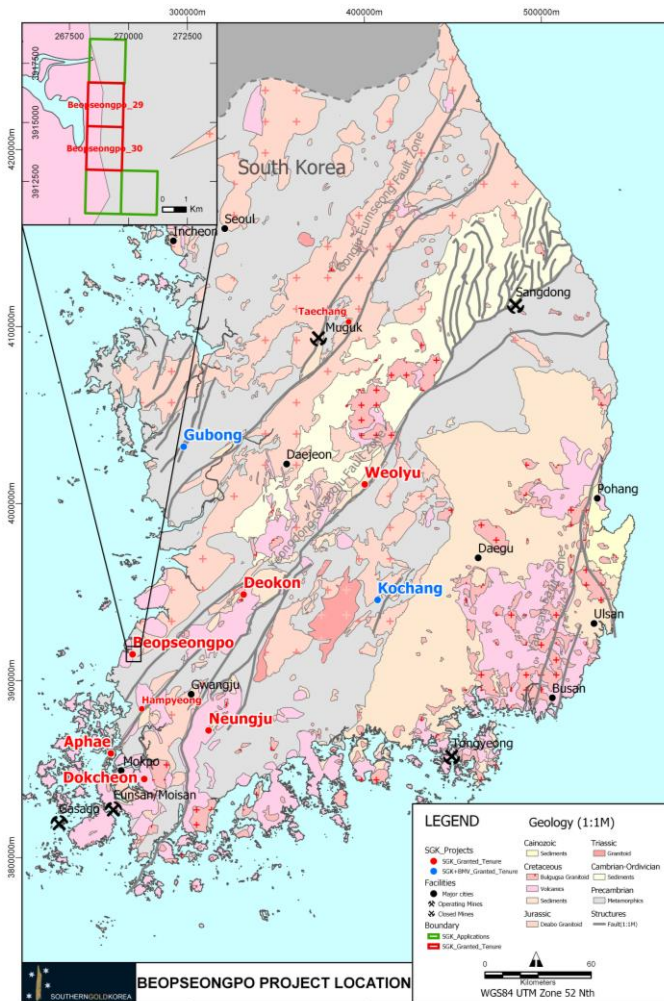


Figure 5: Beopseongpo Project Location.

The Beopseongpo Project is a series of highly prospective low-sulphidation epithermal gold-silver vein and vein breccia targets with large scale system potential.

A work programme involving geostructural, alteration and mineralisation mapping utilising an epithermal consultant was completed at Beopseongpo, along with over 200 rock chip and float samples taken. The mapping was completed over an area spanning 5.7km² at 1:5000 scale over two granted licences.

Five major zones were identified and mapped up to 500 metres in strike length (combined length of up to 2,750m), with vein zone widths of ~20m and individual vein widths over 1m.

All five vein zones returned weak to moderate anomalous gold-silver values with peaks of 31.9g/t Au and 23.5g/t Ag – being from clasts ripped up and transported higher up in the fault from deeper parts of the mineralised system. This indicates the main zone of gold mineralisation is likely preserved at around 100-500 metres below surface.

The textures identified show evidence of boiling along with precious metal bearing fluids and given that this is the upper part of the system, grades around 1g/t Au are very significant and represent a compelling target at depth.

Vein zones have been named (from North to South): Golden Palm, Lotus (including North, South and Extended sections), Hand of Faith, Phoenix, and Enigma vein zones (Figure 5). Of these, Golden Palm, Lotus North and Hand of Faith represent immediate drill targets.

Land access has been approved at Lotus North and Diamond Drilling is scheduled to commence in late July, using a Korean Drilling Contractor under supervision of Australian company Ausino Drilling Services.

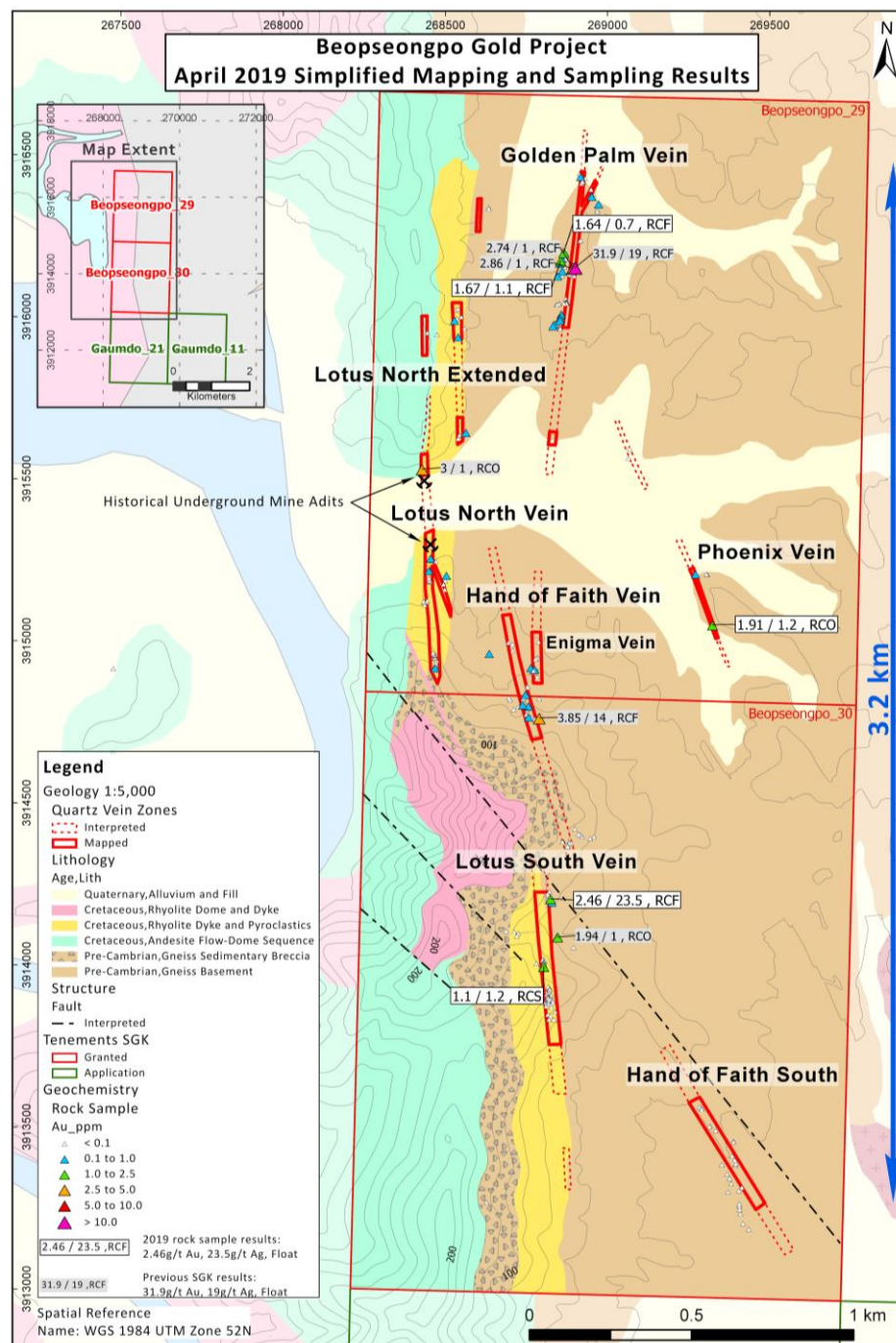


Figure 6: Beopseongpo mapping and sampling results

Sample ID	Au (ppm)	Ag (ppm)	Sample Type	Easting (m)	Northing (m)	Elevation (m)	Prospect	Rock Type
KRS206081	2.46	23.5	Float	268824	3914204	84	Lotus South	Vein Breccia
KRS206070	1.91	1.2	Outcrop	269323	3915049	7	Phoenix	Vein Breccia
KRS206030	1.67	1.1	Float	268855	3916173	17	Golden Palm	Vein Breccia
KRS206039	1.64	0.7	Float	268865	3916198	17	Golden Palm	Vein Breccia
KRS206108	1.1	1.2	Subcrop	268803	3913995	104	Lotus South Spider Zone	Vein Breccia
KRS206025	0.81	0.2	Float	268853	3916165	15	Golden Palm	Vein Breccia
KRS206034	0.76	0.9	Float	268859	3916179	18	Golden Palm	Vein Breccia
KRS206054	0.47	0.1	Float	268944	3916303	33	Golden Palm	Vein Breccia
KRS206094	0.45	7.6	Float	268563	3915643	2	Lotus North Extended	Vein Breccia
KRS206005	0.44	0.1	Float	268853	3915989	34	Golden Palm	Vein
KRS206024	0.43	0.3	Float	268846	3916126	20	Golden Palm	Vein Breccia

Table 3: Significant surface sample results of high-level epithermal rocks from Beopseongpo



Photo 7: >1m true width hydraulic vein breccia dipping NW, Lotus South.



Photo 8: Colloform to crustiform banded meso-crystalline quartz vein in zone more than 20m wide at Lotus South



Photo 9: Sample KRS206030, polyphasal hydraulic breccia comprised of limonitic to haematitic ripped up wallrock fragments set in a mesocrystalline to interlocking crystalline quartz-adularia and cut through by crystalline interlocking quartz. 1.67g/t Au, 1.1g/t Ag at Golden Palm vein corridor.

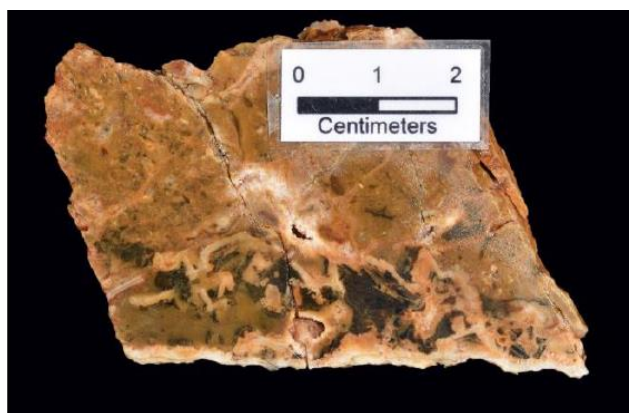


Photo 10: Sample KRS206070, hydraulic vein breccia with commutated gneissic basement and sulphide vein rip-up fragments set in a mesocrystalline orange-brown silica flood matrix. Limonite-haematite oxidation of sulphides. 1.91g/t Au, 1.2g/t Ag at Phoenix Vein Zone.

terrain, it is not possible to create access tracks for tracked equipment in many optimal locations to target the Weolyu vein system. While the main target is the Surprise and Moonlight vein system, which has historical underground development, secondary target for drilling will be the mystery vein to the east. Further drilling may target the more distant (~120m) Summit vein from an underground location.

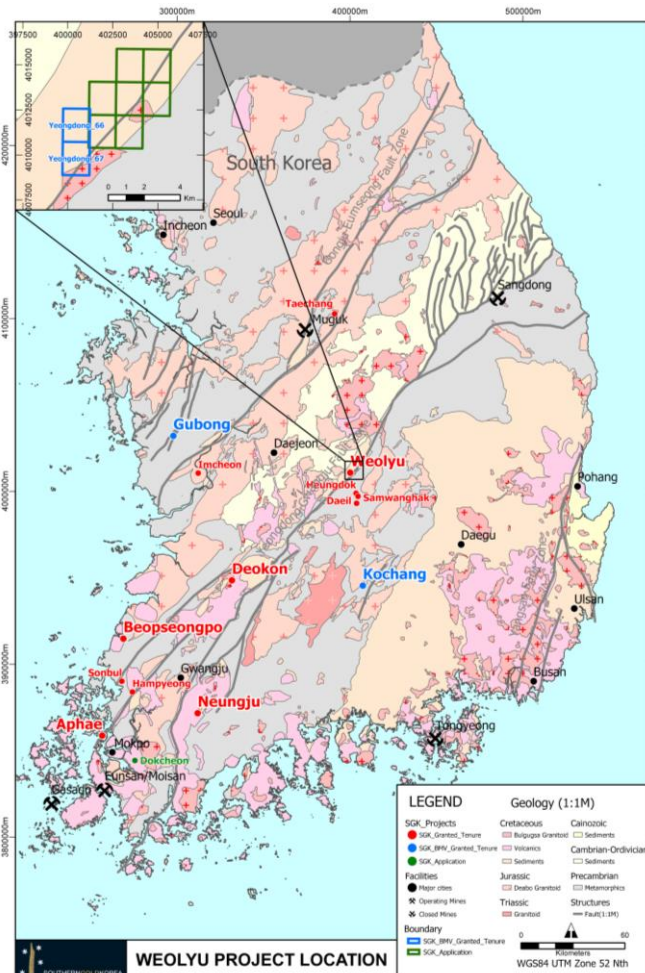


Figure 9 (left): Weolyu Project Location.

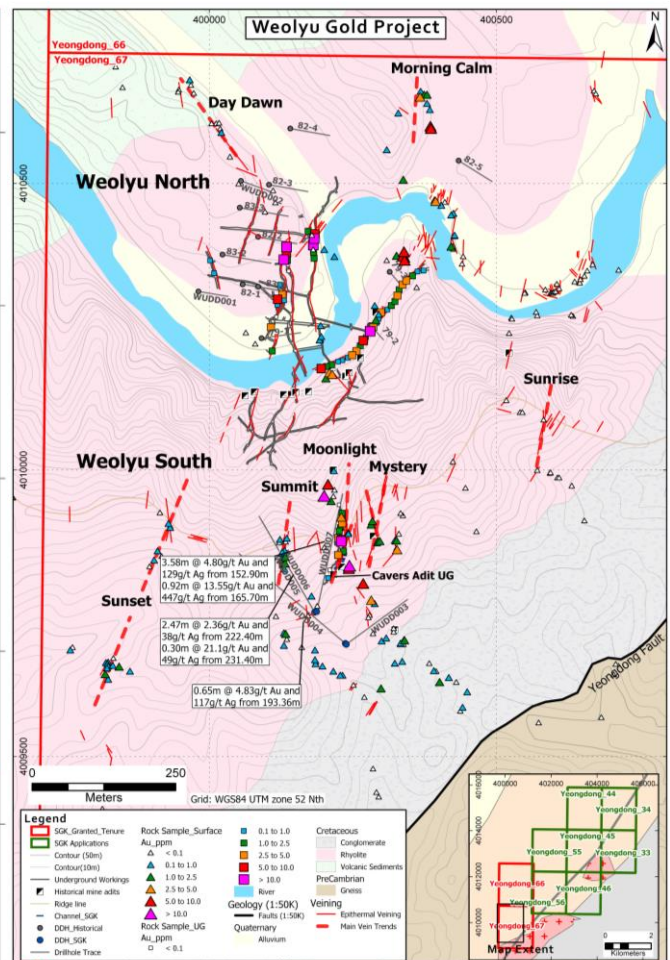


Figure 10 (right): Weolyu project geology

The aim of this initial program is to establish a proof of concept through drilling by firstly targeting the Weolyu Surprise vein from surface, adjacent to the 330 East Adit, then from within the old workings on the 330 Level development, targeting the mystery vein (**Figure 11**). These initial holes are viewed as logistically straight forward and will allow SAU and its local drilling partner to gain experience operating the machine in the environment before taking it lower into the mine and expanding to other projects.

The Korean drilling partner/contractor will be provided with significant support and supervision by Australian company Ausino Drilling Services based in China, who has extensive experience in operating MetreEater and Kempe pneumatic diamond rigs.

The MetreEater rig and all associated equipment arrived in June, ready to be utilised. Currently stored in SAU's secured facility (**Photo 11**).

Topographic map of the Summit area showing various veins, adits, and pads. The map includes contour lines, a scale bar, and a north arrow. Key features labeled include Sunset Vein, Summit Vein, Moonlight Vein, Mystery Vein, Surprise Vein, 385 Summit Adit, 375 Summit Adit, 330 East Adit, 330 South Adit, 255 Go Adit, Plan Pad 3, Pad 2, and Pad 1. A source note at the bottom reads: "Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, AeroGRID, IGN, and the GIS User Community".

-12-

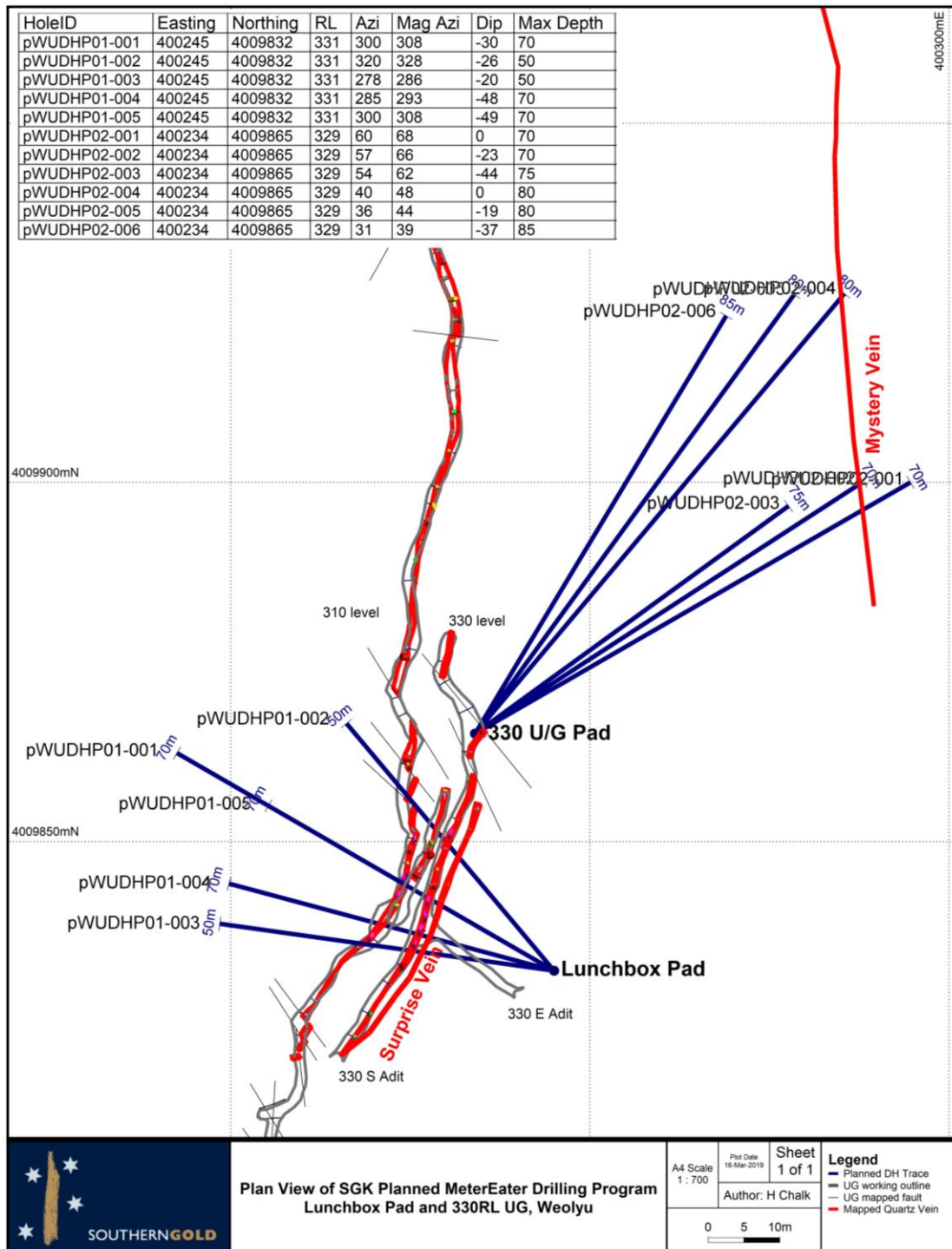


Figure 12: Proposed drilling program for the initial MetreEater program at Weolyu. The surface location at ‘Lunchbox’ was determined to allow drilling operations to be field tested for operating at other project locations.

Project Generation

Project Generation activities remained at a minimum during the quarter with the focus on Project field activities at Deokon, Beopseongpo, Neungju and Dokcheon. Two new applications were lodged, one at Beopseongpo (Beopseongpo 28) and the other at Deokon (Jeonju 69).

A number of tenements across the tenement portfolio were relinquished or transferred based upon available resources and ranking with existing projects. These included 11 applications at Taechang, 2 at Dongshin and

one at Hampyeong (Mangun 11). In addition, Samhwanghak, Daeil and Heungdeok (Solcheon 33-36, 43-46 and 55) were relinquished.

Community and Environment

Community engagement at Weolyu continued while focus turned to the new areas at Beopseongpo and Deokon. Beopseongpo community engagement was more advanced than Deokon which is why drilling is scheduled there first. During the next quarter new community engagement programs will gain momentum as a wider range of stakeholders will be engaged to garner community support to operate, including local service providers and contractors and commence county meetings to advise of company activities. Community liaison officers will also cover the wider Jeolla province community to assist in communicating SGK activities and optimising best periods to drill when farming areas are vacant.

Environmental baseline studies continued at Weolyu and will precede any drilling campaigns to be conducted at any project. Baseline studies will look at water discharge, waste contamination and removal, community impacts from noise and drilling activities and the associated mitigation.

The Company takes its Community and Social Responsibilities very seriously and will look to build relationships with local people for the long-term benefits of all stakeholders.

Gubong and Kochang JV (Bluebird 50%\SAU 50%)

The Joint Venture has received initial feedback from Korean regulators for the **Gubong Project (Figure 1)** in order to secure the key 'Permit to Develop' approval. The process has now moved to the next stage where the application is to be considered by an administrative panel at central government level, expected to occur during August. South Korea uses a streamlined process of application for mine plan approvals. There is a single application made that encompasses all government approvals required to carry out mining activities. The submission is made at the local government level which in turn obtain approvals from all relevant government authorities.

At the **Kochang Project (Figure 1)** the 'Permit to Develop' is still in process. There was a delay in the process due to a change in the Counter Measure Against Natural Disasters Act (CMANDA) which has resulted in a new proclamation that is currently being distributed to all government departments. This recent clarification of the CMANDA will enable the 'Permit to Develop' application to proceed to the next stage. The funding support from Korean Resources Corporation (KORES) for drilling has been put on hold pending the grant of the 'Permit to Develop'.

BMV continues to be the operator of the Joint Venture and activities at Kochang included project planning for refurbishment and location and survey of adits and successful entry. Planned works over the next quarter include establishing proper operable entrances to both mines, expand working areas and laydown sites and construct minimal infrastructure. The optimal process flows for the two ores will be finalised and the design of process plant's will be drawn up.

Western Australia

A JORC Mining Reserve was completed on the Cannon Gold Mine as reported in the ASX announcement on the 6th May 2019: 'New Cannon Underground Reserve'. This was based upon the Maiden 2017 Cannon Underground JORC Resource of 142kt @ 5.17g/t Au for 23,580 ounces, using a 3.0g/t Au economic cut-off grade. The Reserve calculation is shown in Table 4.

Classification	Tonnes (kt)	Grade (g/t)	Ounces (koz.)
Proved	Nil	Nil	Nil
Probable	117	5.31	20
Total	117	5.31	20

Table 4: Cannon Ore reserve Summary

The new Reserve is based only on the indicated portion of the resource and the design encapsulated 4 extraction levels, an 11 month mine life utilising minimal equipment and infrastructure to access the high-grade shoots plunging beneath the Cannon pit. The base case cash cost per ounce of gold produced, assuming an \$8/t haulage charge and a \$50/t toll treatment charge, was estimated to be A\$1173/oz assuming a metallurgical recovery factor of 90%. Project breakeven is estimated to occur in around 8 months and generates a base case net profit of A\$10.4 million within a 12-month period from project start (assuming a gold price of A\$1750/oz).

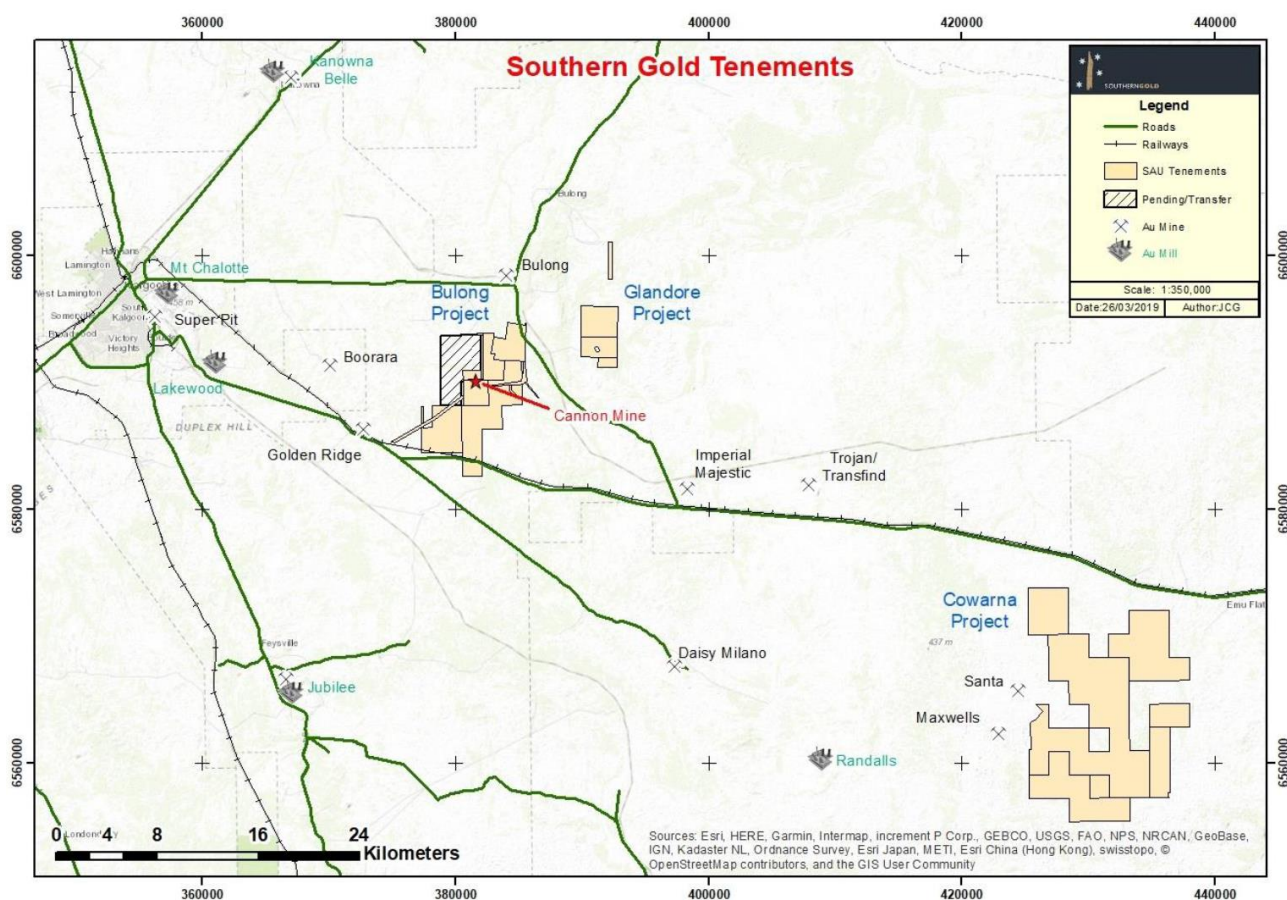


Figure 13: Map of all current Southern Gold tenements for sale in Western Australia

Corporate

As previously announced, all of Southern Gold's Western Australian assets including the Cannon Gold Mine, Glandore, Bulong and Cowarna Projects (**Figure 13**) are currently in a formal sale process being managed by PCF Capital Group. This is at an advanced stage and is expected to be finalised early in the next quarter. This will allow the company to invest these funds into the highly prospective South Korean project portfolio.

In June the company announced a fully underwritten non-renounceable 1 for 3 Rights Issue offer at A\$0.11 per share (with an attached 18c call option to 31 December 2021 for every 2 rights shares subscribed for) to raise capital of \$2.3 million (before costs) to execute the Korean-focused exploration strategy. Subsequent to quarter end the company announced the rights issue was oversubscribed necessitating a scale back of subscriptions and a post-Rights Issue placement to 4 major shareholders raised an additional \$0.44 million on the same terms, subject to shareholder approval.

Related ASX Announcements

All results presented here have been previously reported. Please refer to the appropriate original ASX Releases that contain full JORC 2012 Table 1 commentary and explanation for reporting of Exploration Results, Exploration target ranges and Mineral Resources for these.

- 20180806 – ASX Tenements granted at Deokon, South Korea.
- 20180904 – ASX Project Generation strategy building valuable portfolio.
- 20180921 – ASX South Korean Joint Venture Update.
- 20181002 – ASX High grade gold confirmed at Shin Adit, Deokon, South Korea.
- 20181122 – ASX SAU JV Kochang Update.
- 20181206 – ASX Cannon NST Agreement.
- 20190129 – ASX High grade gold-silver zones confirmed at Weolyu South Project, South Korea.
- 20190207 – ASX South Korea JV Update.
- 20190221 – ASX \$1.75m funding in place.
- 20190401 – ASX WA Asset Sale Process.
- 20190403 – ASX 2019 South Korea Field Work Commences.
- 20190506 – ASX New Cannon Underground Reserve.
- 20190527 – ASX Beopseongpo, Major Epithermal Target Defined.
- 20190717 – ASX 'Golden Surprise' High-Grade Gold-Silver Discovery at Deokon Project, South Korea.

Southern Gold Limited: Company Profile

Southern Gold Ltd is a successful gold explorer listed on the Australian Securities Exchange (under ASX ticker “SAU”).

Southern Gold owns 100% of a substantial portfolio of high-grade gold projects in South Korea that are largely greenfield epithermal gold-silver targets in the south-west of the country. 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 a jurisdiction that has seen very little modern exploration.

Southern Gold is also looking to commission a small scale mine in South Korea within the next 12 months with development partner London-listed Bluebird Merchant Ventures (BMV) at either the Kochang or Gubong project where the company retains a 50% equity interest.

Competent Person’s Statements

The information in this report that relates to Exploration Results has been compiled under the supervision of Mr. Paul Wittwer (AIG, AusIMM). Mr Wittwer who is an employee of Southern Gold Limited and a Member of the Australian Institute of Geoscientists and 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. Mr Wittwer 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 JORC Resources has been compiled under the supervision of Mr. Paul Androvic (AusIMM). Mr Androvic who is a former 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.

The information in this report that relates to JORC Reserves has been compiled by Mr. Christopher Hiller, of Hiller Enterprises, is not an employee of Southern Gold Limited but has been engaged by Southern Gold to prepare the report. Mr Hiller is 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 Hiller 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 or ASX release, 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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

SOUTHERN GOLD LIMITED

ABN

30 107 424 519

Quarter ended ("current quarter")

30 JUNE 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(389)	(1,550)
(b) underground exploration at Cannon	-	-
(c) production	-	-
(d) staff costs	(198)	(1,207)
(e) administration and corporate costs	(335)	(1,419)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	5
1.5 Interest and other costs of finance paid	(10)	(10)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	174
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(931)	(4,007)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(59)	(112)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	5
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (loans to 50% owned Joint Ventures)	(225)	(567)
2.6	Net cash from / (used in) investing activities	(284)	(674)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	2,276
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(3)	(34)
3.5	Proceeds from borrowings	-	750
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(3)	2,992

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,612	2,080
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(931)	(4,007)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(284)	(674)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3)	2,992
4.5	Effect of movement in exchange rates on cash held	(2)	1
4.6	Cash and cash equivalents at end of period	392	392

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	3	84
5.2 Call deposits	389	1,582
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	392	1,612

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

142

-

The amount at 6.1 comprises Director fees paid to Directors, or related entities of the Directors, during the quarter.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		


9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(345)
9.2 Capital raise costs	(180)
9.3 Interest costs	(22)
9.4 Staff costs	(183)
9.5 Administration and corporate costs	(336)
9.6 Other (JV contributions)	-
9.7 Total estimated cash outflows	(1,066)

The above forecast costs will be funded through opening cash at 1 July 2019 of \$392,000 and \$2.3 million (before costs) that was received during July from the oversubscribed rights issue.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	South Korea Mangun_23 (79233) Seolcheon_33-36 (79177, 79178, 79179, 79223) Seolcheon_43-46 (79224, 79225, 79180, 79226) Seolcheon_55 (79181)	Mining leases Mining leases Mining leases Mining leases	100% 100% 100% 100%	0% 0% 0% 0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	South Korea Yeongam_116 (201143)	Exploration	0%	100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:..... Date:31/07/2019.....
(Company Secretary)

Print name:Dan Hill.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.