

Notice of Extraordinary General Meeting

Southern Gold Limited ACN 107 424 519

Date of Meeting: 7 May 2020

Time of Meeting: 11am (Adelaide Time)

Place of Meeting: Southern Gold Limited, 10 George Street, Stepney SA 5069

Notice of Extraordinary General Meeting

Notice is given that an Extraordinary General Meeting of shareholders of **Southern Gold Limited ACN 107 424 519 (SAU or Company)** will be held at 11am (Adelaide time), on 7 May 2020 at Southern Gold Limited, 10 George Street, Stepney SA 5069.

Agenda

Ordinary Business

1. Resolution 1 - Ratification of the Issue of Shares under the First Tranche Placement under Listing Rule 7.1

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, the prior allotment and issue from placement capacity under Listing Rule 7.1 of 12,879,302 fully paid ordinary shares at \$0.10 per share to the First Tranche Placement Recipients as set out in the Explanatory Memorandum accompanying this Notice of Meeting, be approved and ratified."

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of the First Tranche Placement Recipients, any Associates of the Placement Recipients, and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities in the Company, if Resolution 1 is passed, and any Associates of those persons. However, this does not apply to a vote cast in favour of Resolution 1 by:

- (a) *a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or*
- (b) *the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (1) *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - (2) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

2. Resolution 2 - Ratification of the Issue of Shares under the First Tranche Placement under Listing Rule 7.1A

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, the prior allotment and issue from placement capacity under Listing Rule 7.1A of 8,800,700 fully paid ordinary shares at \$0.10 per share to the First Tranche Placement Recipients as set out in the Explanatory Memorandum accompanying this Notice of Meeting, be approved and ratified."

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of the First Tranche Placement Recipients, any Associates of the Placement Recipients, and any person who might obtain a benefit, except a

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benefit solely in the capacity of a holder of ordinary securities in the Company, if Resolution 2 is passed, and any Associates of those persons. However, this does not apply to a vote cast in favour of Resolution 2 by:

- (a) *a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or*
- (b) *the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (1) *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - (2) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

3. Resolution 3 - Approval of Issue of Placement Shares to Metal Tiger

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval be and is hereby given for the issue and allotment of 16,979,998 fully paid ordinary shares at \$0.10 per share to Metal Tiger plc (UK company number 04196004), on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting.

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of Metal Tiger plc, or any of their Associates. However, this does not apply to a vote cast in favour of Resolution 3 by:

- (a) *a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way ;or*
- (b) *the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (1) *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the Resolution; and*
 - (2) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

4. Resolution 4 – Approval of Issue of Placement Shares to Director – Mr Greg Boulton

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be and is hereby given for the issue of up to 500,000 Shares to Mr Greg Boulton or his nominee on the terms and conditions as set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of Mr Greg Boulton and any other person who will obtain a material benefit as a result of the issue (except a benefit solely by reason of being the holder of ordinary securities in the Company), and any Associates of those persons. However, this does not apply to a vote cast in favour of Resolution 4 by:

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- (a) *a person as proxy or attorney for another person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;*
- (b) *the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (1) *the beneficiary provides written confirmation to the holder that they are not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - (2) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

5. Resolution 5 – Approval of Issue of Placement Shares to Director – Mr David Turvey

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be and is hereby given for the issue of up to 200,000 Shares to Mr David Turvey or his nominee on the terms and conditions as set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of Mr David Turvey and any other person who will obtain a material benefit as a result of the issue (except a benefit solely by reason of being the holder of ordinary securities in the Company), and any Associates of those persons. However, this does not apply to a vote cast in favour of Resolution 5 by:

- (a) *a person as proxy or attorney for another person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;*
- (b) *the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (1) *the beneficiary provides written confirmation to the holder that they are not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - (2) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

6. Resolution 6 – Approval of Issue of Placement Shares to Director – Mr Peter Bamford

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be and is hereby given for the issue of up to 140,000 Shares to Mr Peter Bamford or his nominee on the terms and conditions as set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of Mr Peter Bamford and any other person who will obtain a material benefit as a result of the issue (except a benefit solely by reason of being the holder of ordinary securities in the Company), and any Associates of those persons. However, this does not apply to a vote cast in favour of Resolution 6 by:

- (a) *a person as proxy or attorney for another person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;*
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- (b) *the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (1) *the beneficiary provides written confirmation to the holder that they are not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - (2) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

7. Resolution 7– Approval of Issue of Placement Shares to Director – Mr Bee Jay Kim

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be and is hereby given for the issue of up to 300,000 Shares to Mr Bee Jay Kim or his nominee on the terms and conditions as set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of Mr Bee Jay Kim and any other person who will obtain a material benefit as a result of the issue (except a benefit solely by reason of being the holder of ordinary securities in the Company), and any Associates of those persons. However, this does not apply to a vote cast in favour of Resolution 7 by:

- (a) *a person as proxy or attorney for another person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;*
- (b) *the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (1) *the beneficiary provides written confirmation to the holder that they are not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - (2) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

8. Resolution 8 - Approval of Issue of Placement Shares to Director - Mr Douglas Kirwin

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be and is hereby given for the issue of up to 200,000 Shares to Mr Douglas Kirwin or his nominee on the terms and conditions as set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of Mr Douglas Kirwin and any other person who will obtain a material benefit as a result of the issue (except a benefit solely by reason of being the holder of ordinary securities in the Company), and any Associates of those persons. However, this does not apply to a vote cast in favour of Resolution 8 by:

- (a) *a person as proxy or attorney for another person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;*
 - (b) *the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or*
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- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (1) *the beneficiary provides written confirmation to the holder that they are not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - (2) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

9. Resolution 9 - Approval of Issue of Options to Director - Mr Douglas Kirwin

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be and is hereby given for the issue of 400,000 Options to Mr Douglas Kirwin or his nominee on the terms and conditions as set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of Mr Douglas Kirwin and any other person who will obtain a material benefit as a result of the issue (except a benefit solely by reason of being the holder of ordinary securities in the Company), and any Associates of those persons. However, this does not apply to a vote cast in favour of Resolution 9 by:

- (a) *a person as proxy or attorney for another person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;*
- (b) *the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (1) *the beneficiary provides written confirmation to the holder that they are not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - (2) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

10. Resolution 10 - Approval of Issue of Options to Proposed Director - Mr Terry Grammer

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be and is hereby given for the issue of up to 400,000 Options to Mr Terry Grammer or his nominee on the terms and conditions as set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 10 by or on behalf of Mr Terry Grammer and any other person who will obtain a material benefit as a result of the issue (except a benefit solely by reason of being the holder of ordinary securities in the Company), and any Associates of those persons. However, this does not apply to a vote cast in favour of Resolution 10 by:

- (a) *a person as proxy or attorney for another person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;*
 - (b) *the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or*
 - (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
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- (1) *the beneficiary provides written confirmation to the holder that they are not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
- (2) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

11. Other Business

To consider any other business that may be brought before the Meeting in accordance with the Company's Constitution.

Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Extraordinary General Meeting.

Snap Shot Time

Regulation 7.11.37 of the Corporations Regulations 2001 permits the Company to specify a time, not more than 48 hours before the Meeting, at which a "snap shot" of Shareholders will be taken for the purposes of determining Shareholders' entitlements to vote at the Meeting.

The Directors have determined that all Shares of the Company on the register as at 5pm (Adelaide time) on 5 May 2020 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form for the Meeting provides further details on appointing proxies and lodging the Proxy Form. Proxies must be returned by 5pm (Adelaide time) on 5 May 2020.

Voting by Proxy

A Shareholder can direct its proxy to vote for, against or abstain from voting on each resolution by marking the appropriate box in the Voting Directions section of the proxy form. If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chairman, who must vote the proxies as directed.

If the Chairman is to act as your proxy in relation to the meeting (whether by appointment or by default) and you have not given directions on how to vote by marking the appropriate box in the Voting Directions section of the proxy form, the Chairman intends to vote all valid undirected proxies in respect of each of the Resolutions in favour of the relevant resolution.

If you are in any doubt as to how to vote, you should consult your professional adviser.

Corporate Representative

If a representative of a Shareholder corporation is to attend the Meeting, a "Corporate Representative Certificate" should be completed and produced prior to the meeting. Please contact the Company's Share Registry for a pro forma certificate if required.

Notice of Extraordinary General Meeting

By Order of the Board of Directors
Southern Gold Limited



Daniel Hill
Company Secretary
3 April 2020

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to shareholders of **Southern Gold Limited can 107 424 519 (SAU or Company)** to explain the Resolutions to be put to Shareholders at the Extraordinary General Meeting to be held at Southern Gold Limited, 10 George Street, Stepney on 7 May 2020 commencing at 11am (Adelaide time).

The Notice of Meeting, which is also **enclosed**, sets out details of the proposal concerning the seven Resolutions to be put to Shareholders.

The Directors recommend shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Unless otherwise defined, the Terms used in this Explanatory Memorandum are defined in section 7.

2. Background to the Placement

2.1 Background

On 11 February 2020 the Company announced that it proposed to raise \$10,000,000 (before costs) through an issue of a total of 71,428,574 fully paid ordinary shares at an issue price of \$0.14 per share (**Prior Placement**).

On 23 March 2020, the Company announced that since the Company's announcement described above, the fallout from the COVID-19 pandemic and other economic developments have profoundly impacted the share market and broader business conditions and that due to these changing market and business conditions, the Company is withdrawing the offer under the Prior Placement.

2.2 **An alternative offer has been made and commitments have been received for the subscription of 40,000,000 Southern Gold Limited shares at \$0.10 per Share (Placement Shares), to raise \$4 million (before costs) (Placement). The Placement will be conducted in two separate tranches. Purpose and Intended Use of Funds**

The proceeds of the Placement (together with the company's existing cash balance of approximately \$1.7 million) as follows:

Use (12 Months)	Estimated Amount (\$m)
Diamond drilling and scout drilling programmes	\$2.8m
Support costs for diamond drilling programme and technical team	\$1.0m
Project Generation	\$0.7m
Corporate Costs and Administration	\$1.2m
TOTAL	\$5.7m

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The Company appointed Ashanti Capital to act as joint lead manager and bookrunner to the Placement.

2.3 First Tranche Placement

Resolution 1 and Resolution 2 seeks Shareholder ratification and approval for the prior issue of 21,680,002 fully paid ordinary shares to sophisticated investors at an issue price of \$0.10 cents per Share (**First Tranche Placement Shares**), raising \$2,168,000 (before costs) (**First Tranche Placement**).

The First Tranche Placement Shares were issued on and represents approximately 24% of the shares the Company had on issue at the time of the announcement of Prior Placement. The First Tranche Placement Shares were issued to the First Tranche Placement Recipients under the Company's existing placement capacity under Listing Rules 7.1 and 7.1A prior to the date of the Meeting. Resolution 1 and Resolution 2 seeks Shareholder approval under Listing Rule 7.4 to ratify the issue of the First Placement Shares. Shareholder ratification will enable the Company to issue Shares in the next 12 months under its placement capacities without the need to seek prior shareholder approval.

2.4 Second Tranche Placement

The remainder of the Placement Shares, being 18,319,998 Shares (**Second Tranche Placement Shares**), will be issued as a second tranche to raise approximately \$1,832,000 million (**Second Tranche Placement**). The issue of the Second Tranche Placement Shares requires Shareholder approval. If the issue of the Second Tranche Placement Shares is approved by Shareholders, it is anticipated that the Placement Shares will be issued and allotted to the Placement Recipients immediately following this meeting.

Pursuant to a cornerstone investor subscription agreement, Metal Tiger plc (UK company number 04196004) (**MTR**) has agreed to subscribe for 22,000,000 Placement Shares to raise a total of AUD\$2,200,000 (**Subscription Agreement**). Under the terms of the Subscription Agreement, MTR also has the right to appoint one director to the Company for so long as MTR holds an 10% interest in the Company. 16,979,998 Placement Shares will be issued to MTR under the Second Tranche Placement with the remainder issued under the First Tranche Placement.

The Company also seeks shareholder approval for its directors to participate in the Second Tranche Placement.

3. Resolution 1 and Resolution 2 – Ratification of Issue of Shares under First Tranche Placement under Listing Rule 7.1 and 7.1A

3.1 Background

Resolution 1 is an ordinary resolution and proposes to ratify the issue of the First Tranche Placement Shares. The First Placement Shares were issued to the First Placement Recipients on or about 2 April 2020 pursuant to the Placement. Further details in relation to the Placement are set out in Section 2 above.

3.2 ASX Listing Rules 7.1 and 7.4

Broadly speaking, and subject to a number of exceptions, Listing Rules 7.1 and 7.1A limit the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to an aggregate 25% of the fully paid ordinary shares it had on issue at the start of that period.

The First Placement does not fit within any of these exceptions and, as it has not yet been approved by the Company's shareholders, it effectively uses up part of the Company's available

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placement capacity, reducing the Company's ability to issue further equity securities without shareholder approval for the 12 month period following the issue date.

Listing Rule 7.4 sets out an exception to Listing Rules 7.1 and 7.1A. It provides that where a company in a general meeting ratifies a previous issue of securities made or agreed to be made pursuant to Listing Rule 7.1 or 7.1A (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1 and 7.1A, and so does not reduce the Company's capacity to issue further equity securities without shareholder approval under those rules.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain shareholder approval for such issues under Listing Rule 7.1.

Ratification by the Shareholders of the Company to the First Tranche Placement is now sought pursuant to Listing Rule 7.4 under Resolution 1 in order to reinstate the Company's capacity to issue up to 25% of its issued capital, if required, in the next 12 months without Shareholder approval.

3.3 Technical Information required by Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to Shareholders in relation to the Shares the subject of Resolution 1:

- (a) the First Tranche Placement Shares were allotted to the First Placement Tranche Recipients, being:
 - (1) MTR, as a cornerstone investor to the Placement pursuant to the Subscription Agreement;
 - (2) the following other material investors who were issued more than 1% of SAU's current issued capital:
 - Ilwella Pty Ltd
 - Shaw and Partners Limited
 - PS Super Nominees Pty Ltd
 - Potezna Gromadka Ltd
 - Valbonne II
 - US Global
 - (3) clients of Ashanti Capital who are sophisticated and professional investors.
- (b) the number of fully paid ordinary shares the Company issued was 12,879,302 under its 7.1 capacity and 8,800,700 under its 7.1A capacity;
- (c) the Placement Shares were issued on the same terms as, and will rank equally with, all fully paid ordinary shares in the Company on issue;
- (d) the Shares were issued on or about 2 April 2020;
- (e) the price of each Share issued was \$0.10; and
- (f) the purpose of the issue and the use of funds raised is as set out in section 2.2.

3.4 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 1 and Resolution 2. Any undirected proxies held by the Chairman will be voted in favour of Resolution

4. Resolution 3 - Approval of Issue of Placement Shares to Metal Tiger plc

4.1 Background

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Resolution 3 is an ordinary resolution and seeks Shareholder approval for the issue of Second Tranche Placement Shares to MTR and for the purposes of Listing Rule 7.1. Further details in relation to the Placement are set out in Section 2 above.

4.2 Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions (none of which apply in respect of the Placement), Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period (**15% Capacity**).

Resolution 3 seeks shareholder approval to the issue of Second Tranche Placement Shares to MTR for the purposes of Listing Rule 7.1, so that the issue of those Placement Shares does not count towards the Company's 15% Capacity.

If Resolution 3 is passed, the Company, the Second Tranche Placement Shares will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not proceed with the issue of the Second Tranche Placement Shares to MTR and will need to examine alternative sources of funding (including an issue of Shares utilising the Company's 15% Capacity).

4.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the Second Tranche Placement Shares will be allotted to MTR, as a cornerstone investor to the Placement pursuant to the Subscription Agreement.
- (b) the total number of fully paid ordinary shares the Company will issue will be 16,979,998 Shares;
- (c) the Placement Shares will be issued on the same terms as, and will rank equally with, all fully paid ordinary shares in the Company on issue;
- (d) the Shares are anticipated to be allotted and issued on 14 May 2020 and, in any event, no later than 3 months after the date of the Meeting;
- (e) the price of each Share is \$0.10;
- (f) the purpose of the issue and proposed use of funds is as set out in section 2.2a voting exclusion statement is included in the Notice of Meeting.

4.4 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 3. Any undirected proxies held by the Chairman will be voted in favour of Resolution 3.

5. Resolutions 4 to 8 – Approval of Issue of Placement Shares to Directors

5.1 General

Resolutions 4 to 8 are an Ordinary Resolutions and seek Shareholder approval pursuant to Listing Rule 10.11 for Mr Greg Boulton, Mr David Turvey, Mr Peter Bamford, Mr Bee Jay Kim and Mr Doug Kirwan being Directors of the Company, to participate in the Placement on the same terms as unrelated investors. Further details in relation to the Placement are set out in Section 2 above.

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Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to, inter alia, a related party of the Company, unless it obtains the approval of its shareholders. Mr Boulton, Mr Turvey, Mr Bamford, Mr Kim and Mr Kirwin are related parties of the Company and, accordingly, approval under Listing Rule 10.11 is required in order to issue Placement Shares to them.

If approval is given under Listing Rule 10.11 approval will not be required under Listing Rule 7.1, and the Shares issued pursuant to Resolutions 4 to 8 will not be included in the calculation of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a related party unless one of the exceptions to the section apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

An issue of shares may constitute a financial benefit for the purposes of Chapter 2E of the Corporations Act. However, as the issue of Placement Shares to the related parties is proposed to occur on the same terms as the issue of Placement Shares to unrelated investors, the issue is considered to be on "arms' length" terms and therefore falls within the exception in section 210 of the Corporations Act. Shareholder approval is therefore not sought for the purposes of Chapter 2E of the Corporations Act.

5.2 Technical information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the Boulton Issue:

- (a) The Placement Shares will be issued to Mr Greg Boulton, Mr David Turvey, Mr Peter Bamford, Mr Bee Jay Kim and Mr Doug Kirwan (or their respective nominees) of whom are Directors and are related parties for the purpose of Listing Rule 10.11.1;
- (b) the maximum number of Shares to be issued pursuant to Resolutions 4 to 8 is 1,340,000 comprising:
 - (1) 500,000 Shares to Mr Greg Boulton;
 - (2) 200,000 Shares to Mr David Turvey,
 - (3) 140,000 Shares to Mr Peter Bamford;
 - (4) 300,000 Shares to Mr Bee Jay Kim; and
 - (5) 200,000 Shares to Mr Doug Kirwan.
- (c) the Shares will be issued on the same terms as, and will rank equally with, all fully paid ordinary shares in the Company on issue;
- (d) the Shares are anticipated to be issued on 14 May 2020 and, in any event, no later than 1 month after the date of the Meeting;
- (e) the price of each Share is \$0.10;
- (f) the funds raised will be used for the same purposes as all the other funds raised under the Placement; and
- (g) a voting exclusion statement is included in the Notice of Meeting.

6. Resolutions 9 and 10- Approval of Issue of Options to Mr Douglas Kirwin and Mr Terry Grammer

6.1 General

Explanatory Memorandum

Resolutions 9 and 10 are ordinary resolutions and seek Shareholder approval for the issue of unlisted Options exercisable at \$0.24 per Option within 4 years from the date of issue to Mr Douglas Kirwin, Director of the Company, and Mr Terry Grammer, a proposed Director of the Company, for the purposes of Listing Rule 10.11, on the terms detailed in section 6.2 below.

Mr Grammer's issue of options is subject to the shareholder approval of Resolutions 1, 2 and 3 and that he is appointed as a Director of the Company. On the basis that Mr Grammer is appointed as a Director, he will retire at the next Annual General Meeting in accordance with the Company's rules and his re-appointment will be subject to shareholder approval.

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to, inter alia, a related party of the Company, unless it obtains the approval of its shareholders.

If approval is given under Listing Rule 10.11, approval will not be required under Listing Rule 7.1, and the Options issued pursuant to Resolutions 9 and 10 will not be included in the calculation of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210-216 of the Corporations Act.

The Board considers the proposed grant of Options is reasonable as part of Mr Kirwin's and Mr Grammer's remuneration, having regard to the circumstances of the Company and the responsibilities of their positions as a Directors, and as a means of incentivising them. The proposed issue of Options is considered to fall within the exception in section 211 of the Corporations Act and Shareholder approval is therefore not sought for the purposes of Chapter 2E of the Corporations Act.

The Options will not be quoted on the ASX, will lapse if Mr Kirwin or Mr Grammer (respectively) cease to be a Director, will be transferable only with the consent of the Board, and will otherwise be issued on standard terms set out in the Listing Rules with respect to the treatment of Options in the case of reconstructions, bonuses, and rights issues.

6.2 Technical information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the resolutions 9 and 10:

- (a) The Options will be issued to Mr Douglas Kirwin and Mr Tony Grammer, of whom are/will be Directors at the time of the proposed issue date and are related parties for the purpose of Listing Rule 10.11.1;
- (b) the maximum number of Options to be issued pursuant to Resolutions 9 and 10 is 800,000, comprising:
 - (1) 400,000 Options to Mr Kirwin; and
 - (2) 400,000 Options to Mr Grammer.
- (c) a summary of the material terms pursuant to which the Options will be issued is in Schedule 1;
- (d) the Options are anticipated to be issued on 14 May 2020 and, in any event, no later than 1 month after the date of the Meeting;
- (e) the Options will be granted for nil cash consideration;
- (f) the purpose of the issue is as part of the remuneration of Mr Kirwin and Mr Grammer as directors;

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- (g) the director's current total remuneration package is \$45,000 inclusive of Superannuation Guarantee for Mr Kirwin and \$45,000 inclusive of Superannuation Guarantee for the proposed Director, Mr Terry Grammer; and
- (h) a voting exclusion statement is included in the Notice of Meeting.

7. Interpretation

Ashanti Capital means Ashanti Capital Pty Limited.

Associate has the meaning given to that term in the Listing Rules.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange.

Board means the board of directors of the Company.

Boulton Issue has the meaning given to that term in section 5.2 of the Explanatory Memorandum.

Company means Southern Gold Limited.

Constitution means the constitution of the Company from time to time.

Corporations Act means the *Corporations Act 2001* (Cth) as amended, varied or replaced from time to time.

Director means a director of the Company.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting.

Listing Rule means the official listing rules of the ASX as amended from time to time.

Meeting or **Extraordinary General Meeting** means the extraordinary general meeting to be held on 7 May 2020.

MTR means Metal Tiger plc (UK company number 04196004).

Notice of Meeting or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum.

Option means an unlisted option to subscribe for a Share on the terms summarised in Schedule 1 to the Explanatory Memorandum.

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders.

Placement has the meaning given to that term in section **Error! Reference source not found.** of the Explanatory Memorandum.

First Tranche Placement Recipients means the recipients of the Placement Shares described at section 3.3.

Placement Shares has the meaning given to that term in section 2.1 of the Explanatory Memorandum.

Relevant Interest has the meaning given to that term in section 9 of the Corporations Act.

Resolution means a resolution proposed at the Meeting.

Share means an ordinary fully paid share in the issued capital of the Company.

Explanatory Memorandum

Shareholder means a holder of Shares in the Company.

Subscription Agreement has the meaning given to that term in section 2.4 of the Explanatory Memorandum.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Daniel Hill (**Company Secretary**):

10 George Street
STEPNEY SA 5069
(08) 8368 8888

Explanatory Memorandum

Schedule 1 - Terms of Options to be Issued to Directors (Resolutions 9 and 10)

1. Each Option is an option to subscribe for one ordinary fully paid share in the capital of the Company (subject to possible adjustment in accordance with these terms and conditions).
2. The exercise price of the Options will be equal to 24 cents to the number of options provided in each resolution.
3. Shares issued on exercise of the Options will rank pari passu with all existing ordinary shares in the Company from the date of issue.
4. The Options may be exercised wholly or in part by notice in writing to the Company received at any time on or before the expiry date (being the date 4 years after the date of grant of the Options), together with payment for the exercise price and the Option certificates (if any) for those Options for cancellation by the Company.
5. The Company will allot the number of shares the subject of any exercise notice, and apply, at its cost, for quotation of the shares so allotted.
6. The Option holder will be permitted to participate in new issues of securities of the Company only if the Options are exercised prior to the record date for the new issue of securities.
7. In the event of any reconstruction (including consolidation, reduction, or return) of the issued capital of the Company:
 - 7.1 the number of Options, the exercise price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on the holder of the Option which are not conferred on Shareholders; and
 - 7.2 subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged.
8. If there is to be a pro rata issue (except a bonus issue) to holders of ordinary shares in the capital of the Company, the exercise price of an Option may be reduced according to the following formulae:

$$O^n = O - \frac{E[P-(S+D)]}{N + 1}$$

$$N + 1$$

Where

O^n = the new exercise price of the Option; O = the old exercise price of the Option;

E = the number of underlying securities into which one Option is exercisable;

P = the volume weighted average market price (within the meaning of the Listing Rules) per security of the underlying securities during the 5 day trading period ending on the day before the ex rights date or the ex entitlement date;

S = the subscription price for a security under the pro rata issue

D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);

N = the number of securities with rights or entitlements which must be held to receive a right to one new security.

Explanatory Memorandum

9. If there is a bonus issue to the holders of shares in the Company, the number of shares over which the Option is exercisable may be increased by the number of shares which the Option holder would have received if the Option had been exercised prior to the record date for the bonus issue.
10. The terms of the Options shall be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve such a change. However the terms of the Options shall not be changed to reduce the exercise price, increase the number of Shares over which the Options is exercisable, or increase the period for exercise of the Options.
11. In the event that any recipient Director ceases to be a Director of the Company, for any reason, any Options not exercised prior to that event will lapse.
12. The Options will only be transferable with the consent of the Board.

SOUTHERN GOLD LIMITED
ACN 107 424 519
EXTRAORDINARY GENERAL MEETING
THURSDAY, 7 MAY 2020 AT 11am (CST)
PROXY FORM

Company Secretary
Southern Gold Limited
PO Box 255,
Kent Town SA 5071
FACSIMILE: +61 (0) 8 8363 0697

I/We

Being a member of Southern Gold Limited,

of (address)

hereby appoint

or failing him/her, the Chairman of the meeting as my/our proxy to vote on my/our behalf at the annual general meeting of the Company to be held on 7 May 2020 at the offices of Southern Gold, 10 George Street, Stepney, South Australia, and at any adjournment thereof. If no voting directions are given, the Chairman will vote in favour of each resolution.

Instructions on Voting		FOR	AGAINST	ABSTAIN
Resolution 1	Ratification of the Issue of Shares under the First Tranche Placement under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of the Issue of Shares under the First Tranche Placement under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Issue of Placement Shares to Metal Tiger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Issue of Placement Shares to Director – Mr Greg Boulton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Issue of Placement Shares to Director – Mr David Turvey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Issue of Placement Shares to Director – Mr Peter Bamford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of Issue of Placement Shares to Director – Mr Bee Jay Kim	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 8	Approval of Issue of Placement Shares to Director – Mr Douglas Kirwin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval of Issue of Options to Director – Mr Douglas Kirwin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval of Issue of Options to Proposed Director – Mr Terry Grammer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Where I/we have appointed the Chairman as my our/proxy (or the Chairman becomes my/our proxy).

Dated this _____ day of _____ 2020

Individuals and joint holders to sign:

Companies to sign (affix common seal if applicable):

Signature

Director, or sole Director / Secretary

Signature

Director / Company Secretary