

Quarterly Activities Report to 31 March 2020

- Significant levels of field activity in South Korea with the continuation of diamond drilling programs and project generation reconnaissance rock sampling
- A\$4 million capital raise in 2 tranches: with \$2.17 million completed and the second tranche of \$1.83 million subject to shareholder approval in early May
- Southern Gold now has significant funding to complete drilling on multiple targets and exploit its 'first mover advantage' in South Korea
- The South Korean based team has demonstrated it can manage drilling programs during the COVID19 pandemic with South Korea emerging as a leader in effective crisis management
- 758.42m of Diamond drilling completed at the **Beopseongpo Project** at the '**Golden Palm**', '**Hand of Faith**' and '**Spider**' prospects
- Scout drilling at '**Golden Palm**' returned a peak intersection of 0.76m @ 2.41g/t Au from 63.82m in hole BPDD010, with deeper drill target defined
- Very encouraging low-sulphidation epithermal multi-phase veining intersected at '**Hand of Faith**' in deeper drilling with assays pending (**Photo 1** and **Photo 7**)
- Regulatory approvals well advanced to drill at depth at the **Weolyu Project**
- Drill programs finalised to test beneath the **Shin Hill** historical underground mine at the Deokon Project as well as the **Aphae Project** in June quarter
- Additional rock sampling at the **Dokcheon Project**, returning samples up to 1.5g/t gold in high-level textures, warranting a scout drill program
- At **Geum-Mar** discovery area reconnaissance outcrop and float assays included a peak of 3.05g/t gold from a group of nine highly anomalous samples
- At **Daeam Valley** discovery area thirteen samples returning values >1g/t gold (peak 3.49g/t Au) over a strike-length of 1km, open in both directions
- Well regarded economic geologist, Douglas Kirwin, also joined the board during the quarter as part of the equity raising process
- AIM listed investment specialist, Metal Tiger PLC, strongly supported the equity raising and their nominee, Terry Grammer, will join the board on approval of the second tranche



Photo 1: BPDD0013 Footwall vein intercept assays pending

South Korea

Southern Gold continued a high level of activities on the ground in South Korea in the March quarter. The focus was on the diamond drill programs at Beopseongpo, land access for drilling at various sites at Beopseongpo, as well as Weolyu and Shin Hill (Deokon; and reconnaissance rock sampling, utilising an experienced epithermal consultant. Several significant grade gold rock chip results were received from this work and has generated additional projects for the South Korean portfolio.

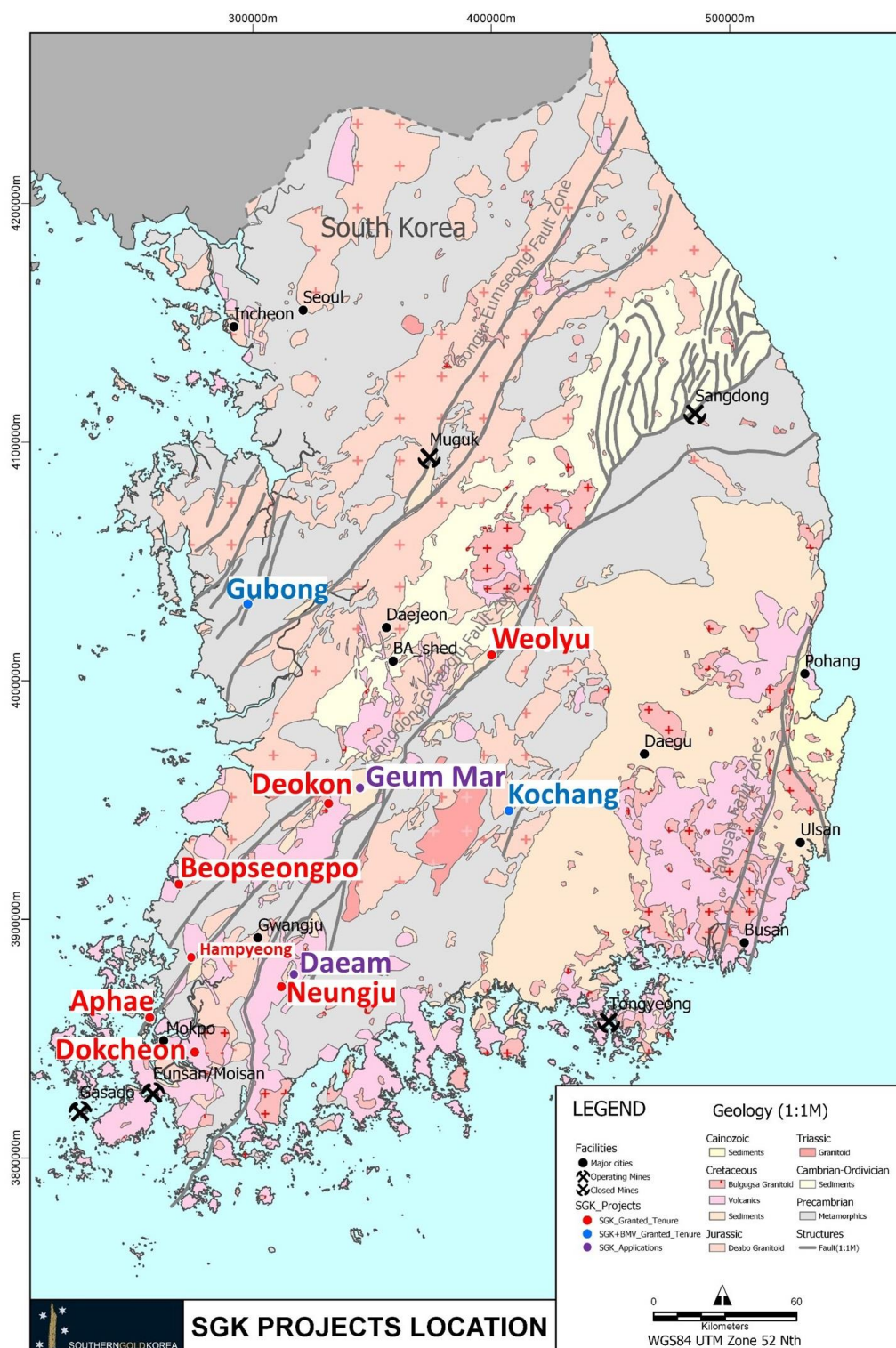


Figure 1: Southern Gold project Locations in South Korea including JV Projects (BMV).

100% owned projects in red, 50% owned BMV Joint Venture projects in blue. 100% owned projects under application in purple.

Beopseongpo (SAU 100%)

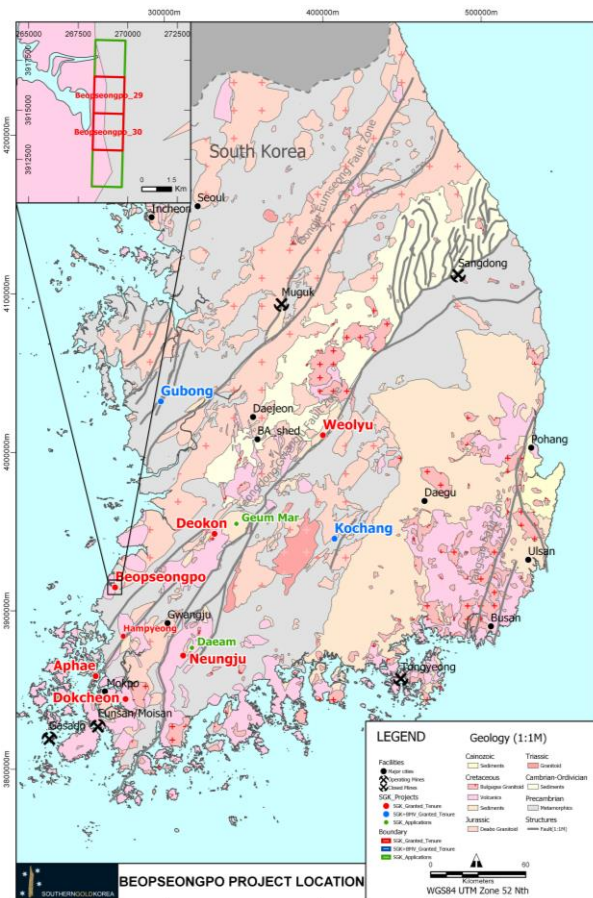


Figure 2: Beopseongpo Project Location.

Diamond drilling recommenced on the 10th February after a short winter break in January. A total of 758.42m were drilled at the Beopseongpo Project. This included one hole (BPDD010) for 146.7m at **‘Golden Palm’**, which completed this initial three-hole program commenced in the December quarter (total 456.2m, holes BPDD008-10). This was followed by a further three holes, with a fourth commenced, for 583.12m in Phase Two deeper step-back drilling at **‘Hand of Faith’** (holes BPDD011-14 following up the Phase 1 holes BPDD005-07 drilled in 2019). A second rig was then deployed late in the Quarter at **‘Spider’** and commenced the first hole there to 28.6m depth (BPDD015).

Low sulphidation epithermal multi-phase veining was intersected at both **‘Golden Palm’** and **‘Hand of Faith’**. Assays have only been returned from **‘Golden Palm’** with a peak intersection of 0.76m @ 2.41g/t Au from 63.82m in hole BPDD010 (0.58m estimated True Width), including 0.49m @ 3.68g/t Au from 64.09m (0.37m Estimated True width).

Hole ID	Prospect	Easting	Northing	mASL	Dip	Grid Azi	Length (m)
BPDD008	Golden Palm	268811	3916184	12	-45	109	160.39
BPDD009	Golden Palm	268813	3916187	12	-45	70	149.10
BPDD010	Golden Palm	268862	3916371	4	-45	124	146.7
BPDD011	Hand Of Faith	268600	3914861	47	-60	102	202.37
BPDD012	Hand Of Faith	268600	3914863	44	-60	75	181.27
BPDD013	Hand Of Faith	268600	3914901	38	-60	63	190.48
BPDD014	Hand Of Faith	268580	3914878	44	-75	75	Drilling
BPDD015	Spider	268695	3913910	152	-45	95	Drilling

Table 1 – Drill hole collar details at Beopseongpo and statistics to 31 March 2020

The Beopseongpo Project is a series of highly prospective low-sulphidation epithermal gold-silver vein and vein breccia targets with large scale system potential. Five major zones have been 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 (**Figure 3**).

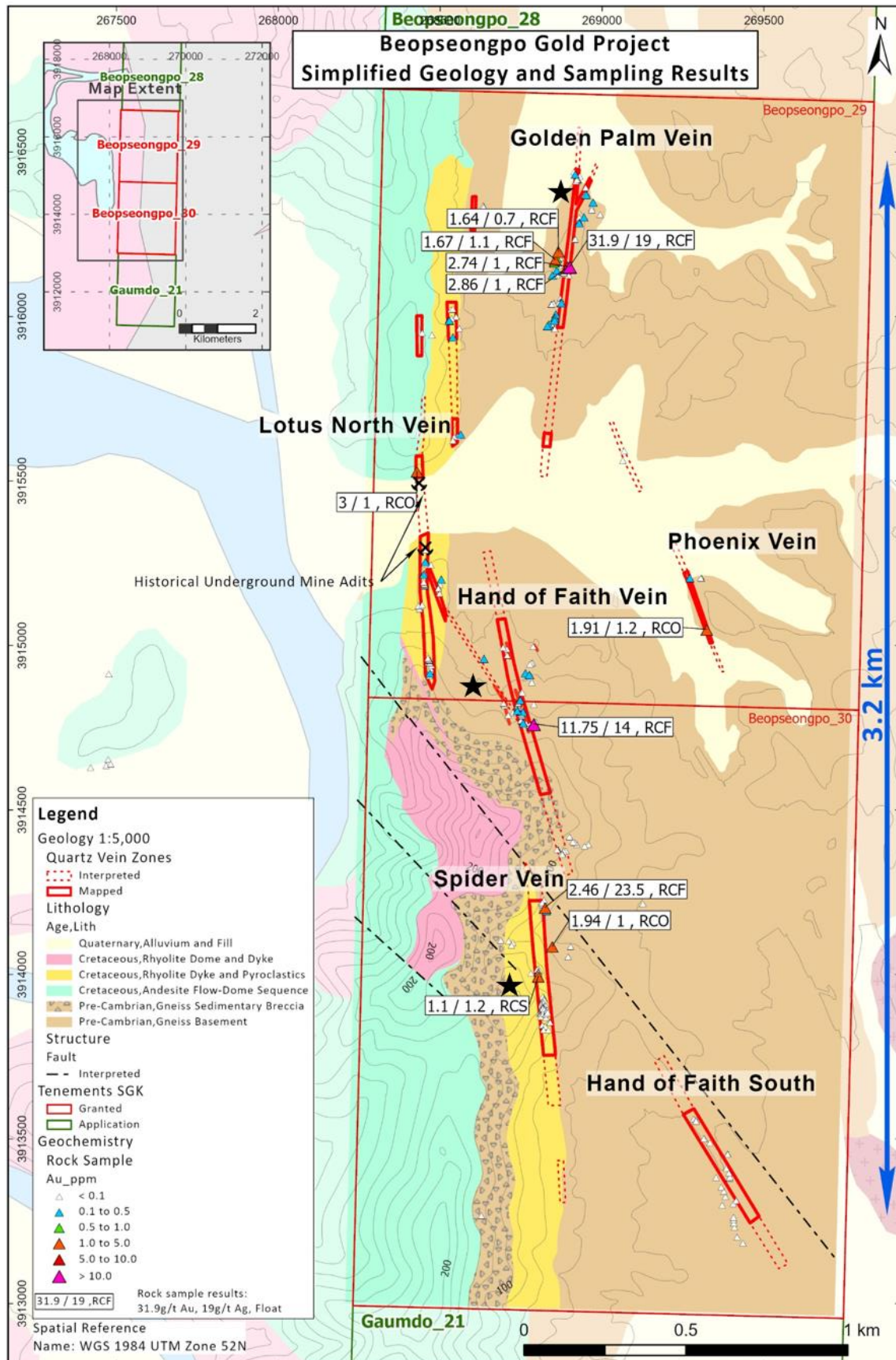


Figure 3: Beopseongpo Project showing the locations of the Golden Palm, Hand of Faith and Spider Prospects where drilling has recently been completed (black stars).

At ‘Golden Palm’ final assay results were returned for holes BPDD008-10 and anomalous results are presented in **Table 2 and Figures 4 to 5** below. The peak result is from an interval of white monophasal crystalline epithermal quartz vein and light green clay through hydro-brecciated quartz-feldspar-biotite gneiss. Anomalous gold results (>0.1g/t) were returned from multiple polyphase quartz±pyrite crystalline, chalcedonic and saccharoidal after chalcedony, colloform and cockade banded, vein and vein breccias with internal clasts of host gneiss. These anomalous results are encouraging as they occur within high-level quartz vein textures and indicate that the main target is deeper within the structure.

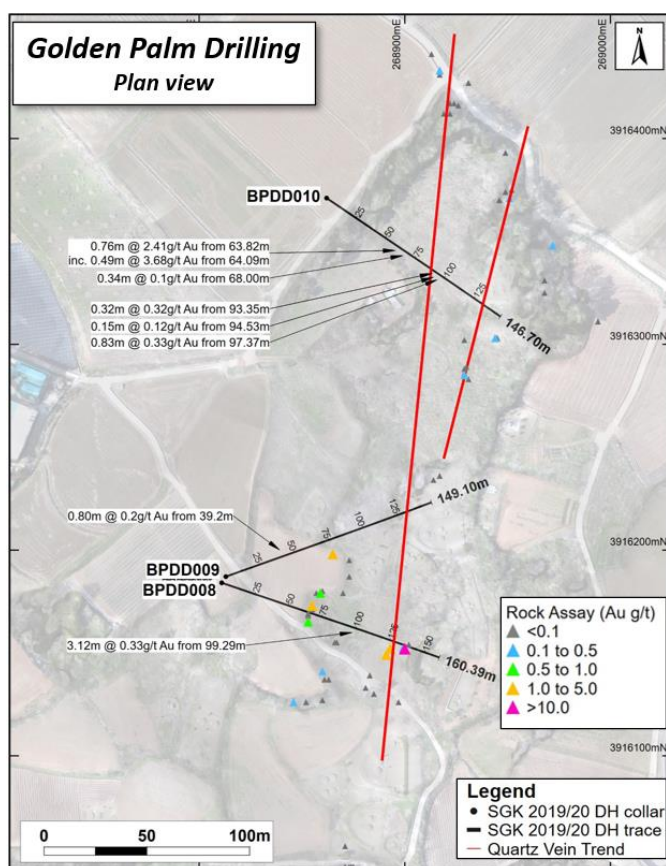


Figure 4 - Golden Palm Drilling locations, plan view

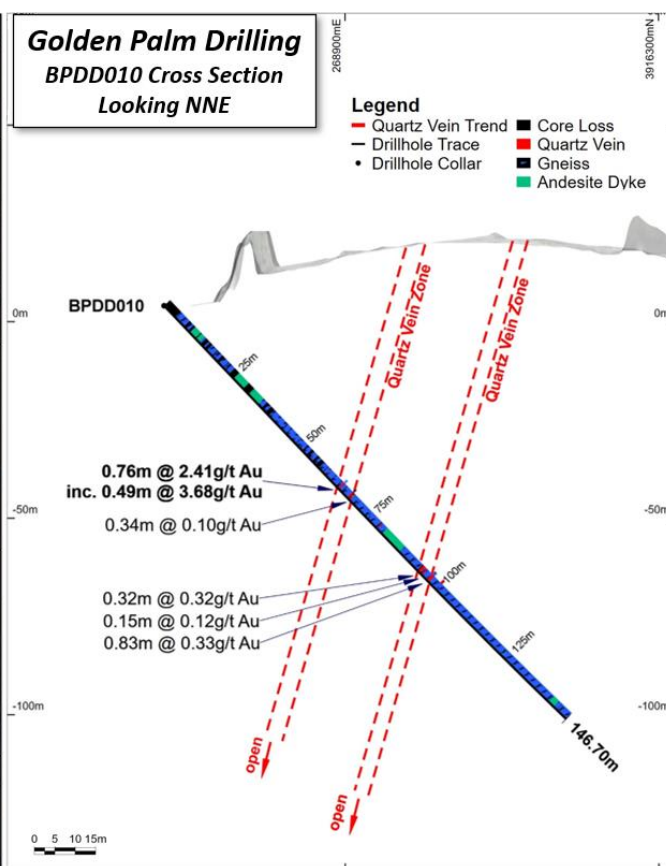


Figure 5 - Golden Palm BPDD010 simplified veining and results cross-section

Hole ID	From (m)	To (m)	Interval (m)	ETW (m)	Au (g/t)	Ag (g/t)	As (ppm)	Recovery (%)
BPDD008	99.29	102.41	3.12	2.39	0.33	5.4	77	69.1
Inc.	99.90	100.60	0.70	0.54	0.83	0.9	200	37
BPDD009	39.20	40.00	0.80	0.61	0.2	0.3	100	100
BPDD010	63.82	64.58	0.76	0.58	2.41	1.5	39	100
inc.	64.09	64.58	0.49	0.37	3.68	2.3	30	100
and	68.00	68.34	0.34	0.26	0.1	0.4	38	100
and	93.35	93.67	0.32	0.24	0.32	1.6	75	100
and	94.53	94.68	0.15	0.11	0.12	0.2	204	100
and	96.54	97.37	0.83	0.63	0.33	1.1	40	100

Table 2 - Significant assay results >=0.1g/t Au from Golden Palm. ETW denotes Estimated True Width



Photo2



Photo 3



Photo 4

Photos 1-3 - BPDD010 Tray 22 to 24 90.70 to 101.55m (**Golden Palm**). Moderate to highly weathered, sericite/illite-pyrite+silica+clay altered quartz-biotite-feldspar metasedimentary amphibolite facies gneiss with earlier highly fractured and faulted orogenic mesocrystalline quartz vein and later epithermal chalcedonic quartz vein breccias and crystalline quartz+pyrite veined hydraulic breccias.

Note: high level quartz vein textures such as this, along with anomalous Au grades, are indicative of deeper target levels and will require follow up drilling.



Photo 5 - BPDD010 drill site at 'Golden Palm'



Photo 6 - BPDD011 drill site at 'Hand Of Faith'

At 'Hand of Faith', multiple zones of dynamic polyphase low-sulphidation epithermal veining was intersected in each hole at the expected vein intersection depths in the three holes BPDD011-013. This Phase Two drilling has confirmed the continuity of the system and demonstrated the veining's sulphide content and quartz textures are subtly changing with depth as a result of targeting ~100m deeper within the system compared to Phase One in 2019. The drilling has confirmed that there are two main vein zones with sheeted and network veining between them. The upper vein zone is being referred to as the 'Hanging Wall Vein' (Photo 7) and the lower as the 'Footwall Vein' (Photo 1, frontpage). Assays are pending for the Phase Two 'Hand of Faith' drilling, and after the fourth hole (BPDD014) is completed in April a more detailed update will be given.

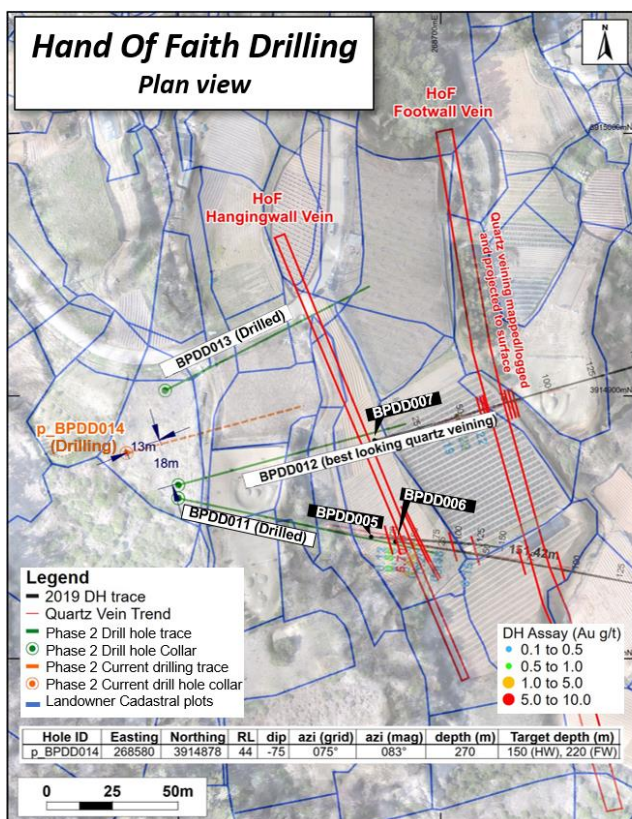


Figure 6 - Hand Of Faith drilling locations, plan view

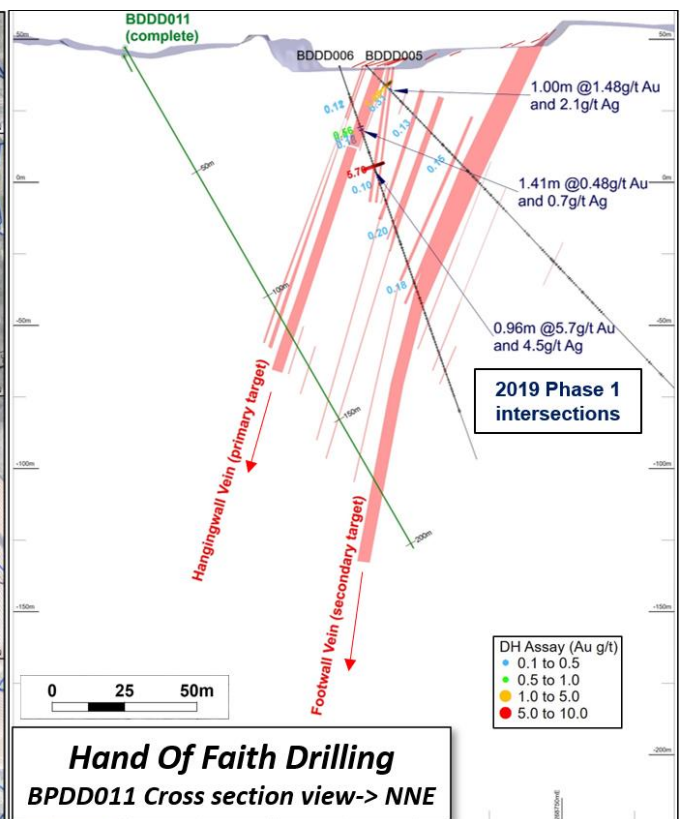


Figure 7 – Hand Of Faith simplified veining on cross-section

[illegible]

-8-

Drilling Schedule

The pace of upcoming drilling will be increased in the June Quarter, with two rigs operating from late March. The fourth deeper hole at **'Hand of Faith'** will be completed, which has been designed to test ~75m beneath the hanging wall vein intersection in BPDD012 (~150m below surface and highlighted in **Photo 7**) and to intersect the foot wall vein ~215m below surface. The three planned holes at the **'Spider'** prospect will also be completed. The immediate plan after this is to drill three holes underneath **'Shin Adit'**, Deokon Project and two to three holes at the **Aphae Project**, before moving the rig to the **Weolyu Project**. These are drill programmes are outlined in the following sections.

Deokon (SAU 100%)

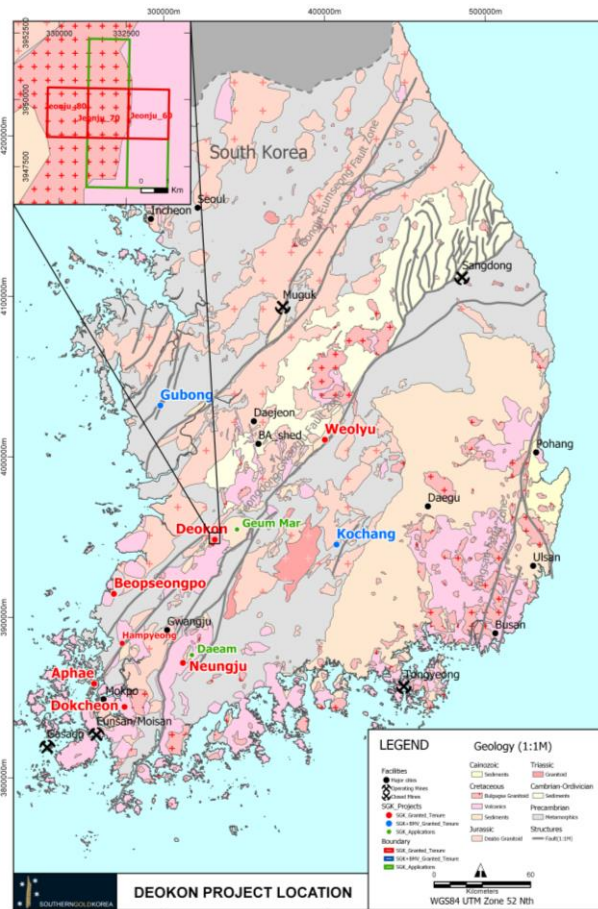


Figure 10: Deokon Project Location.

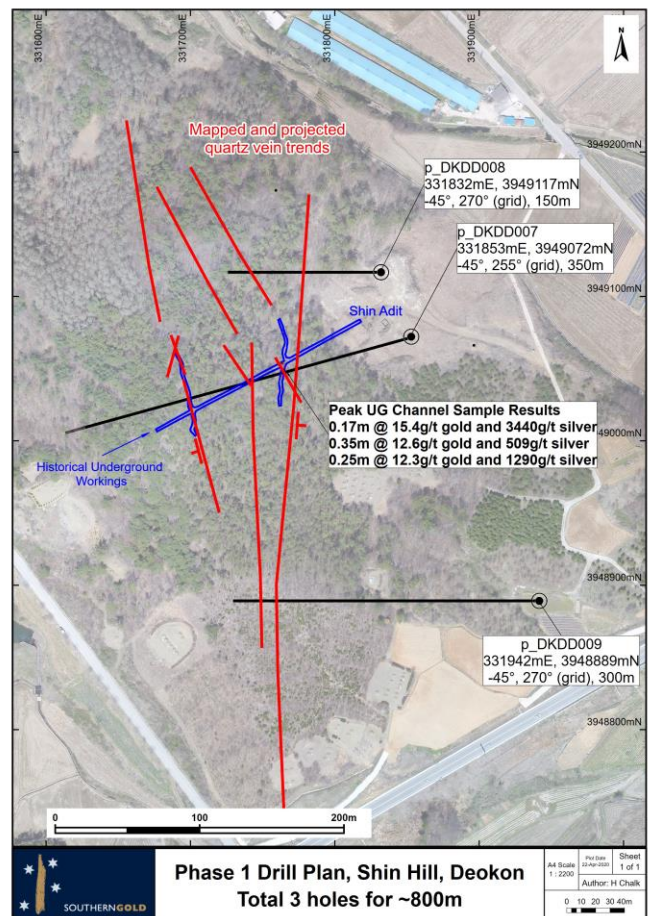


Figure 11 – Shin Hill program design in relation to the underground workings and mapped quartz veins

Drilling has been designed to test beneath the Shin Hill underground workings (design shown in **Figure 11**). Quartz veining within the Shin corridor can be traced in float and subcrop for over 400 metres. This target is an intermediate sulphidation vein breccia that has small historical workings and significant down-dip and along strike potential.

Southern Gold underground channel sampling returned narrow but extremely high-grade results in gold and silver. Shin Hill was historically considered a silver mine, but Southern Gold sampling indicates gold grades up to 15.4g/t Au and is therefore considered highly prospective for both gold and silver. The structure has also been traced along strike at kilometer scale.

Aphae (SAU 100%)

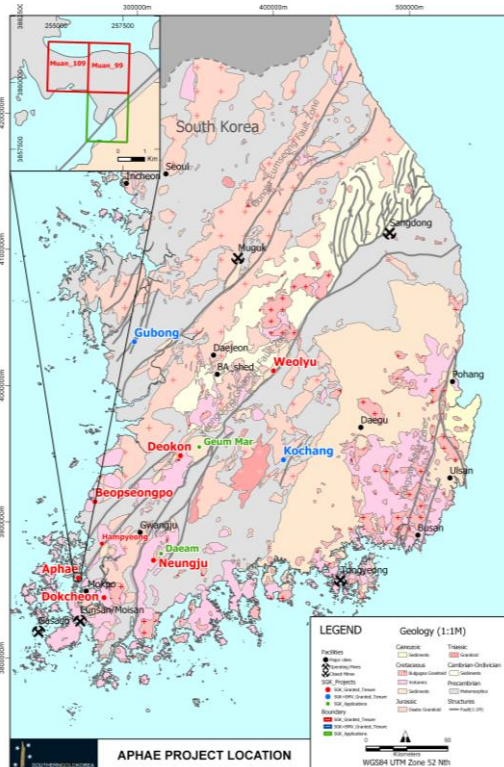


Figure 12 - Aphae Project Location.

The historical Aphae Mine is located on a small, densely vegetated island with a small flooded open pit surrounded by reclaimed farming land. The decommissioned gold mine is 1.45km to the northeast of Koryong open-cut clay mine (**Figure 13**) showing similarities with the Seongsan-Eunsan-Moisan gold mine, in its structural setting, and its proximity to clay mines.

The project is defined by a >30m wide breccia zone with a historically recorded >100m strike length. The multi directional vein breccia is hosted within a pervasively clay altered and oxidised granite. Alteration shows an early high-sulphidation event followed by a later intermediate to low-sulphidation fluid composition, indicating a hybrid system. A peak assay result of 6.08 g/t Au and 93 g/t Ag was obtained from a mullock sample in 2017. An initial 400m, three-hole diamond drill program is planned to test down-dip and along strike extensions to this historically mined small-scale open pit and underground operation.

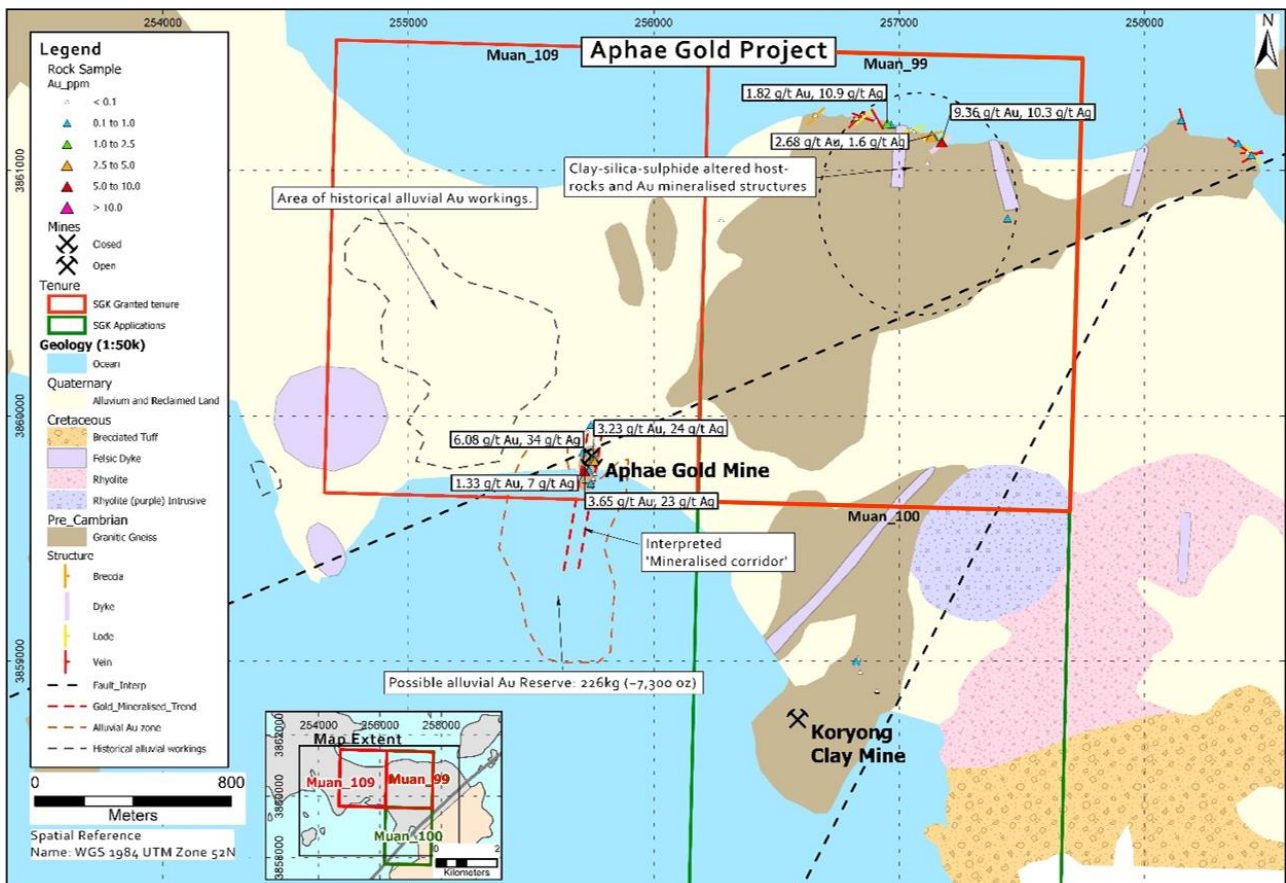


Figure 13 - Aphae Gold Project Overview.

Weolyu (SAU 100%)

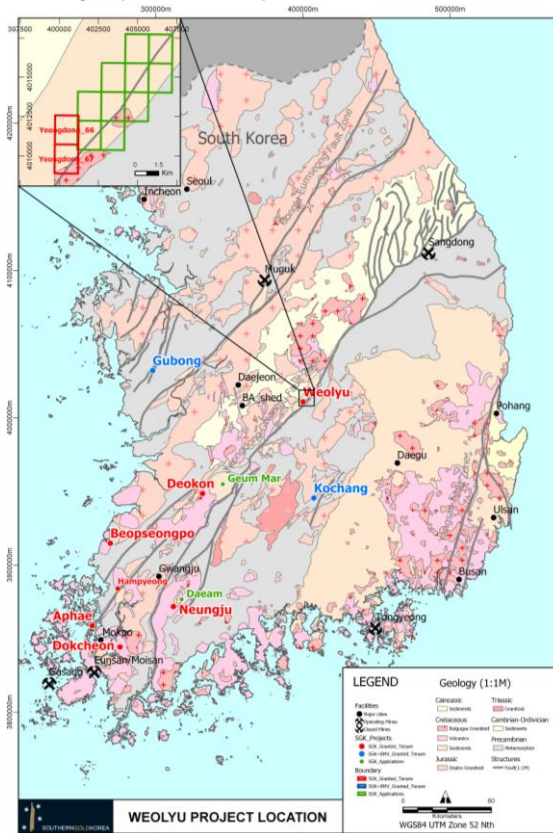


Figure 14: Weolyu Project Location.

Planning commenced for the deep drill program at Weolyu. Site visits to assess drill site access and possible drill pad locations were completed with the drill crew, Southern Gold drill supervisor and regulatory surveyor. The drill pad location and access track path were finalised and submitted to the regulatory body.

The drill plan involves 5 holes for a designed 1610m program to test a 150m strike section (50m hole spacing) of the Surprise/Moonlight Vein trend and the projected Mystery Vein in its footwall (**Figures 15 and 16**). Four holes are targeting the ~200mRL level, ~110m vertically below the lowest level of sampled and accessible historical workings on the Surprise/Moonlight vein trend. One additional hole is targeting a further 100m lower elevation (100mRL) below the projected H.G. Shoot observed in the historical UG workings. A man-portable rig is still planned for the program. This location will enable a series of vertical fanned holes to test the whole **Summit, Surprise-Moonlight and Mystery** vein system with a series of pierce points in each from surface down to around 200m vertical depth initially.

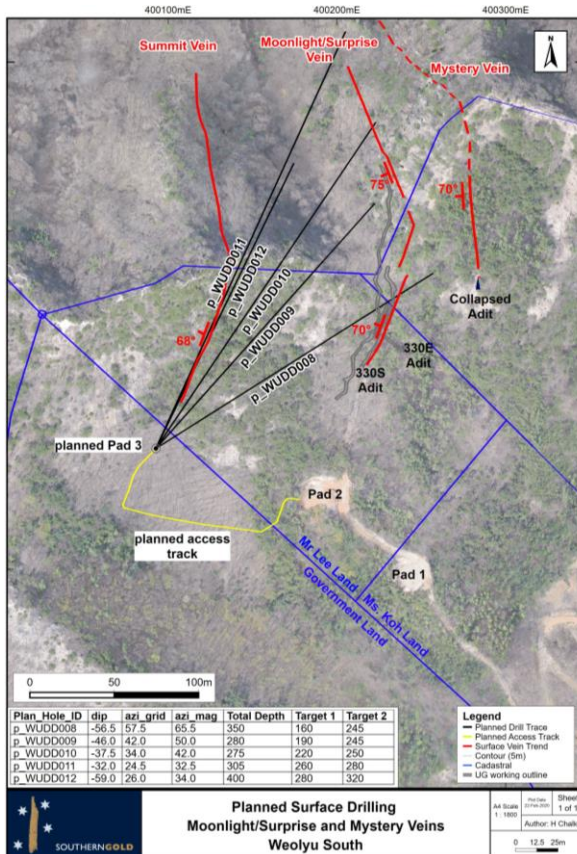


Figure 15 - Plan view of Weolyu Drill Plan

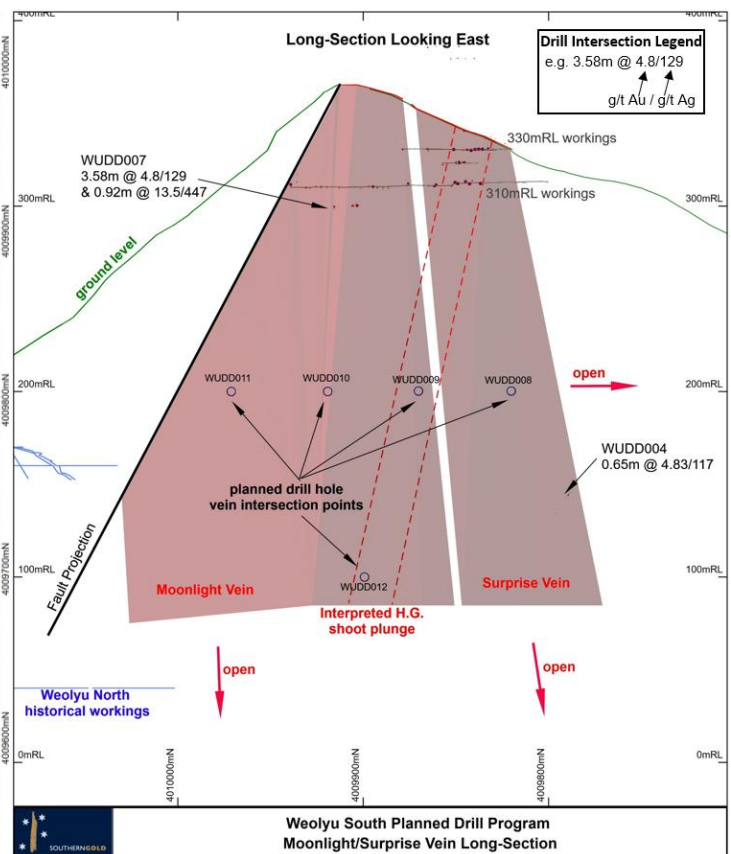


Figure 16 - Long-section view of Weolyu Drill Plan

Dokcheon (SAU 100%)

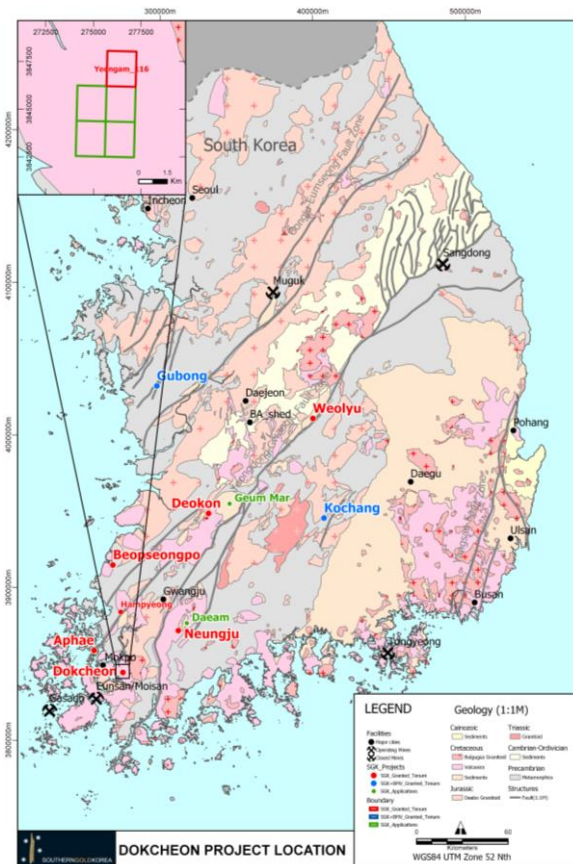


Figure 17 - Dokcheon Project Location.

The Dokcheon project is located approximately 15km east-southeast of the Mokpo port and city in southern Jeolla (**Figure 17**). The Cheongyong Vein is located to the west of the historical open-cut clay mine to the north of the Dokcheon Village (**Figure 18**).

Surface rock sampling and field traversing was completed to follow up first-pass reconnaissance works conducted in 2018. The aim of the works was: infill and add to previous sampling and structural works, investigate SE and NW along strike for extensions to veining, and investigate possible drilling locations to test the defined veining.

Significant assay results are presented in **Table 3** and in **Figure 18**. Peak assay values of 1.5g/t gold (**Photo 8**), 1.16g/t gold, and 0.54g/t gold (**Photo 9**) were achieved, and 13 of 47 samples taken reported Au values greater than 0.1g/t Au.

These results are highly encouraging considering the interpreted high paleo hydrologic level that this veining sits within the epithermal environment.

Veining remains open along strike to the north-west under the highway and the Cheongyong Village indicating a strike of in excess of 600m. Quartz \pm adularia veining displayed polyphasal chalcedonic, saccharoidal, colloform banded and bladed quartz textures within intensely illite \pm silica \pm adularia \pm pyrite altered, and iron oxide (FeO) and manganese oxide (MnO) stained rhyolitic to dacitic lavas and pyroclastics. A scout drilling programmed is being planned to test this target.

Sample No	Sample Type	Au g/t	Ag g/t	As ppm	Mn ppm	Easting	Northing	Elevation
KRS205584	Float	1.5	0.1	11	1165	276998	3846452	95
KRS205594	Float	1.16	0.5	5	78	277063	3846367	81
KRS205585	Outcrop	0.54	0.3	74	3770	277006	3846451	97
KRS205592	Float	0.46	0.1	9	91	277070	3846364	78
KRS205586	Outcrop	0.38	0.2	7	337	277015	3846434	97
KRS205587	Outcrop	0.35	0.2	14	279	277016	3846434	97

Table 3 - Significant results (>0.35 g/t Au) from Cheongyong vein trend sampling.

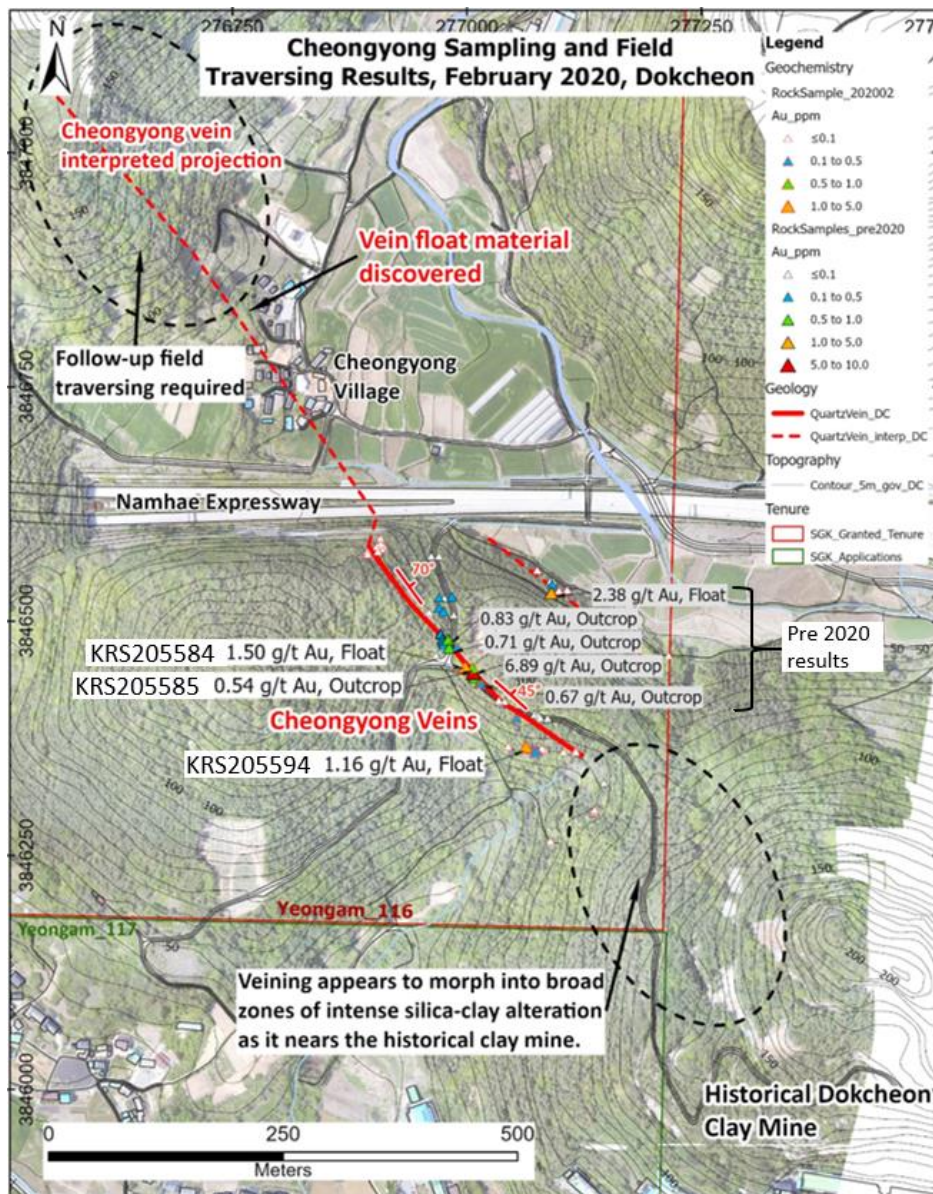


Figure 18 - Cheongyong Feb 2020 Sampling and Field Traversing Results, Dokcheon Gold Project.



Project Generation

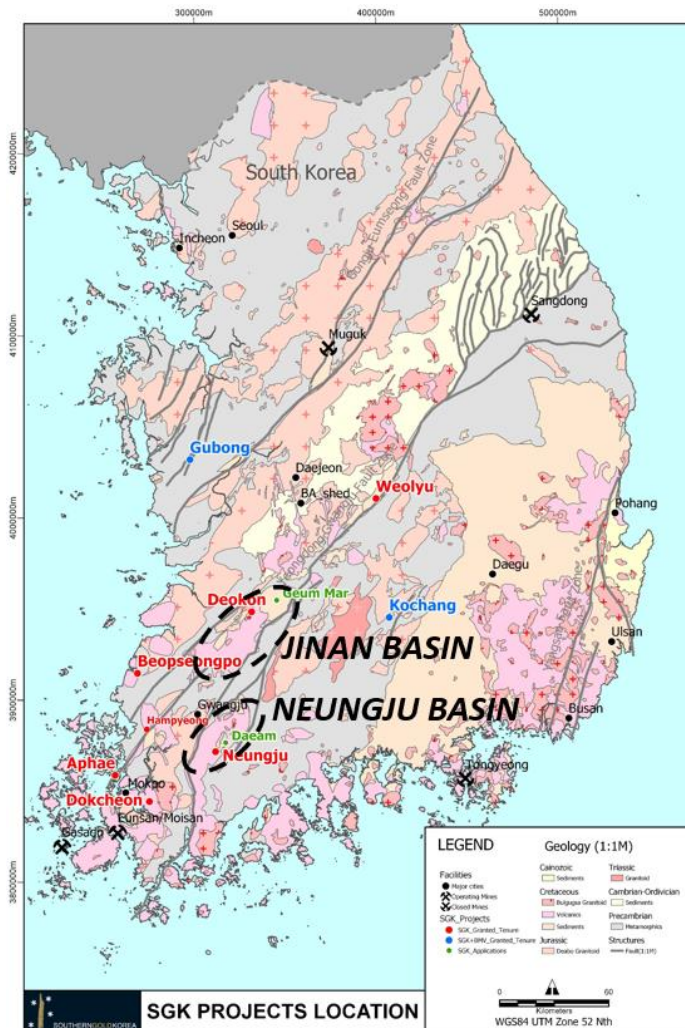


Figure 19 – Locations of February-March reconnaissance sampling in relation to SAU Projects (in red)

Field work completed during February and March in two separate districts confirmed two new gold discovery areas. The intensive reconnaissance sampling program involved 238 new samples being taken and submitted for analysis. Several rock chip and float samples returned anomalous grade gold results (**Figures 20 – 22**). Work included field traversing and extensive rock sampling and succeeded in finding multiple untested vein systems in addition to historical mine workings.

Peak results of **3.05g/t gold** and **1.93g/t gold** from a group of nine highly anomalous samples were returned from the new discovery at the **Geum-Mar (Golden Horse)** epithermal vein system in the Jinan Basin.

Peak results of **3.49g/t gold** in float and **1.76g/t gold** in outcrop from a group of 20 highly anomalous samples were returned at Daeam Valley in the Neungju Basin. Importantly, thirteen of these returned values **>1g/t**, distributed along a strike length of 1 kilometre, and open in both directions, which highlights the consistency of this new target.

Sample ID	Au g/t	Ag g/t	Sample Type	Location
KRS207544	3.05	0.9	Outcrop	Jwasan Target
KRS207614	1.93	2.2	Float	Geum-Mar
KRS207611	0.92	11.4	Float	Geum-Mar
KRS207518	0.74	45.8	Float	Recon Jinan
KRS207430	3.49	1	Float	Daeam Valley
KRS207491	3.29	3.8	Float	Daeam Valley
KRS207444	1.76	0.3	Outcrop	Daeam Valley
KRS207427	1.27	1	Outcrop	Daeam Valley

Table 4: Highlights from the reconnaissance sampling

Follow-up exploration (once possible after international travel restrictions reduce) is planned to focus on (1) systematic subcrop and outcrop identification traversing and sampling and sampling beyond known zones – definition of potential shoot zones, (2) associated recording and synthesis of structural measurements from all vein networks identified, (3) selected thin- and polished-section petrology, to clarify alteration assemblages, conditions of mineral deposition, and therefore the genesis of veining, and (4) semi-detailed 1 : 5,000 scale geological-structural mapping.

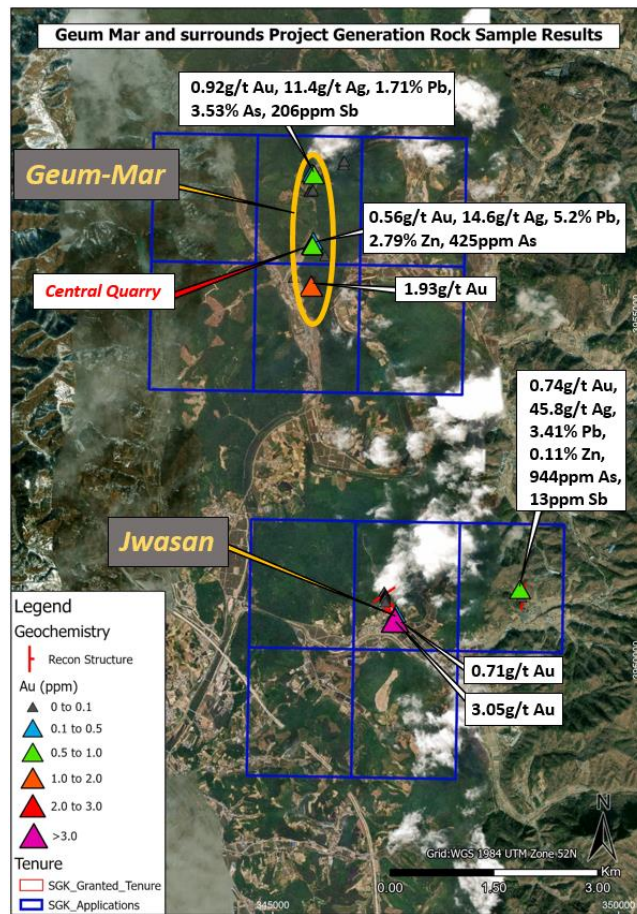


Figure 20 – Geum-Mar Project Generation and surrounding areas rock sampling results

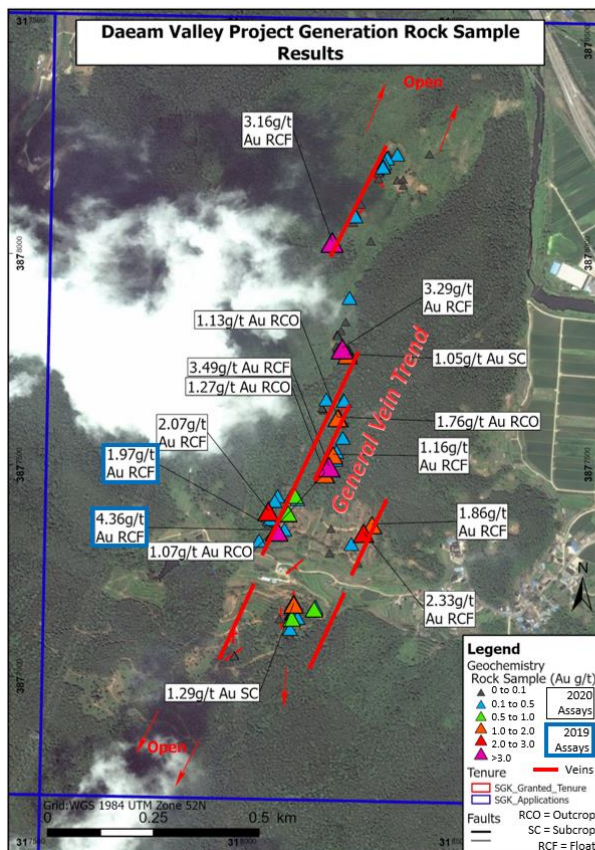


Figure 21 – Daeam Valley new Au rock assays

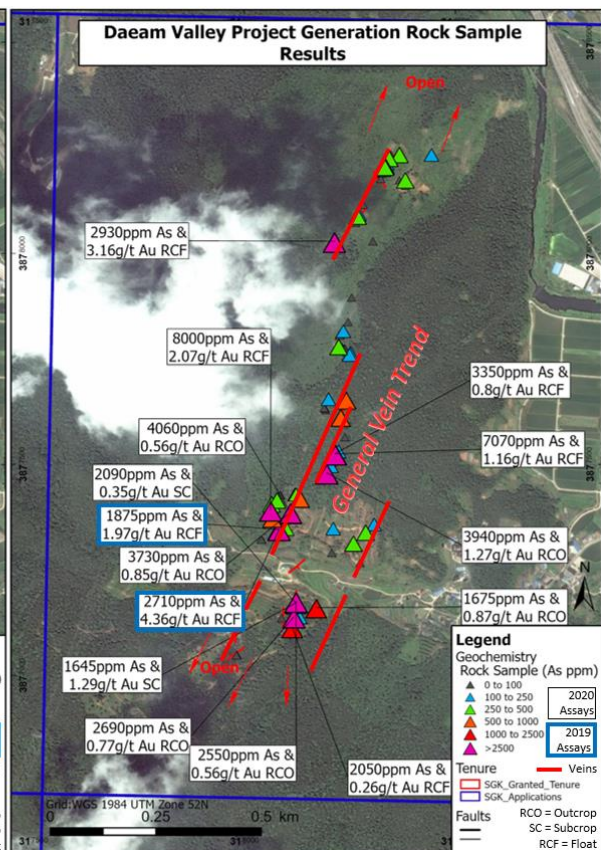


Figure 22 – Daeam Valley new As rock assays

Tenure

Eleven applications were lodged over the Geum-Mar area in response to the Project Generation work completed.

Community and Environment

Community engagement continued at Beopseongpo, Deokon, Neungju and Weolyu. This has been a significant effort with some team members dedicated to it full time due to the extra activity level completed in new locations. During the next quarter community engagement programs will continue at Beopseongpo, Deokon Neungju and commence at Aphae and Dokcheon. Community liaison officers have been diligently listening to the locals and determining the various issues within the wider Jeolla province community and built very positive working relationships. Southern Gold has been optimising best periods to drill when farming areas are vacant and working around various other local priorities.

Environmental baseline studies continued at Beopseongpo in the new locations before the drilling started and will precede any drilling campaigns to be conducted at any project. Baseline studies look at water discharge, waste contamination and removal, community impacts of noise from drilling activities and the associated mitigation steps.

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

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

Bluebird Merchant Ventures (BMV) continues to be the operator of the Joint Venture and manages all site activities. Most activity in the quarter was directed towards community engagement and preliminary logistics associated with the first stage development.

The Joint Venture has the ‘Permit to Develop’ from the Provincial Government for both Gubong (approved September 2019) and Kochang (approved December 2019). Mine development in South Korea is formally approved through a process run by the Provincial Government. The approval is subject to several conditions largely in relation to physical development requirements regarding safety, community engagement and environmental management.

The next stage of mining works will begin at Kochang and involves very modest capital costs to commence production due to substantial underground workings already in place. Southern Gold joint venture expenditure requirements for the next quarter are minimal (<US\$150,000) while formal arrangements are put in place for project finance. Capital costs for development are currently estimated by BMV to be well below the contractual requirement of less than US\$5,000,000 specified under the Joint Venture agreements.

On 26 March 2020, BMV announced to the London Stock Exchange that it had “entered into a legally binding agreement with a South Korean company in respect of non-dilutive funding to bring about gold production in South Korea”. Furthermore, BMV reported that “the agreement creates a path to provide US\$5,000,000 of debt finance that will be repaid from future gold production”. Southern Gold is not a party to these commercial discussions although there is the potential for any ultimate agreed structure to be finalised at the project level (as 100% project finance for example). Southern Gold will keep the market informed of any developments on this initiative relevant to the funding of its 50% equity interest.

Independent of the above, Southern Gold is in early stage discussions with several potential investors with an interest in the development of gold production scenarios with modest upfront capital costs but with no defined resources or reserves under the JORC Code 2012. Because of the modest estimated capital costs the recovered gold requirements to mitigate funding risk are very modest.

Corporate

On the 23 March 2020, Southern Gold announced a re-structured equity placement with \$4 million to be raised in 2 tranches. This placement replaced a previously announced \$10 million placement due to changing market and business conditions associated with the impacts of the COVID19 virus.

Of the \$4 million placement, approximately \$2.17m has been received with the balance of \$1.83m being subject to shareholder approval. This second tranche is primarily (approximately \$1.7m) from new institutional investor, London AIM listed Metal Tiger PLC, a specialist resources investment company, and the balance of \$0.13m being subscriptions from the directors of Southern Gold.

Metal Tiger retains the right to nominate one Director to the Company for so long as Metal Tiger holds an interest in the Company of at least 10%. Prominent geologist, Mr Terry Grammer (see ASX Release 11 February for details) has been nominated under this provision and will join the board after approval of the second tranche.

Douglas Kirwin has also joined the Southern Gold board during the quarter as part of this equity raising initiative. Doug is a prominent economic geologist (see ASX Release 11 February for details) who has acted as technical advisor to Southern Gold but now steps up his involvement at the board level.

Post completion of the equity raising (early May) Southern Gold's cash balance will be in excess of \$5 million.

Related ASX Announcements

- 20180806 – ASX Tenements granted at Deokon, South Korea.
- 20181002 – ASX High grade gold confirmed at Shin Adit, Deokon Project, South Korea.
- 20190129 – ASX High grade gold-silver zones confirmed at Weolyu South Project, South Korea.
- 20190403 – ASX 2019 South Korea Field Work Commences.
- 20190527 – ASX Beopseongpo, Major Epithermal Target Defined.
- 20190717 – ASX Deokon 'Golden Surprise' High Grade Au-Ag Discovery
- 20190905 – ASX High-Grade Gold results Neungju Project
- 20191029 – ASX Bonanza Drilling Commences
- 20191210 – ASX Beopseongpo Drilling – Major Epithermal System Confirmed
- 20200128 – ASX Deokon Scout Diamond Drilling Results
- 20200128 – ASX Project Pipeline Extended from Project Generation Initiative
- 20200211 – ASX \$10 Million Institutional Placement
- 20200316 – ASX Operations Update
- 20200323 – ASX Restructured \$4 million equity raising
- 20200414 – ASX Two New Gold Mineralised Areas Confirmed: Geum-Mar and Daeam Valley

Authorised by:

Simon Mitchell

Managing Director

100% Owned Projects

Project Name	Tenement Info			Register Info		
	Korean	English	Block ID	No.	Type	Date of Granting
Weolyu	영동	Yeongdong	66	79254	Mining	14/02/2011
	영동	Yeongdong	67	79255	Mining	14/02/2011
Gubong	청양	Cheongyang	137	78092	Mining	1/09/2009
Hampyeong	나주	Naju	136	200970	Exploration	11/01/2018
Aphae	무안	Muan	109	200996	Exploration	6/03/2018
	무안	Muan	99	201136	Exploration	26/03/2019
Beopseongpo	법성포	Beopseongpo	29	201028	Exploration	11/07/2018
	법성포	Beopseongpo	30	201029	Exploration	11/07/2018
Deokon	전주	Jeonju	70	201041	Exploration	31/07/2018
	전주	Jeonju	80	201040	Exploration	31/07/2018
	전주	Jeonju	60	201218	Exploration	17/12/2019
Dokcheon	영암	Yeongam	116	201143	Exploration	12/04/2019
Neungju	영암	Neungju	33	201042	Exploration	31/07/2018

50% Owned JV Projects

Mine Name	Tenement Info			Register Info		
	Korean	English	Block ID	No.	Type	Date of Granting
Gubong	청양	Cheongyang	134	78089	Mining	1/09/2009
	청양	Cheongyang	135	78090	Mining	1/09/2009
	청양	Cheongyang	136	78091	Mining	1/09/2009
	청양	Cheongyang	146	78093	Mining	1/09/2009
	청양	Cheongyang	147	78094	Mining	1/09/2009
	청양	Cheongyang	145	78095	Mining	1/09/2009
	대천	Daecheon	6	78096	Mining	1/09/2009
	대천	Daecheon	7	78097	Mining	1/09/2009
Kochang	안의	Aneui	11	78086	Mining	1/09/2009
	안의	Aneui	12	78087	Mining	1/09/2009
	안의	Aneui	22	78088	Mining	1/09/2009

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 geologists Douglas Kirwin and Terry Grammar (to be appointed shortly), 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 also holds a 50% equity interest in a Joint Venture company operated by JV partner, London-listed Bluebird Merchant Ventures (BMV) and that is looking to start gold production at the Kochang and Gubong projects in South Korea.

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 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.

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.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i>	<p>The nature of the samples and assay results in the body of this ASX Release that relate to new surface rock chip and float samples not previously announced are within tenements Yeongam116 at Dokcheon under application by Southern Gold.</p> <p>Surface reconnaissance rock chip sampling was taken based upon geological features relevant to the target style of mineralisation.</p> <p>Sample sites were chosen selectively to reflect geological features relevant to the target style of mineralisation.</p> <p>The nature of other new results previously not released in the body of this ASX Release also relate to drilling at the Beopseongpo Project, South Korea, within tenements Beopseongpo 29 and Beopseongpo 30, held by Southern Gold.</p>
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	<p>Surface and underground reconnaissance rock chip samples are not considered representative and only used as an exploration tool to plan potential future representative sampling programs.</p> <p>Drill samples were geologically logged for lithology, mineralisation, alteration, veining, structure and also geotechnically logged. Sample intervals were chosen in order to separate different geological domains or features at appropriate boundaries and provide sufficient sample representivity, ranging from 0.1m to 1.4m in length.</p>
	<i>Aspects of the determination of mineralisation that are Material to the Public Report.</i>	<p>Determination of mineralisation was achieved by geological logging of samples by an experienced SAU or consultant geologist or representative, with structural measurements taken where possible. Samples were geologically logged for lithology, mineralisation, alteration, veining, and structure.</p> <p>SAU mapping and rock sampling results has been used to inform the determination of mineralisation at an early stage of exploration.</p>
	<i>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i>	<p>Surface and underground reconnaissance rock chip samples are not considered representative and only used as an exploration tool to plan potential future representative sampling programs.</p> <p>HQ3 size (61.1mm diameter) Diamond drill core was obtained for logging and sampling.</p>
Drilling techniques	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is</i>	HQ3 triple tube Diamond drilling was completed to obtain drill core.

Criteria	JORC Code explanation	Commentary
	<i>oriented and if so, by what method, etc.).</i>	
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Core was measured and the recovery was calculated for each drill run
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Industry standard barrel configuration was utilized at Hand of Faith from 50m down hole of BPDD005 and all of BPDD006 & 007. This was not available with the Lotus North holes. No sample bias is expected where recoveries are good.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	No sample bias is expected where recoveries are good. All samples reported have sufficient recovery unless otherwise stated. Where historical drilling may be reported in past reporting, it is not known if a relationship exists between sample recovery and grade, or if there is any bias present.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	No Mineral Resource estimation, mining studies or metallurgical studies have been conducted at this stage but samples have been logged with sufficient detail to use for this function.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i>	Geological logging was qualitative in nature. Structural logging was quantitative in nature. Slab photography of all surface reconnaissance rock samples was completed and core photography of all drill core was completed.
	<i>The total length and percentage of the relevant intersections logged.</i>	No surface sampling reported in this release refers to sample intervals. Sampling conducted is reconnaissance in nature. The entire drill core from all holes was logged.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Sampling was completed by cutting the core in half 1cm to the right of the orientation line when viewed in the downhole direction and sampling the half without the orientation line. Only zones likely to have a chance of mineralization based on geological observation were sampled.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i>	Samples were taken dry. Rock chip and grab samples had representative slabs cut (example, see Photos 7-8 in the body of this release) and all of the remaining offcuts of each sample were sent for assay.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	All samples were sent to SGS laboratory in South Korea for sample preparation. SGS is an ISO/IEC 17025:2005 certified laboratory. Samples were dried and crushed to 75% passing 2mm, split to 1,000g, then pulverised to 85% passing 150 microns. Pulp samples are then split using a micro-riffle splitter to produce 500g of pulp reject, 250g of pulp duplicate, and 250g of sample for shipment to ALS Laboratories in Laos. The nature of the laboratory preparation techniques is considered 'industry standard' and appropriate.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	The crushing stage unit is a Rocklabs Smart Boyd-RSD Crusher capable of over 5kg primary sample in one load, with rotating sample divider (RSD) ensuring single pass crushing, producing representative coarse sample split sent to grinding, typically up to 1,000g. Coarse rejects are retained for each sample. The grinding stage unit is an Essa LM2 and utilises a large grinding bowl (1,600g) ensuring single pass grinding of the coarse split. The 1kg of pulp material is then split using a

Criteria	JORC Code explanation	Commentary
		<p>micro-riffle splitter to produce 500g of pulp reject, 250g of pulp duplicate, and 250g of sample for shipment to ALS Laboratories in Laos. Pulp rejects are retained for each sample.</p> <p>These procedures are considered appropriate to maximise representivity of samples, for first pass exploration.</p>
	<i>Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.</i>	<p>Given the nature of the reconnaissance rock sampling, no QAQC samples were considered appropriate for the reporting of early stage Exploration Results.</p> <p>No field core duplicates were taken, just splits in the sample preparation phase. Sampling is considered representative of the in-situ material.</p>
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	<p>Sample size is considered appropriate for the target style of mineralisation, the requirements for laboratory sample preparation and analyses, for early stage Exploration Results.</p>
<i>Quality of assay data and laboratory tests</i>	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	<p>Pulp samples (typically 200 to 400g) prepared by SGS in South Korea are sent through registered airfreight (e.g. DHL) to ALS laboratory in Laos for Au analysis, with a 12.5g split sent to ALS Brisbane for multielement analysis. ALS is an ISO/IEC 17025:2005 and ISO9001:2015 certified laboratory.</p> <p>Gold was analyzed on a 50g charge using fire assay fusion with an atomic absorption spectroscopy finish (ALS method Au-AA26). Detection limit range is 0.01ppm to 100ppm Au.</p> <p>A 37 multi-element suite was analyzed on a 0.5g pulp sample split using aqua regia digest with an inductively coupled plasma – atomic emission spectroscopy (ICP-AES) finish (ALS method ME-ICP41).</p> <p>Silver was analysed as part of the multi-element aqua-regia digest ICP-AES (method ME-ICP41), with an upper detection limit 100g/t Ag. Samples returning a result above 100g/t Ag were re-analysed to ore-grade using Aqua Regia Digestion and ICP_AES (method Ag-OG46) with an upper detection limit of 1500g/t Ag. Samples returning a result above 1500g/t Ag were re-analysed to ore-grade using Aqua Regia Digestion and ICP_AES – Extended Range (method Ag-OG46h) with an upper detection limit of 3000g/t Ag. Samples returning a result above 3000g/t Ag were re-analysed using Ag by Fire Assay and Gravimetric Finish, 30g nominal weight (method Ag-GRA21) with an upper detection limit of 10000g/t Ag. Samples returning a result above 10,000g/t Ag were re-analysed using Ag by Fire Assay and Gravimetric Finish, 30g nominal weight (method Ag-CON01), with an upper detection limit of 995,000g/t.</p> <p>The nature of the laboratory assay sampling techniques is considered 'industry standard' and appropriate.</p> <p>For any historical KORES, where mentioned, drill core and underground channel samples, the nature, quality and appropriateness of the sample assaying procedures are unknown.</p>
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	<p>No data from geophysical tools were used to determine analytical results in this ASX Release.</p>

Criteria	JORC Code explanation	Commentary
	<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	<p>For reconnaissance rock samples, lab duplicates analysis and standard analysis (laboratory checks) are investigated to check for potential errors. If a potential error is discovered, it is investigated, and the samples are potentially re-run with another laboratory.</p> <p>Drilling QAQC samples involved 1 blank and 1 certified ore-grade epithermal reference standard (OREAS 62f or 60d), as well as one pulp duplicate and one coarse split duplicate submitted per every 20 samples (i.e. 16 samples and 4 QAQC samples) selectively inserted in the sequence. These were reviewed to ensure testing was accurate. In addition, lab duplicates and lab standard analysis (laboratory checks) are investigated to check for potential errors. If a potential error is discovered, it is investigated and the samples are potentially re-run with another laboratory.</p>
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	<p>Assay data has been verified by the geologist in charge of the program and a second Southern Gold employee.</p> <p>Significant intersections/results in this ASX Release have been verified by the Competent Person.</p> <p>Where referenced, any historical KORES data cannot be independently verified.</p>
	<i>The use of twinned holes.</i>	No twinned holes have been completed as part of this ASX Release, as the program is at an early stage.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	<p>Primary SAU data is recorded into digital spreadsheets or hand-written documents. All original hardcopy logs and sample reference sheets are kept for reference. Digital data entry is validated through the application of database validation rules and is also visually verified by the responsible geologist through GIS and other software. Any failures are sent back to the responsible geologist for correction and re-submission. Data is stored in a SQL database managed through an external consultant with proprietary software. The extracted database is backed up as part of the Company server backup protocol.</p> <p>Historical data exists as digital copy format of original Korean logs and transcripts but cannot be validated. It has been transcribed into SAU databases where applicable, and appropriately tagged as such.</p>
	<i>Discuss any adjustment to assay data.</i>	No adjustments are made to the assay data.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	<p>SAU surface reconnaissance rock sample XYZ locations are determined with a handheld Garmin 64s GPS producing levels of accuracy +/- 3m.</p> <p>Drill collar XYZ locations are surveyed before hole closure with a DGPS producing levels of accuracy +/- 10mm.</p>
	<i>Specification of the grid system used.</i>	The grid system used is Universal Transverse Mercator (WGS84), Zone 52 S (Northern Hemisphere).
	<i>Quality and adequacy of topographic control.</i>	South Korean Government 5m contour data is available and deemed suitable for topographic control on early stage exploration campaigns.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	<p>SAU surface rock chip and grab sampling intervals were based on geological boundary and veining where possible. On occasion multiple intervals within a single vein have also been taken to identify internal variability.</p> <p>Holes were designed nominally at 50m spacing along strike and 50-100m down dip on section</p>

Criteria	JORC Code explanation	Commentary
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	No Mineral Resource or Ore Reserve have been estimated in this ASX Release.
	<i>Whether sample compositing has been applied.</i>	No sample compositing has been applied.
<i>Orientation of data in relation to geological structure</i>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Rock chip and grab sampling has been conducted in a selective manner targeting mineralised structures. Given the early stage of exploration, chip and representative grab samples across veins are considered appropriate and unbiased at this stage of the project. Drill holes are generally designed to be as perpendicular as possible across targets. In cases where this was not possible, true widths have been stated.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	The relationship between sampling orientation and the orientation of key mineralised structures in rock sampling is not considered to have introduced any material sample bias, as discussed above. No sample bias is expected in the drilling.
<i>Sample security</i>	<i>The measures taken to ensure sample security.</i>	From the point of sample generation to laboratory, samples (and reject returns) are under the full security and Chain of Custody of the Company. This is done by the following procedures: Post on-site logging and processing, samples are transported to the Company's shed facilities under the direct supervision of a Company representative. Samples are further processed for dispatch by Company representatives under guidance of the Competent Person. Bagged samples are secured by ties and delivered by a Company representative to the sample preparation laboratory. The preparation laboratory sends pulp samples directly to the assay laboratory for analysis via registered courier (DHL). The samples are picked up from the Laos airport by an ALS Laboratory representative. All rejects are returned under courier service and stored in the Company's secure lock-up long-term core storage facility.
<i>Audits or reviews</i>	<i>The results of any audits or reviews of sampling techniques and data.</i>	No external or independent reviews have been undertaken. Southern Gold's sampling procedure conforms to industry standard practice and each assay program is reviewed internally for any discrepancies.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	The granted tenement Yeongam116 and Applications Yeongam 117, 118, 127, 128 (Dockcheon Project) and the Beopseongpo granted tenements Beopseongpo 29 and Beopseongpo 30 are held by Southern Gold Korea, a fully owned subsidiary of Southern Gold. No known material issues exists with third parties at this time. There are no native title interests in Korea. It is a generally accepted requirement that mineral title holders gain the consent of local landowners and residents before undertaking any major exploration activity,

Criteria	JORC Code explanation	Commentary
		such as drilling.
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.</i>	<p>Upon successful conversion to an Exploration Right, the holder has 3 years to submit Exploration Results and have an Extraction Plan authorised. An application can be made to extend this period by 1 year. The Extraction Plan is submitted to the Local Government and requires approvals from a number of stakeholders. The term of an Extraction Right is 20 years. This can be extended upon application, provided all statutory requirements have been met over the life of the mine. From the date the Extraction Plan is approved, the title holder has a 3-year period in which mine production must commence. During this 3-year period, the title holder must make a minimum level of investment on plant and mine infrastructure in the amount of KRW100 million (~AUD\$120,000) and meet certain minimum annual production levels, which are dependent on the commodity being mined.</p> <p>There are no known impediments to obtaining a license to operate.</p>
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<p>At Beopseongpo, anecdotal information suggests some small scale (150m strike and multi-level) mines were operational prior to the Korean War, however, were not worked after this point. No other details of previous work in the vicinity is known to the best of our knowledge.</p> <p>The Deokon Project has historically had small scale mining and adits excavated by the Deokon Mining Company from 1958 to 1980. An unknown party held the license and sporadically operated the mine from 1997 to ~2010. Historical records are not extensive and considered unreliable. The Korean government agency KORES and its predecessor KMPC conducted diamond drilling at Deokon from 1977 to 1979 with a final round in 1982. 14 holes were drilled at the Main Adit and 2 holes at the Shin Adit. During 1981, the KMPC conducted a Self-Potential (SP) geophysical survey with original data no located. KMPC conducted an underground sampling program along the drives in 1983</p> <p>At the Aphae Project, two historical drill holes were drilled by KIGAM during 1980, but their locations cannot be confidently identified. One of the holes was recorded to intersect 7 g/t Au and 104 g/t Ag over a 0.5m interval. This intersect is inferred to be vertically below the historical workings. area to be initially mined during the early 1930's through to 1945 by the Japanese occupation period. 110kg of gold was reportedly produced from Aphae (KIGAM resources of Korea). Additionally, surrounding alluvial resources have also been exploited but production figures are unknown. Investigations by KORES (KORES Reports, 1970 & 1980) states that the hydrothermal breccia and vein hosted gold-silver mineralisation was found to outcrop for over 100m striking 010NE dipping at 80 degrees to the SE. It is reported that the width is around 30m and peak assays obtained are 8.9g/t Au and 155 g/t Ag from the base of the now flooded pit. Surrounding the Aphae mine is a global alluvial gold resource of 8,025 troy ounce of gold over 126,400 sq meters averaging 0.14gm/cubic meter. The Aphae gold mine is unlikely to be the sole source of this alluvial gold field.</p>

Criteria	JORC Code explanation	Commentary
		<p>The Weolyu Project has historically had mining and adits excavated at the North Weolyu Mine, located in SAU's southern granted license (Yeongdong 67) and operated up to mid-1990's. Apart from small scale adits excavated by unknown parties and historical drilling by KORES and Asiatic Gold Ltd at Weolyu South, no other details of previous work in the vicinity is known to the best of our knowledge. A number of other small-scale historical workings were located in the Yeongdong District but production records have not been able to be located.</p> <p>Historical records in general are not extensive and considered unreliable.</p> <p>In the 1990's, Ivanhoe Mines conducted brief field reconnaissance in each area. No other details of previous work in the vicinity is known to the best of our knowledge.</p>
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	Exploration is targeting low- to high-sulphidation style epithermal precious metal (Au, Ag) mineralisation in Cretaceous volcanic rocks of the Korean Peninsula.
Drill hole Information	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length. 	A summary of significant results above 0.35g/t Au at Dokcheon are summarized in Table 3 and above 0.1g/t Au in the drilling in Table 2
	<i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	No information has been excluded from this release to the best of Southern Gold's knowledge.
Data aggregation methods	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	<p>No weighting averaging techniques, maximum and/or minimum grade truncations, or cut-off grades were used within this release for rock sampling. The results reported are reconnaissance rock samples and the above techniques do not apply to these early stage exploration samples.</p> <p>The cut off grade for reporting of drill results was 0.1g/t Au</p>
	<i>Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>	<p>All rock sample assay values reported are raw assays and none of the reported data has been cut or adjusted.</p> <p>All aggregate drill intercepts are length weighted and there was no internal dilution <0.1g/t Au cut off.</p>
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalent values have been reported in this ASX Release.

Criteria	JORC Code explanation	Commentary
<i>Relationship between mineralisation widths and intercept lengths</i>	<i>These relationships are particularly important in the reporting of Exploration Results.</i>	No mineralisation widths or intercepts are reported in this report as the sampling reported is early stage reconnaissance exploration grab sampling. Estimated true widths have been reported for the drilling.
	<i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i>	With regard to surface sampling it is not necessarily known what the relationship between mineralisation widths is as no drilling was undertaken. For the drilling, figures 4-5 show the vein geometry which is the basis for the true width calculations.
	<i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i>	No downhole widths for surface sampling have been reported in this release as the sampling reported is early stage reconnaissance exploration grab sampling. True widths have been reported for the drilling.
<i>Diagrams</i>	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	Appropriate maps, sections, and tables for new results have been included in this ASX Release. See figures 4-5, 19 and Tables 2-3.
<i>Balanced reporting</i>	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	Not all sample assay data has been included in this report as it is not considered material beyond the representatively reported high and low grade results presented in the main body of this ASX Release. Gold results reported range from <0.01g/t to 3.49g/t Au. Previous information is also referenced in the company's ASX reports with details provided in this report.
<i>Other substantive exploration data</i>	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	To the best of our knowledge, no meaningful and material exploration data has been omitted from this ASX Release.
<i>Further work</i>	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	Southern Gold is reviewing the data to determine the best way to follow up the surface results with drilling. Further deeper drilling may be planned at Golden Palm, depending on Prospect and Project Priorities.
	<i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Refer to Figures 4-5 and 19 in the main body of this ASX Report that show where new sampling and drilling has been conducted.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

SOUTHERN GOLD LIMITED

ABN

30 107 424 519

Quarter ended ("current quarter")

31 MARCH 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(104)	(269)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(150)	(494)
	(e) administration and corporate costs	(196)	(1,053)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	6
1.5	Interest and other costs of finance paid	(45)	(91)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (short term lease payments)	(4)	(11)
1.9	Net cash from / (used in) operating activities	(495)	(1,912)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(15)	(21)
	(d) exploration & evaluation (if capitalised)	(562)	(1,751)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	(1)	2,322
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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 JVs)	-	(208)
2.6	Net cash from / (used in) investing activities	(578)	342

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities) – <i>refer note below.</i>	911	3,750
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(26)	(221)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (repayment of lease liability)	(19)	(57)
3.10	Net cash from / (used in) financing activities	866	3,472

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,501	392
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(495)	(1,912)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(578)	342
4.4	Net cash from / (used in) financing activities (item 3.10 above)	866	3,472

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	Cash and cash equivalents at end of period	2,295	2,295

The amount of \$911,000 received during the quarter ended 31 March 2020, included in Item 3.1 above, together with another \$1,257,000 received subsequent to 31 March 2020 relates to subscription funds received of \$0.10 per share for 21,680,002 shares issued on 2 April 2020.

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	141	137
5.2	Call deposits	2,154	2,364
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)	2,295	2,501

The cash balance above excludes \$3,084,999.98 that constitutes the balance of the placement announced to ASX on 23 March 2020. Another \$1,257,000 cash was received on 1 April 2020 and additional funds are to be received from Metal Tiger PLC (\$1,697,999.98) and Southern Gold Ltd directors (\$130,000) both subscriptions being subject to Shareholder approval at a Meeting of Shareholders to be held on 7 May 2020.

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

185

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The amount at 6.1 comprises Director fees paid to Directors, or related entities of the Directors, and remuneration paid to executive Directors.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	750	750
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	750	750
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
The \$750,000 unsecured loan has interest payable at 12% per annum paid quarterly in arrears. The debt is due to be repaid in full on 19 August 2020. Southern Gold may repay all or part of the debt at anytime during the loan period. As part of the loan facility, 4,411,765 call options were issued to the lender. The options are exercisable at \$0.17/option, in multiples of \$250,000, anytime through to the option expiry date of 16 September 2020.			

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(495)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(562)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,057)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	2,295
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	2,295
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.2

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

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.

Date:29/04/2020.....

Authorised by:the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.