

South Korean Drilling Operations Update

- Significant levels of field activity ongoing in South Korea with the continuation of diamond drilling programs utilising two rigs, with minimal impact from COVID-19
- Deeper low-sulphidation epithermal multi-phase veining intersected at **'Hand of Faith'** in the Phase Two program, with final assays expected early June
- Low-sulphidation vein breccia intersected at **'Spider'** with final assays expected late June or early July
- Scout drill program commenced at the Deokon Project to test beneath the **Shin Hill** historical underground mine
- Scout drill program commenced at the **Aphae Project**, to test beneath an historical small-scale open pit and underground mining operation

Beopseongpo (SAU 100%)

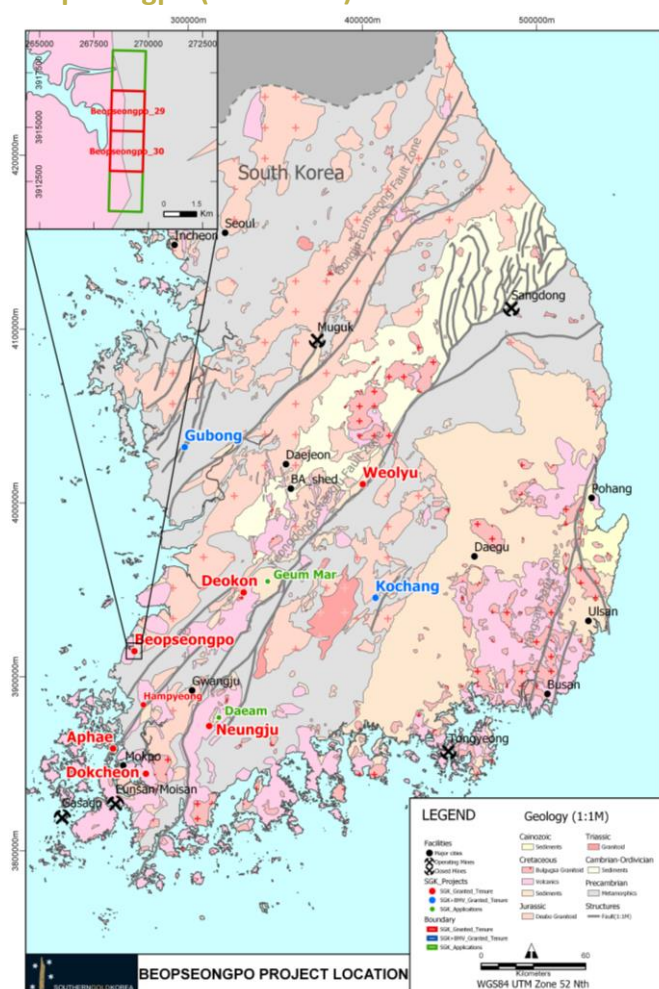


Figure 1: Beopseongpo Project Location.

A total of 1989.21m of HQ3 triple tube have been drilled in 2020 at the Beopseongpo Project since diamond drilling recommenced on the 10th February and concluded on the 12th May. This drill program 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 four holes for 870.32m 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 at **'Spider'**, and the two rigs drilled a combined four holes for 972.19m (BPDD015-018).

Low sulphidation epithermal multi-phase veining was intersected at **'Hand of Faith'** and assays are expected by early June. In addition, low sulphidation epithermal vein breccia was intersected at **'Spider'** and assays are expected by late June.

Results for all four holes at **'Hand of Faith'** will be reported together in early to mid-June.

Results for all four holes at **'Spider'** will be reported together, likely early July.

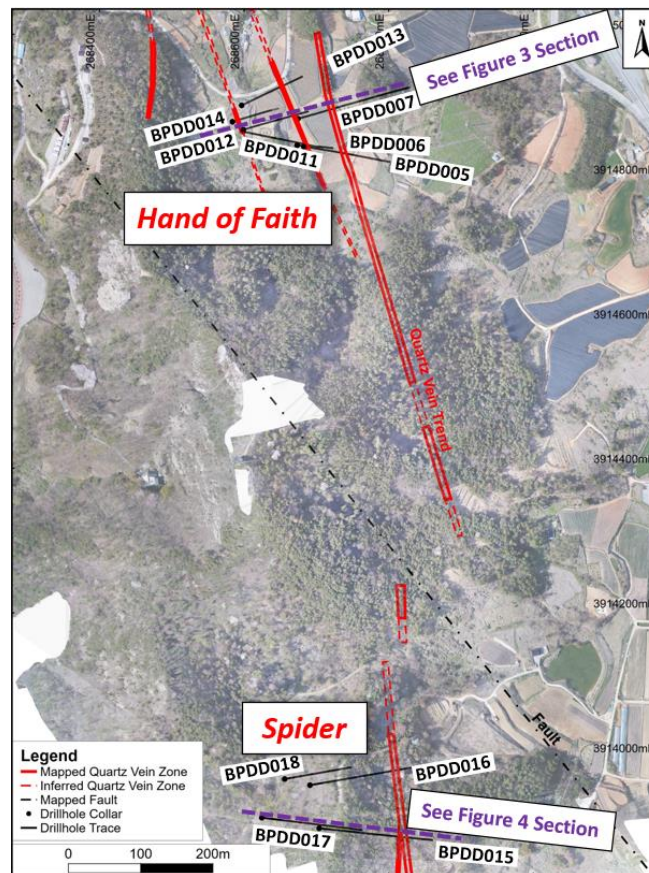


Figure 2: Plan view of drilling completed at 'Hand of Faith' and 'Spider', Beopseongpo

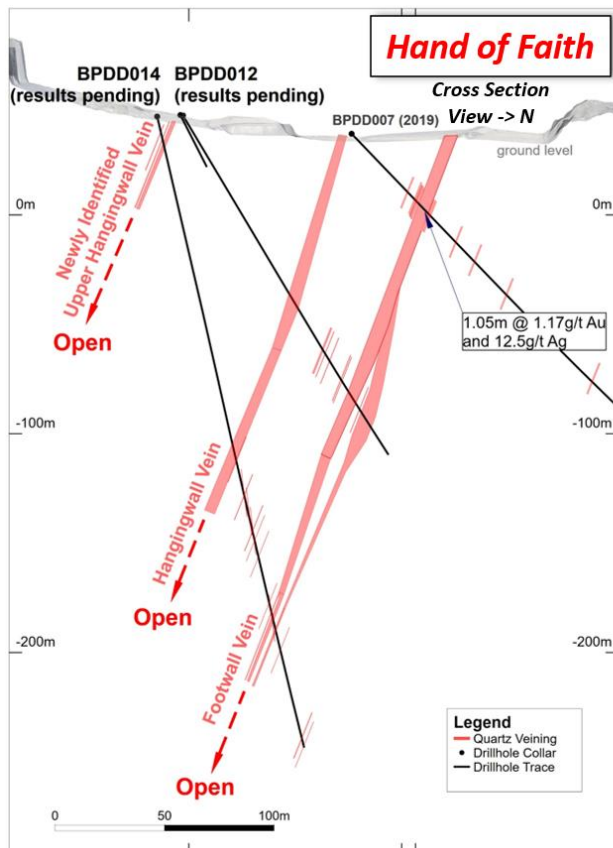


Figure 3: Cross Section at 'Hand of Faith' from Figure 2

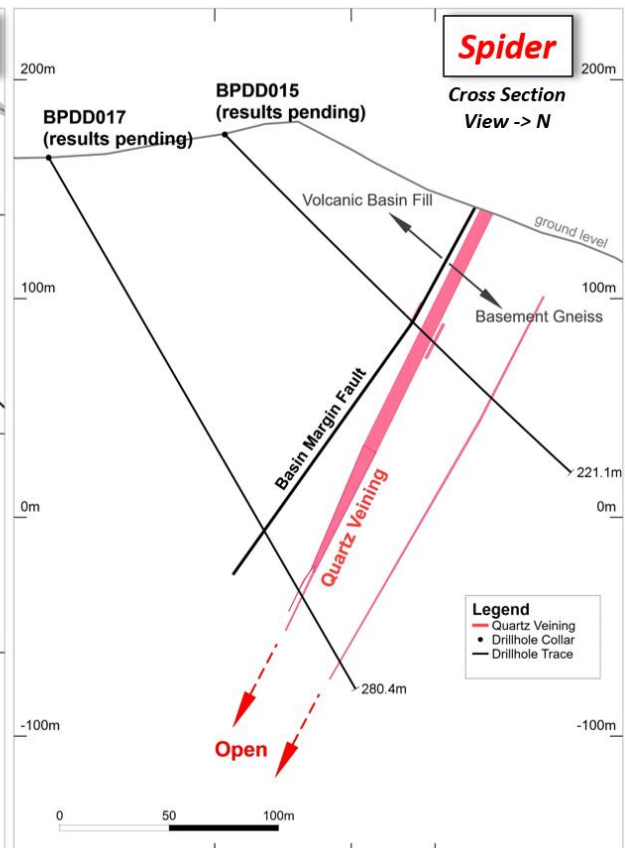


Figure 4: Cross Section at 'Spider' from Figure 2

Deokon (SAU 100%)

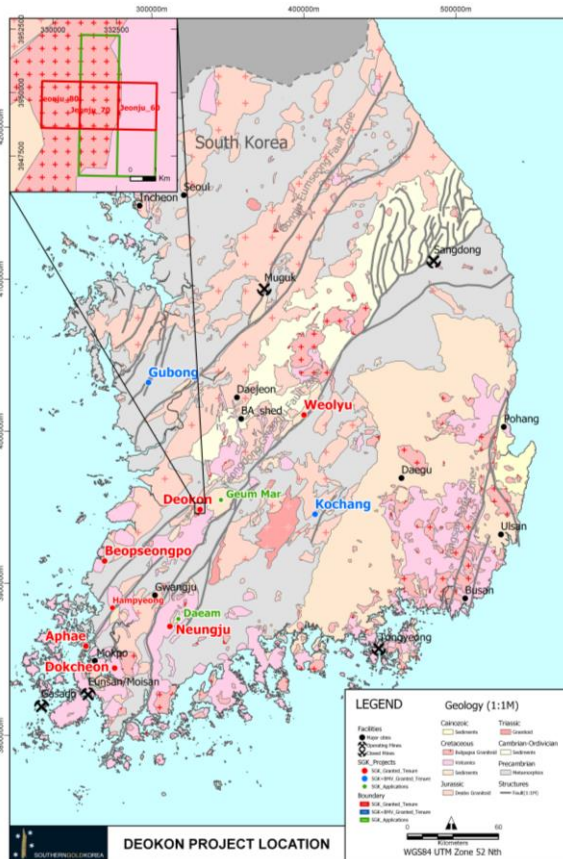


Figure 5: Deokon Project Location

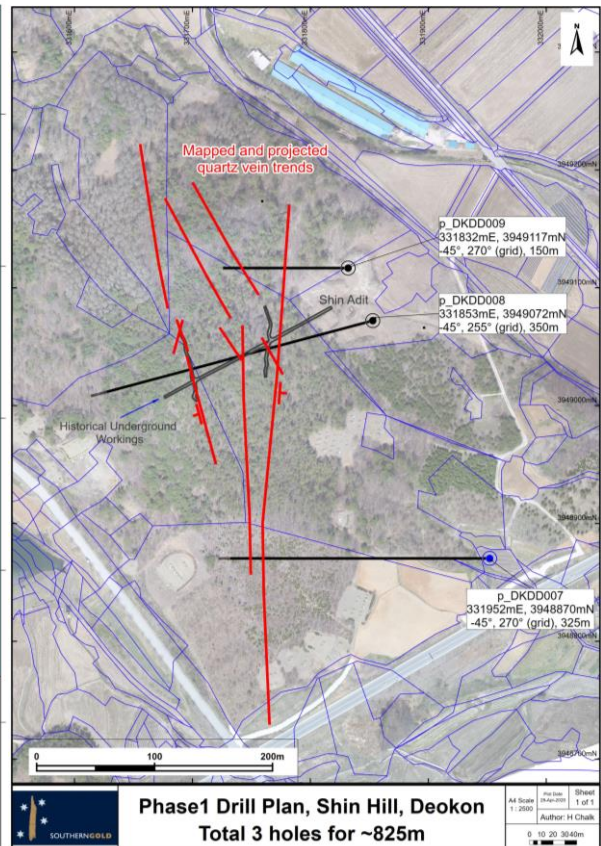


Figure 6 – Shin Hill program design (plan view)

Scout drilling has commenced at Deokon and has been designed to test beneath the Shin Hill underground workings (design shown in **Figure 6**, 3 holes for 825m). 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.



Photo 1 – Drilling DKDD007 at Shin Hill, Deokon Project (looking north)

Aphae (SAU 100%)

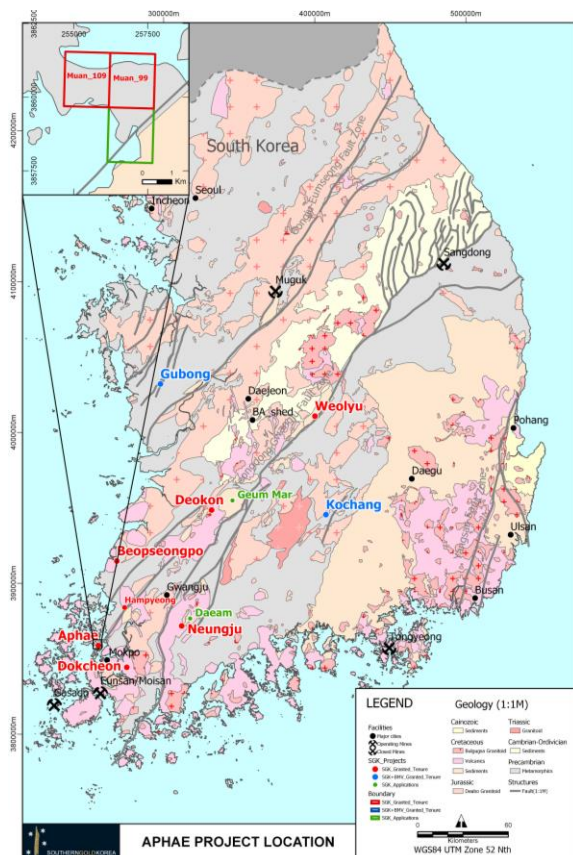


Figure 7 - Aphae Project Location.

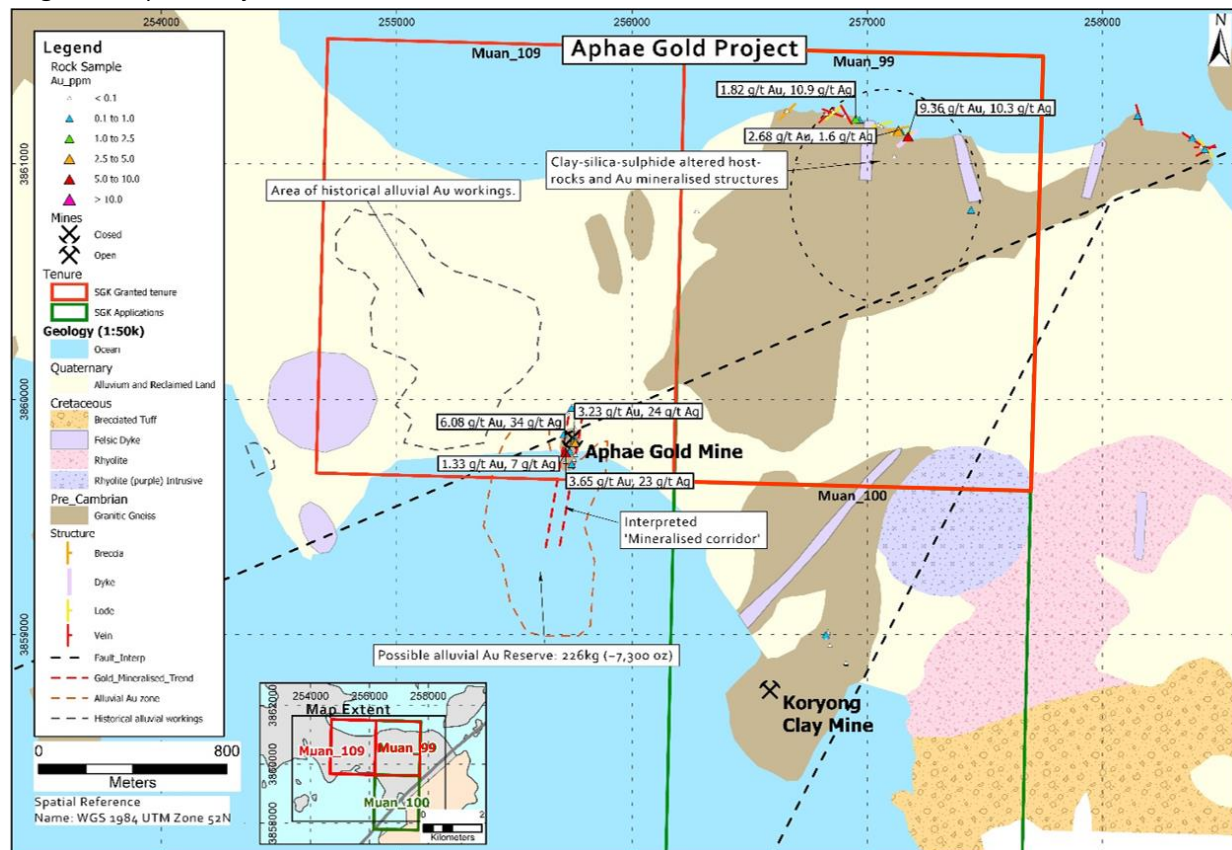


Figure 8 - Aphae Gold Project Overview.

Drilling has commenced at the Aphae Project. 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 8**) 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.

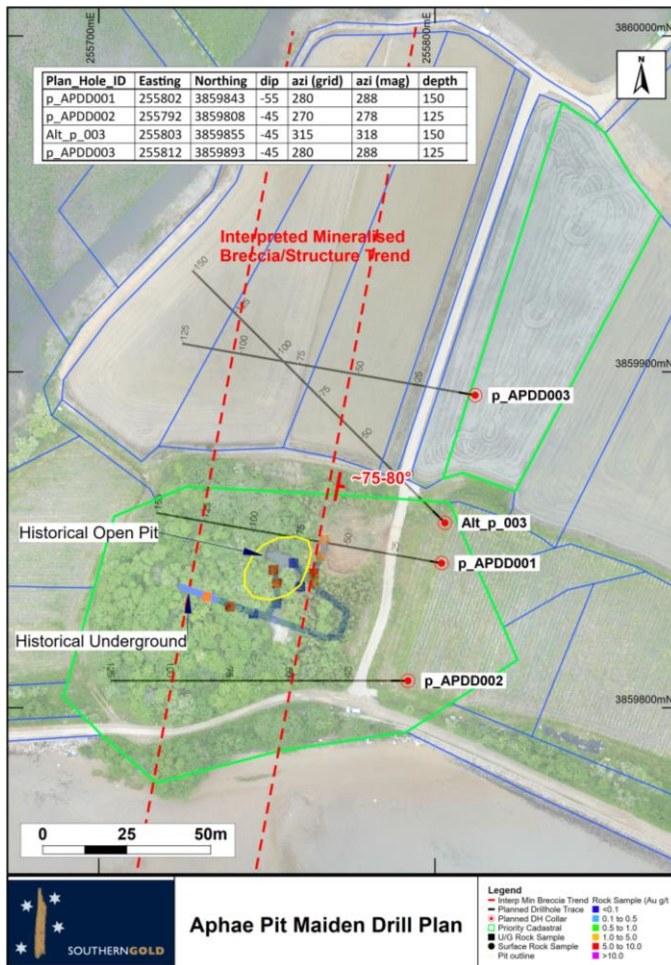


Figure 9 - Aphae Maiden Drill plan

Drilling has commenced with APDD001 targeting under the historical Aphae gold mine, planned to 150m depth to ensure testing a sufficient depth into the footwall for potential parallel structures.

There are two additional holes along strike planned, APDD002 ~40m to the south and APDD003 ~40 to 50m to the north. These along strike holes are designed to assess the strike continuity of the mineralised structure and confirm the mineralised structures orientation.

Drilling was originally planned from two separate landowner blocks that are intermittently used for vegetable and rice crops. SGK have currently only gained land access approval to the plot where two of the three holes are planned from (APDD001 and 002) and it is likely that the third hole will be drilled from this as well (shown as Alt_p_003 in Figure 9).



Photo 2 – Drilling APDD001 at Aphae Project (looking North West)

Future Drilling Schedule

Drilling activity will remain at the current pace for the remainder of FY2020. The immediate plan after the Deokon and Aphae Projects is to drill at depth at Weolyu. Alternatively, a program at Dokcheon may be drilled first instead, depending on logistics and scheduling.

COVID19 Impacts

Southern Gold reports that to this point COVID19 has had impacts on its expatriate expert technical staff due to international travel restrictions.

There has been some impact on our project generation programs which are typically run from November to May each financial year (pre and post winter). For the current financial year COVID19 necessitated a halt to these programs in March, several months earlier than planned.

Another COVID19 impact has been in the logistics of moving samples from South Korea to accredited laboratories. At this stage these logistical issues have added several weeks to the normal turnaround time for sample preparation and analysis.

Importantly however, the COVID19 issue has not impacted our ability to execute the planned drilling programs. This means we can maintain our exploration momentum and continue to build the quality of our project portfolio.

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
20200316 – ASX Operations Update
20200414 – ASX Two New Gold Mineralised Areas Confirmed: Geum-Mar and Daeam Valley

Authorised by:

Simon Mitchell

Managing Director

Southern Gold Limited: Company Profile

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

Southern Gold owns 100% of a substantial portfolio of high-grade gold projects in South Korea that are largely greenfield epithermal gold-silver targets in the south-west of the country. Backed by a first-class technical team, including renowned geologist Douglas Kirwin, Southern Gold’s aim is to find world-class epithermal gold-silver deposits in a jurisdiction that has seen very little modern exploration.

Southern Gold 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.