

Strategic Partnership Agreement - Ausino Drilling Services

- Legal agreement executed to support the provision of drilling services into South Korea to the value of US\$4.4 million
- Subject to shareholder approval, Ausino to be issued 10m Performance Rights at US\$0.11 per right (A\$0.155/share equivalent) for US\$1.1 million
- Performance rights will vest when offset against 25% of the value of invoices as they are presented by Ausino on provision of the services

Southern Gold Limited (ASX: SAU) ("Southern Gold" or "the "Company") is pleased to announce the execution of a binding legal agreement with Ausino Drilling Services Pty Ltd (ADS) in support of the delivery of mineral exploration drilling services in South Korea.

The agreement includes the following provisions:

- ADS will set up appropriate corporate entities and operational capability in the Republic of Korea with the aim of directly supporting Southern Gold exploration drilling activity;
- Southern Gold has agreed to grant to ADS 10,000,000 performance rights at a deemed value of US\$0.11/right (AUD\$0.155/right at current AUD:USD exchange rate of US\$0.71) the issue of which will be subject to shareholder approval at the next Annual General Meeting;
- The total value of the performance rights on issue to ADS will therefore be US\$1.1 million;
- The performance rights will vest to ADS on delivery of the services (and in certain limited circumstances such as corporate takeover). This will happen on the submission of each invoice (in USD) which will be satisfied by 75% cash payment and 25% by the vesting of performance rights based on the US\$0.11/share value;
- The vested rights will accumulate until US\$110,000 in value is satisfied before the shares are issued to ADS or its nominee (i.e. the minimum parcel size is 1,000,000 shares) and will offset a maximum of US\$1.1 million of a total of US\$4.4 million of drilling services.

The Strategic Partnership has a term of 4 years, although it is anticipated that the performance rights may vest in a shorter time frame.

Southern Gold Managing Director, Mr Simon Mitchell:

"It is great to have ADS on board in South Korea. They have been assisting Southern Gold with local contractors for the past 12 months or so and this has lifted core recovery to more than 95% and productivity at the rig has almost tripled. This deal will help build the position of both companies in South Korea and ensure a very high standard of drilling is attained for a competitive cost and on a shared risk basis."

ADS General Manager, Mr Campbell Powell:

"We have seen Southern Gold at work in South Korea and can see the huge potential of the opportunity. We are keen to build a Korean based drilling business with the sorts of standards you see in Australia and we can't wait to get into country to lift Southern Gold's drilling capability to another level. The potential into the medium term is also huge as we're convinced South Korea is the next big play in North Asia."

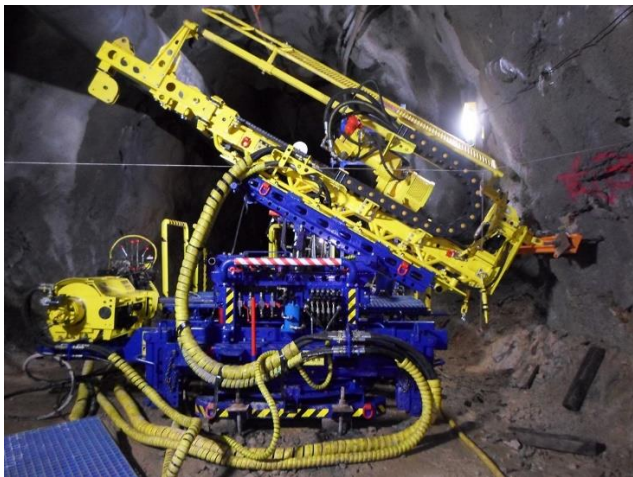
About Ausino Drilling Services

ADS is a privately owned contract drilling company based in Adelaide and Perth, Australia, with operations in the People's Republic of China. They are well established in China having operated there for around 18 years and have extensive experience in drilling in the conditions typical of North Asia. The principals of ADS have extensive drilling experience in several different drilling styles including underground and surface diamond drilling capability which is critical to Southern Gold's strategy in South Korea.

ADS's operations centre is in Zhangjiakou, Hebei Province, and has continued operations throughout the COVID19 crisis. It is anticipated that maintenance and operations support activities will benefit the South Korean operations into the future until the ADS operations are well established. ADS focus is on the delivery of best practice in safety, quality and productivity all of which are key to Southern Gold's operations in South Korea as well.

Further details on ADS are available at their website: <http://www.ausinodrill.com/>

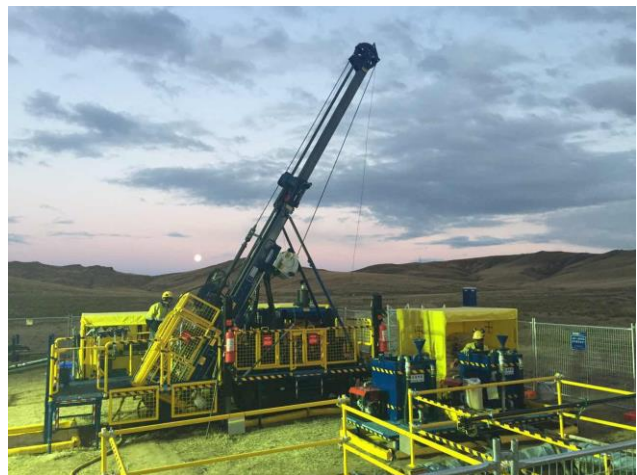
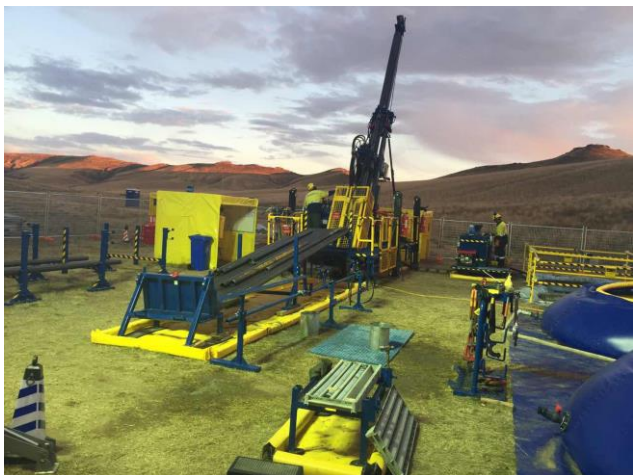
Some example of ADS equipment in China are shown below:



Z90-1/55KW (Zhangjiakou Built)



Boartlongyear LM90/1300



Multipower HD Discovery Track Mounted Rig

Authorised for release by Simon Mitchell, Managing Director of Southern Gold Limited.

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Southern Gold Limited: Company Profile

Southern Gold Ltd is a successful gold explorer listed on the Australian Securities Exchange (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), that is looking to start gold production at the Kochang and Gubong projects. This JV interest is currently in a sale process.

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 rates;*
- 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.