

## Quarterly Activities Report to 31 December 2020

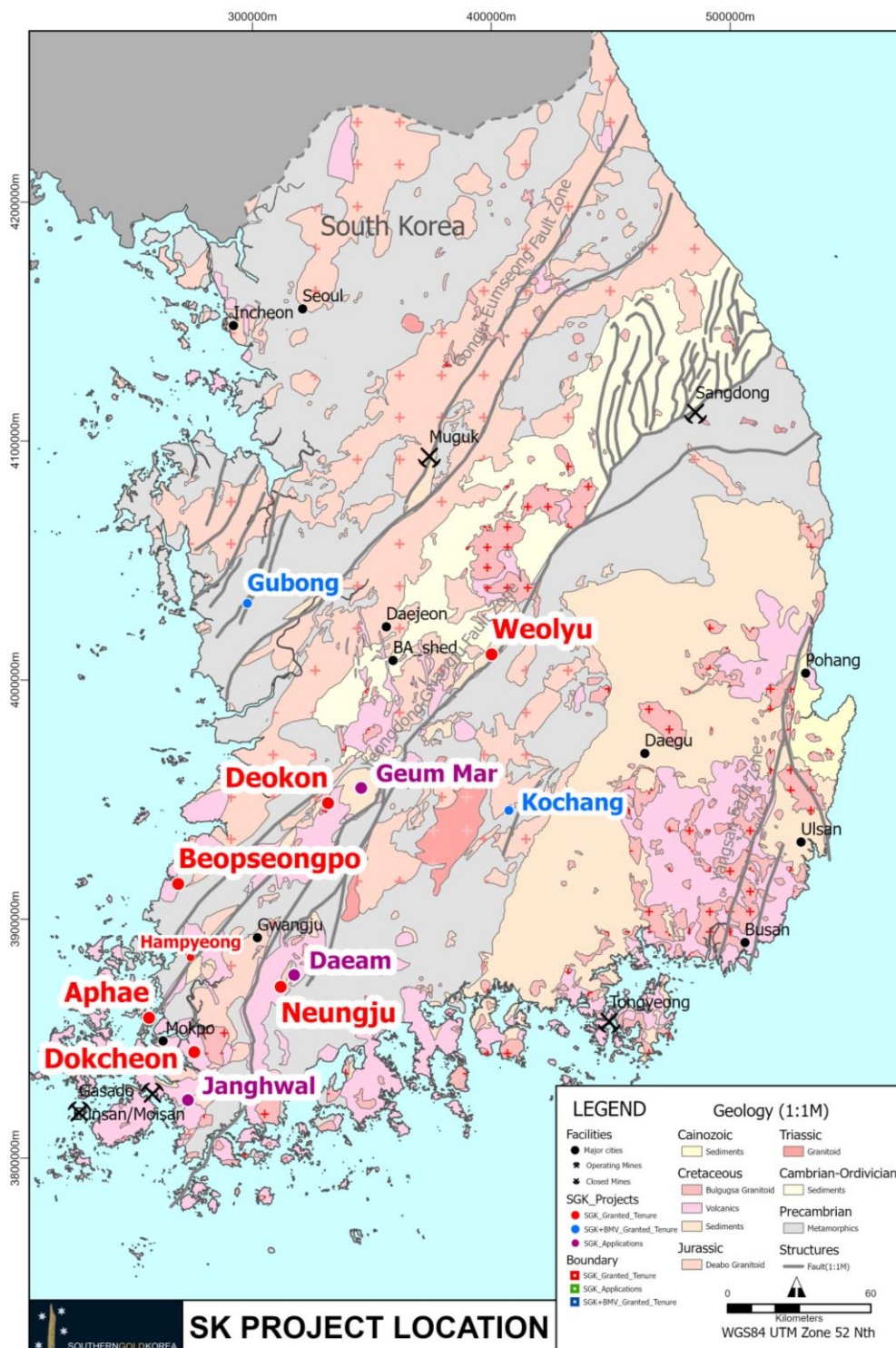
- Strong focus on field work in South Korea during the Autumn field season to build up future drill targets, particularly for the second half of 2021
- **Aphae Project:** Drone magnetic survey completed with results identifying a magnetic low trend along strike of Phase 1 drilling, interpreted to be a continuation of the mineralised structure
- **Deokon Project:** Two new prospects, Nettle and Thistle, with a peak outcrop sample returning 8.56g/t gold and 9,260g/t silver at Nettle
- **Geum Mar Project:** New vein outcrop discovered at Golden Horse returning 3.88g/t gold (**Photo 1**) with nearby float sample of 24g/t gold
- Targeted scout diamond drilling continued in parallel to fieldwork with 1033.04m of diamond drilling at **Weolyu** and **Dokcheon** returning low tenor gold results
- **Janghwal Project:** Peak assay of 8.04g/t gold returned from underground rock chip sampling in the recently discovered mine adit
- Orientation soil sampling completed across mineralised structures at **Weolyu, Deokon, Daeam, Dokcheon** and **Janghwal Projects** and technique methodology determined for planned future larger surveys
- The sale price for Southern Gold's 50% JV interest in the **Gubong** and **Kochang** projects was announced as **US\$9.945 million**. An update on the status of Bluebird Merchant Ventures payment will be made shortly.
- **A\$10.2 million** placement completed with new Denver based cornerstone investor Crescat Capital LLC joining the Southern Gold register



**Photo 1** – Multiphase comb-cockade banded quartz vein outcrop at Golden Horse, Geum Mar Project

## South Korea

During the December 2020 quarter, Southern Gold Limited (ASX:SAU) (“Southern Gold” or “the company”) continued extensive exploration activities on the ground in South Korea. The focus was on field reconnaissance sampling, soil sampling and the completion of the diamond drill programs targeting the Moonlight-Surprise zone at Weolyu and the Cheongyong vein at Dokcheon. A total of four HQ3 diamond drill holes for 1033.04m was completed in the quarter, utilizing one drill rig. In addition, regulatory approval and land access agreements were received for the Phase 2 drilling sites at the Aphae Project.



**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.

Drilling during the quarter took place at Weolyu and Dokcheon, surface sampling was conducted at Aphae, Deokon, Geum Mar and Janghwal and orientation soil sampling lines completed at various projects.

Drilling is currently underway at the Aphae Project, following up on last years Phase 1 drilling where mineralised breccia and epithermal veining was intersected.



## Aphae (SAU 100%)

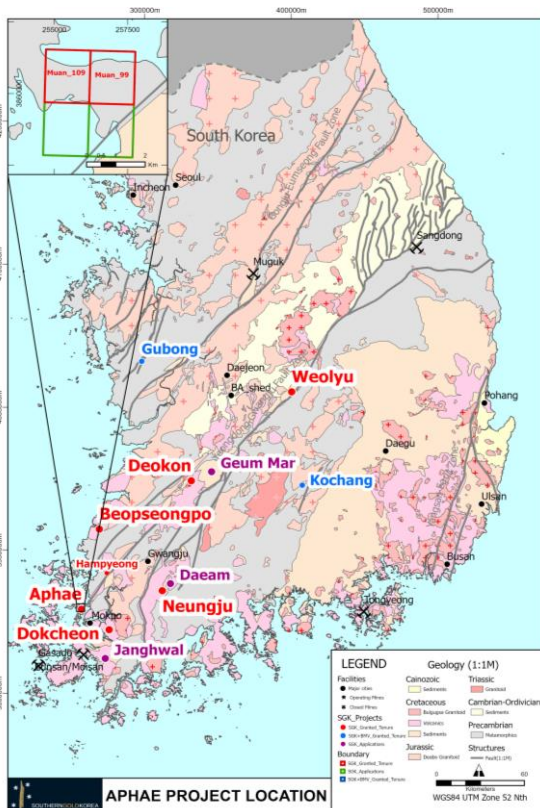


Figure 2 - Aphae Project Location.

The recent drilling at Aphae demonstrated a coherent demagnetised zone (magnetite destruction) around the mineralised system. Available country wide government magnetic data is far too coarse to be utilised (1-2km line spacing), so a drone magnetic survey of the project area was completed. Southern Gold used industry standard survey gear owned by KIGAM (Korean Institute of Geoscience and Mineral Resources) and the data was processed by Southern Geoscience Consultants. The survey lines were flown at 50m spacing, with continuous readings obtained from a high-quality MagArrow magnetometer.

This survey has successfully mapped the trend of the demagnetised zone to the NNE of the drilling at Aphae Pit as shown in **Figure 3** and is interpreted to represent magnetite destruction by hydrothermal alteration, associated with gold mineralization, in a structurally constrained magmatic breccia. The Round 2 drilling, currently in process, will test this zone.

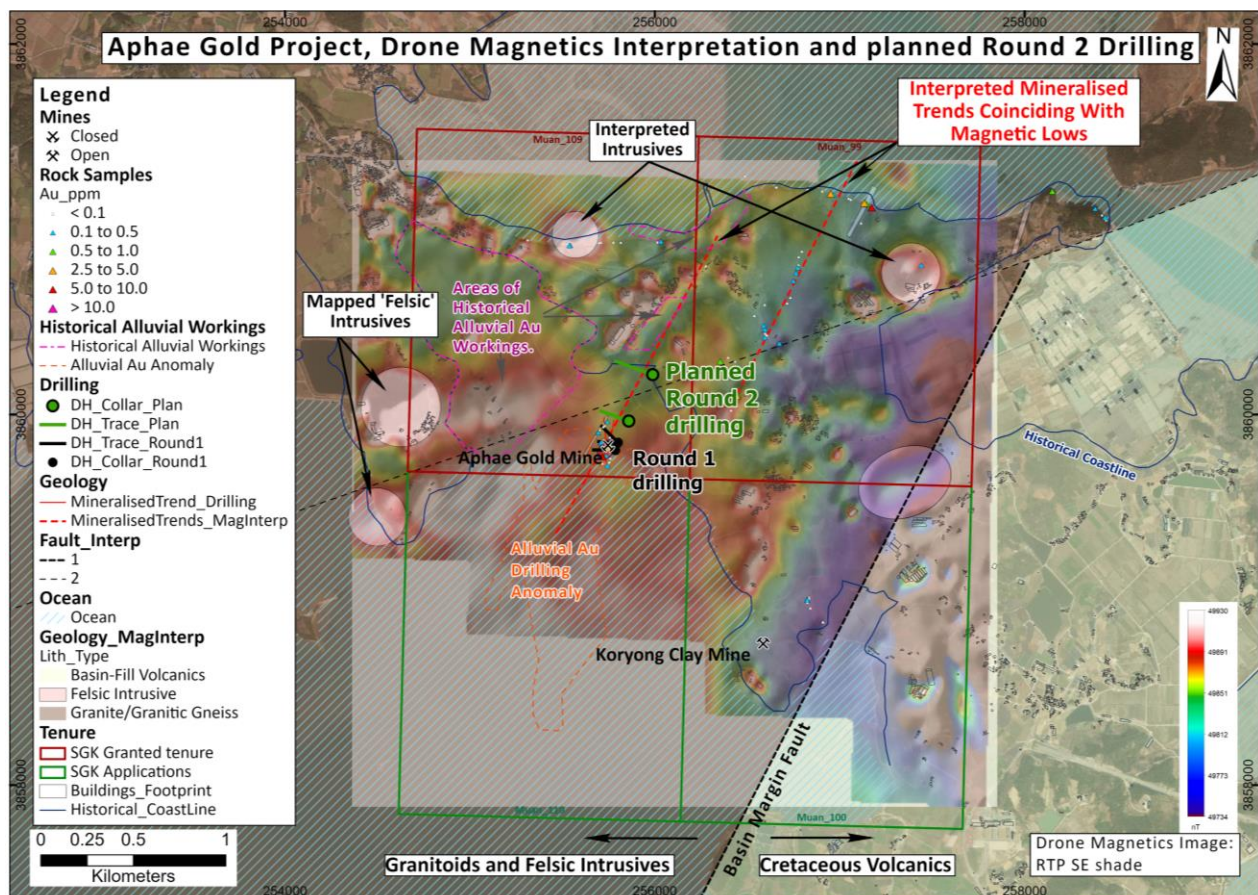
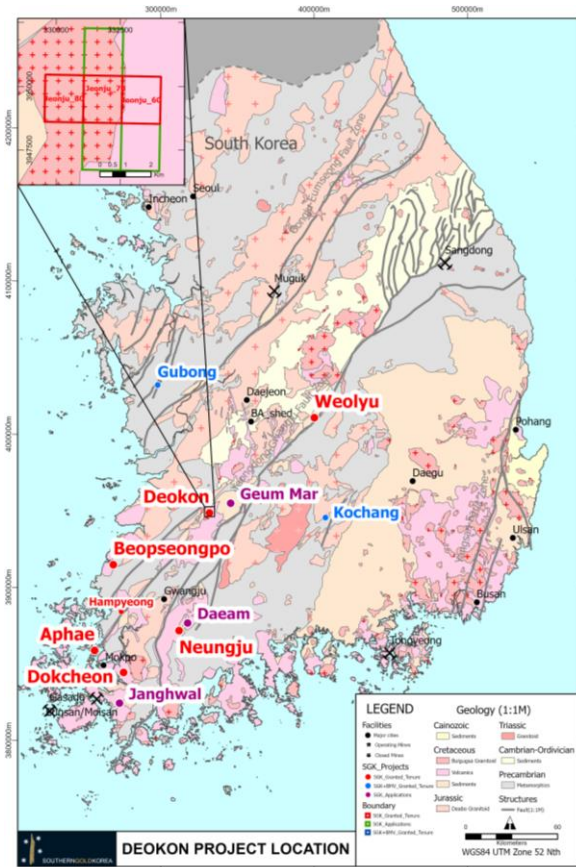


Figure 3 – Aphae drone magnetic survey processed image (RTP SE shade NL 5-95% clip), over top of airphoto.



## Deokon (SAU 100%)



Reconnaissance traversing and sampling was conducted at Deokon and float and outcrop veined structures were located to the NNW of the Thorn Zone. Subsequent sampling in November located ore grade material in outcrop from the Nettle Zone, with one sample returning 8.56g/t gold and 9,260g/t silver.

This work extends the total known strike extent of the Golden Surprise Structural Corridor by 440m to ~1.1km. The structure remains open to the north and south. Follow-up extensional (reconnaissance) sampling, trenching, soil sampling and structural measurements are planned to follow up before drill testing (Figure 5 and 6).

Figure 4: Deokon Project Location.

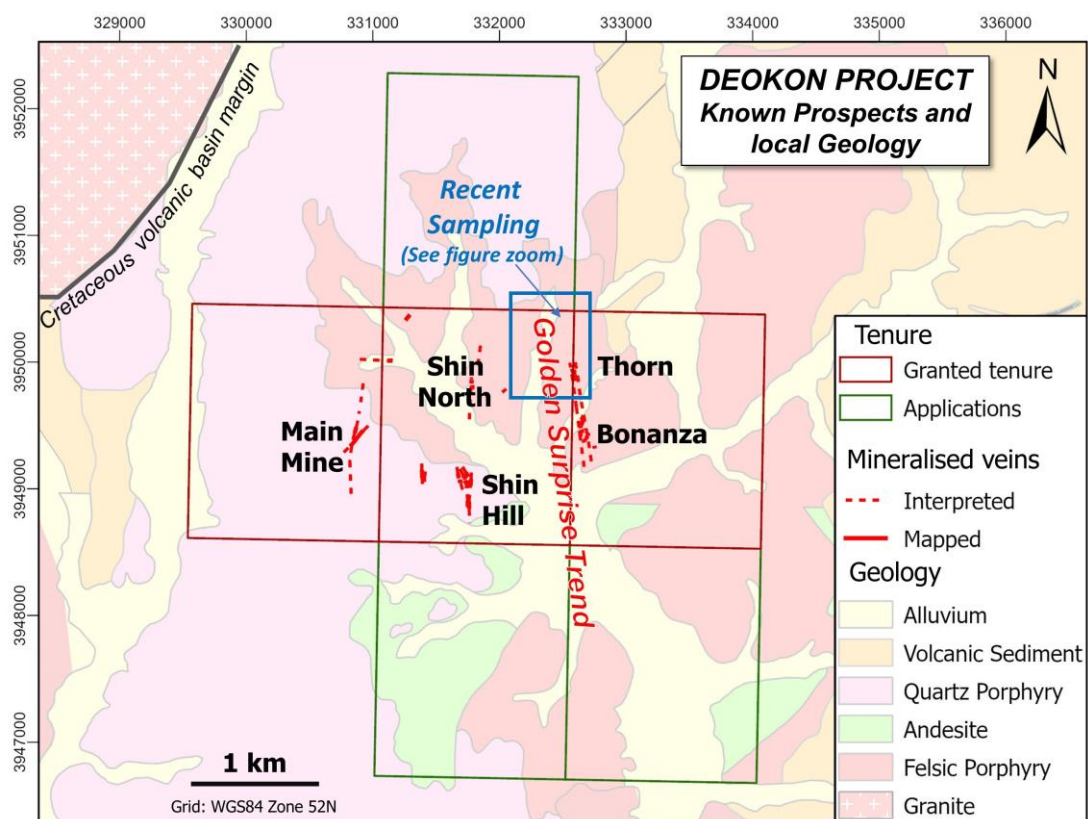
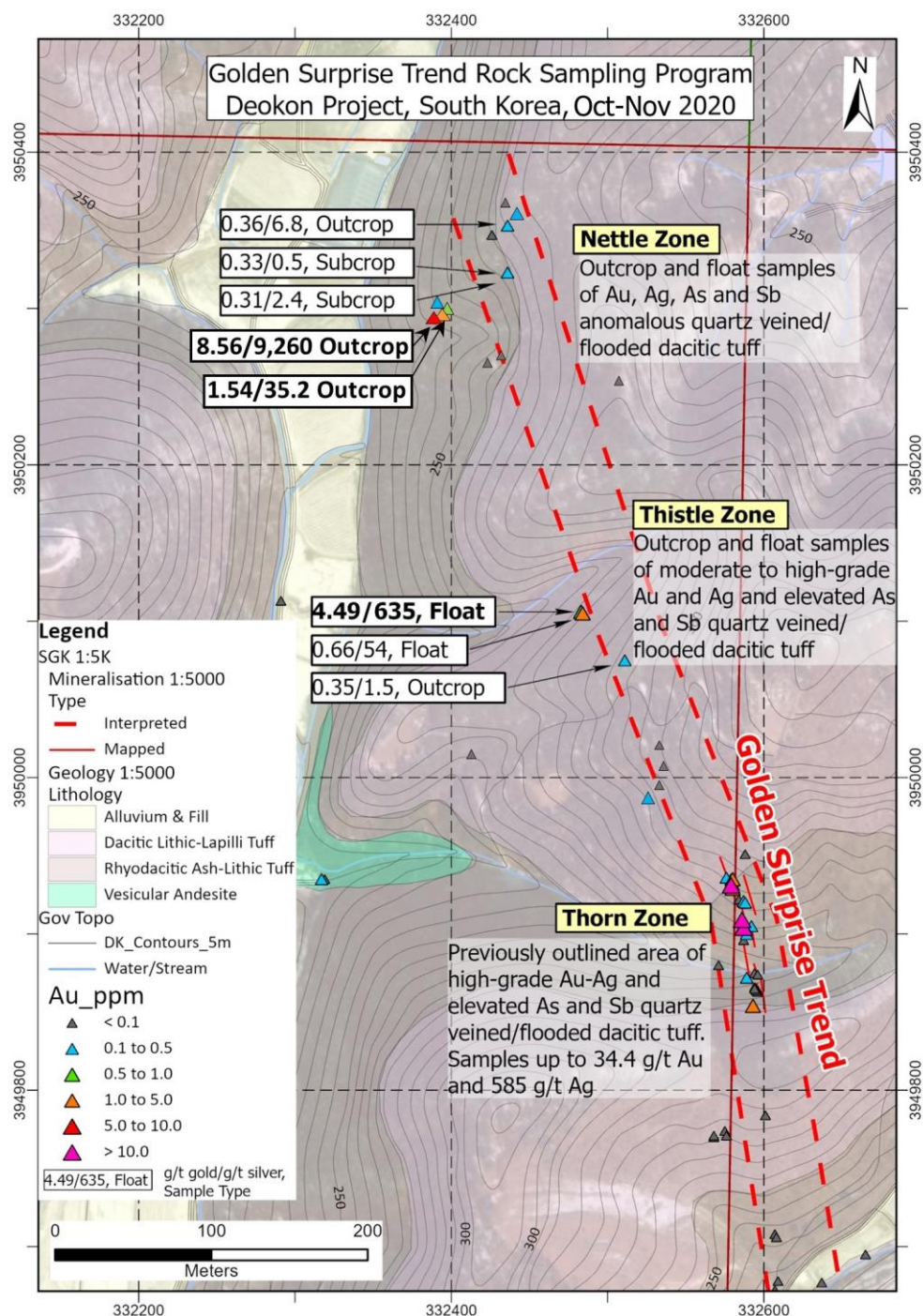


Figure 5. Deokon Prospect Locations (drilled prospects are highlighted).

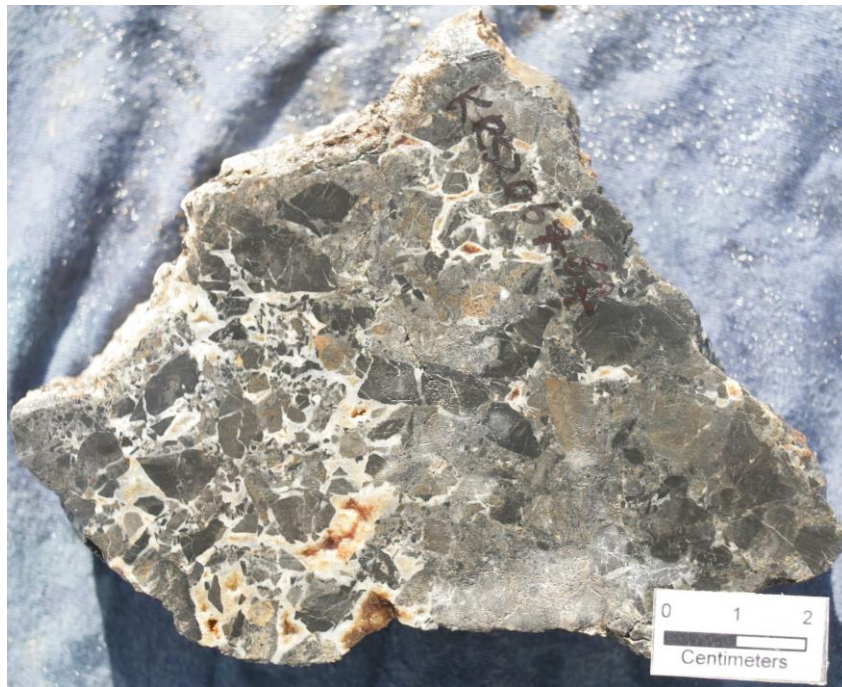


**Figure 6** – Recent reconnaissance sampling extending the Golden Surprise Trend further north of the Thorn Zone

Sample No	Sample Type	Au g/t	Ag g/t	As ppm	Sb ppm	Easting	Northing	Elevation
KRS206762	Outcrop	8.56	9260	4150	1110	332389	3950296	245
KRS206591	Float	4.49	635	3040	83	332484	3950105	260
KRS206756	Outcrop	1.54	35.2	2280	21	332394	3950296	250

**Table 1** - Significant results (>1 g/t Au) from sampling at Deokon.





**Figure 7** – Outcrop from Nettle Zone, KRS206762 8.56 g/t Au, 9260 g/t Ag. Brecciated rhyolitic tuff with carbonaceous mudstone fragments. Very fine sulphides disseminated in the fragments and silica-carbonate flood veining with Fe-Oxide staining.



**Figure 8** – Outcrop from Nettle Zone, KRS206756. Silicified rhyolite with sheeted-bladed-microcrystalline-comb quartz and hydraulically brecciated veining. 1.54g/t gold, 35.2g/t silver.



**Figure 9** – Float at Thistle Zone, KRS206591. Rhyolitic tuff and volcanogenic carbonaceous mudstone breccia with FeOx stain. 4.49g/t gold, 635g/t silver.

## Geum Mar

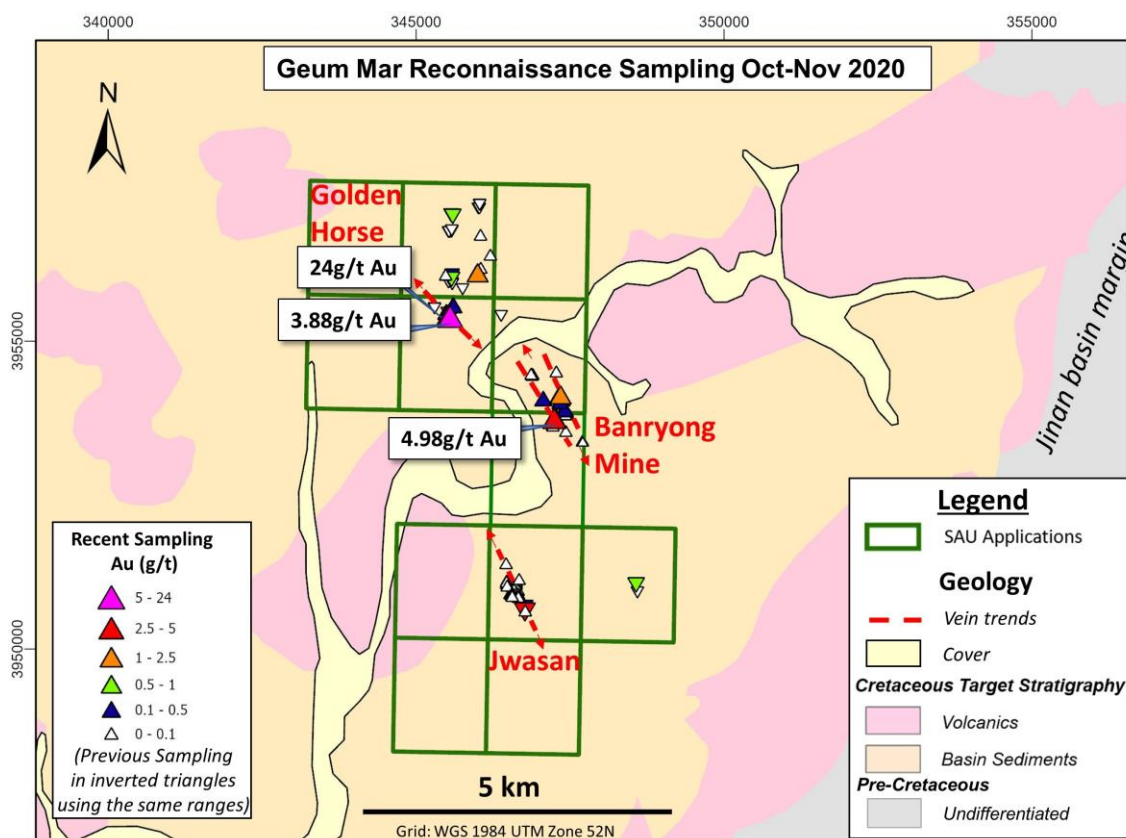
One hundred samples were taken during field reconnaissance during the quarter at Geum Mar, following up the discovery made in March 2020. Peak assay returned was 24g/t gold from a float sample proximal to outcrop, which itself returned 3.88g/t gold at the Golden Horse Prospect. In addition, the historic Banryong Gold mine was located in the field after being identified through desktop research. Mine dump samples returned a peak assay of 4.98g/t gold (see **Table 2** for significant assays and locations in **Figure 10**).

The scale of mineralization on the project has been greatly enhanced with this latest sampling and is now a multiple quartz vein system with multi-phase hydrothermal activity evident at kilometer scale.

Follow-up extensional (reconnaissance) sampling, soil sampling and structural measurements are planned to follow up these results, along with drill testing.

Sample No.	Type	Au (g/t)	Ag (g/t)	As ppm	Cu ppm	Pb ppm	Zn ppm	Easting	Northing	Elevation
KRS206834	Float	24.0	11.5	153	15	57	31	345552	3955401	295
KRS206844	Dump	4.98	1.3	67	16	119	278	347245	3953745	292
KRS206833	Outcrop	3.88	2.4	48	32	58	47	345528	3955431	315
KRS206884	Dump	1.7	2.6	60	6	54	17	347338	3954131	425
KRS206841	Dump	1.55	0.9	197	7	49	143	347259	3953747	303
KRS206883	Dump	1.4	1.2	39	8	71	16	347346	3954129	426
KRS206816	Float	1.47	243	1470	69	683	87	345999	3956110	434
KRS206842	Dump	1.34	7.2	218	331	645	475	347257	3953747	301

**Table 2** - Significant results (>1 g/t Au) from sampling at Geum Mar.



**Figure 10** – reconnaissance sampling completed at Geum Mar





**Figure 11** – Outcrop from Geum Mar, KRS206833. Comb-cockade banded quartz vein with disseminated sulfides, 3.88g/t gold, 2.4g/t silver.



**Figure 12** – Float at Geum Mar, KRS206834. Sheeted network quartz vein breccia hosted in siltstone/shale with iron/sulphide oxides. 24.0g/t gold, 11.5g/t silver.

### Weolyu Drilling

The second hole WUDD009 in the Weolyu South program was drilled to a depth of 330.80m in the quarter following the first hole WUDD008 completed during September to 340.06m. The drill program was then terminated early after these first 2 out of the originally planned five holes were completed due to visual results not indicative of characteristic epithermal textures expected.

All assays have been returned with peak results of 5.85m @ 1.68g/t Au and 9.6g/t Ag from 204.56m in WUDD009, including 3.91m @ 2.23g/t Au and 10.27g/t Ag from 206m, including 0.99m @ 5.58g/t Au and 15.3g/t Ag from 206.48m. This intersection corresponds with the Surprise Vein trend. The down-dip intersections of the Mystery Vein reported a maximum intersection of 0.90m @ 0.26g/t Au and 17.4g/t Ag in WUDD009. All results of >0.1g/t Au are displayed in **Table 3**.

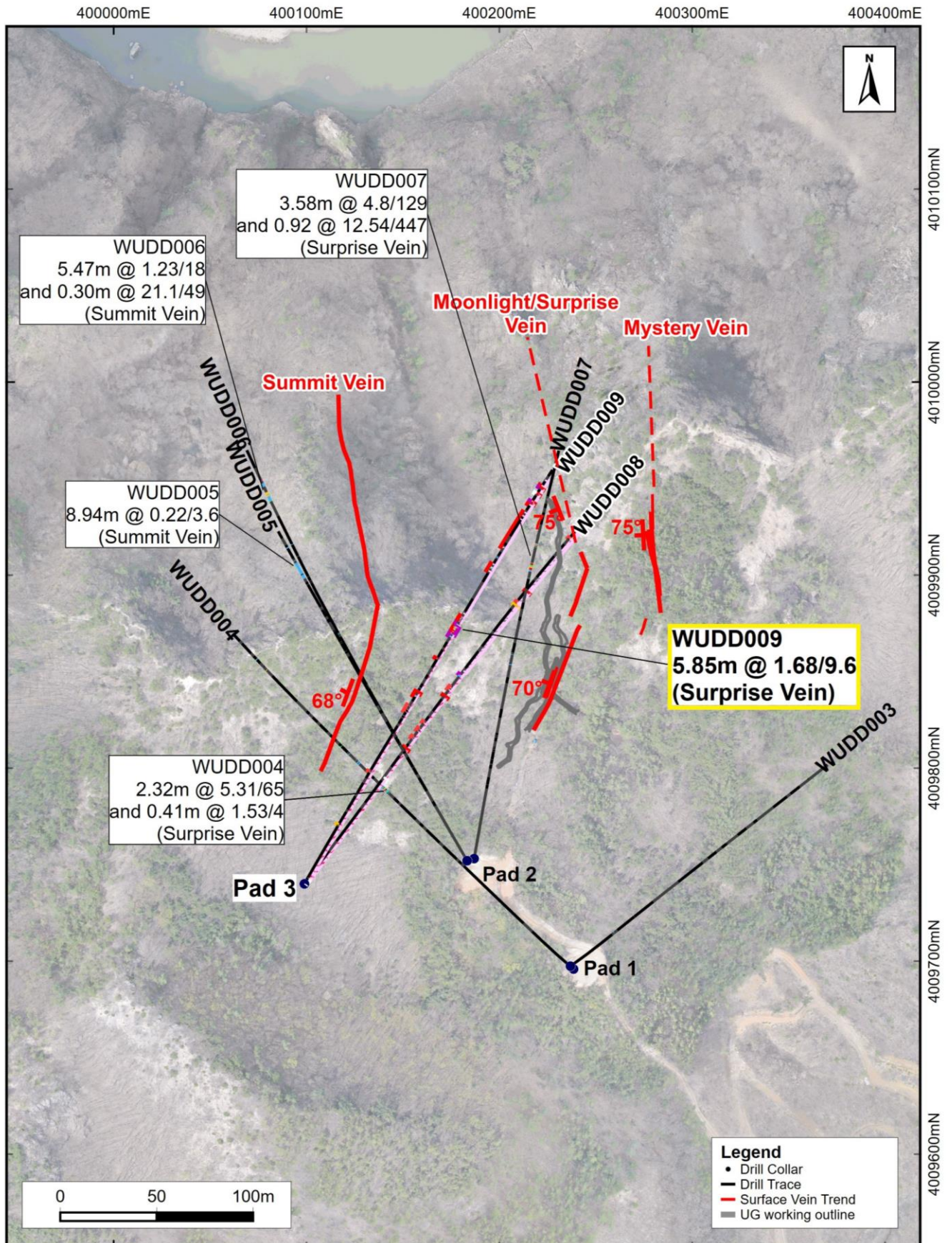
The assay results from the veins intercepted in WUDD008 and WUD009 down-dip of the historical workings were not of the tenor required for an economically exploitable deposit. The low-grade precious metal assay results, the lack of typical epithermal vein texture styles and the narrow true widths down-grade the Weolyu South prospect. No further works are planned, but potential remains elsewhere on the Weolyu Project.

Additional peripheral sampling was completed on WUDD004 drill core (drilled in 2017) and upgraded and extended a previous drill intercept from 0.65m @ 4.83g/t gold and 117g/t silver to **2.32m @ 5.31g/t gold and 65g/t silver** from 191.67m, with an estimated true thickness of 0.85m and 100% recovery.

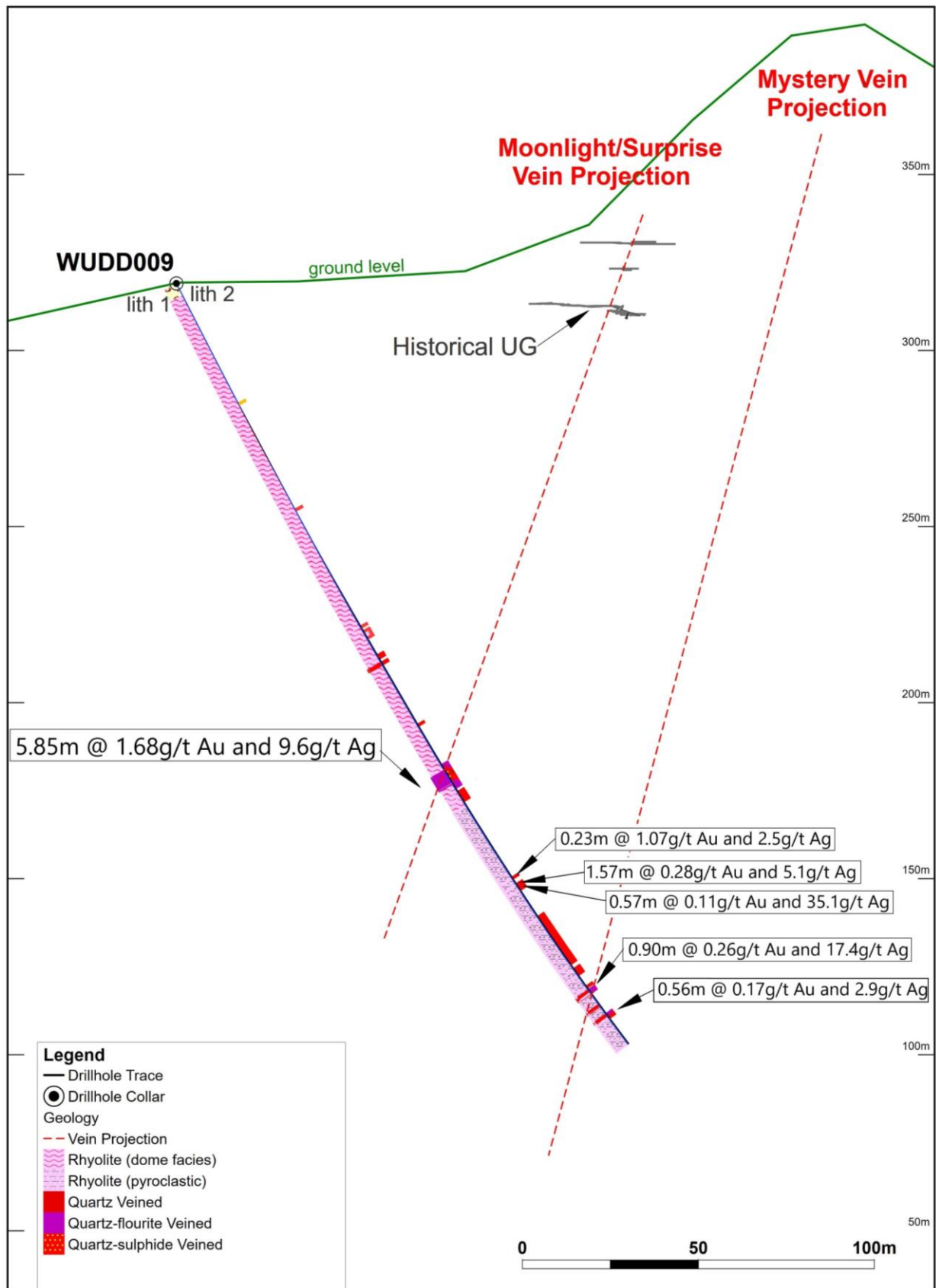
Hole ID	From (m)	To (m)	Interval (m)	ETW (m)	Au (g/t)	Ag (g/t)	Cu ppm	Mo ppm	Pb ppm	Zn ppm	Recovery %
WUDD008	204.51	206.10	1.59	0.68	0.15	1.1	2	14	21	60	100
WUDD009	204.56	210.41	5.85	2.00	1.68	9.6	82	72	23	61	95
inc.	206.48	207.47	0.99	0.34	5.58	15.3	295	108	48	81	100
and	252.8	253.03	0.23	0.08	1.07	2.5	2	25	31	68	100
and	255.16	256.73	1.57	0.53	0.28	5.1	4	19	19	48	100
and	263.48	264.05	0.57	0.19	0.11	35.1	4	475	23	46	100
and	305.38	306.28	0.90	0.31	0.26	17.4	3	405	47	72	100
and	316.71	317.27	0.56	0.19	0.17	2.9	2	94	13	32	100

**Table 3** – All intersections >0.1g/t Au.



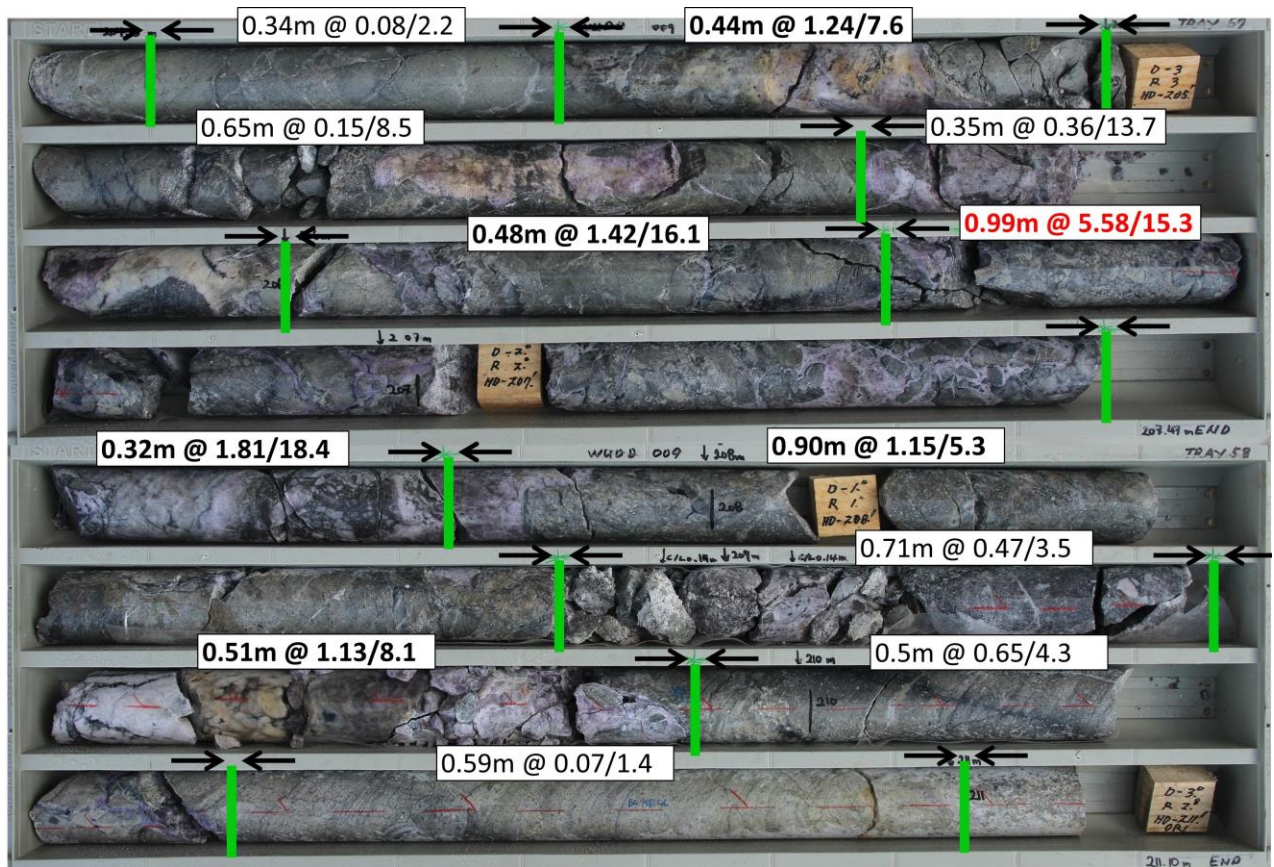


**Figure 13** - Plan view of drilling completed at the Weolyu South Project area



**Figure 14** - Cross-section looking NNE along a plane perpendicular to vein trends showing WUDD009 simplified geology and assay results.





**Figure 15** - WUDD009 204.56 to 210.41m. Zone of quartz sulphide veined breccia with late fluorite veining within flow-foliated rhyolite. Interpreted Surprise Vein. Example assay label: 0.99m @ 5.58g/t Au / 15.3g/t Ag

### Dokcheon Drilling

Three diamond holes for 702.24m were drilled to test the Cheongyong Vein. The drilling was designed to test beneath the outcrop and float train gold mineralised and anomalous high-level low-sulphidation epithermal quartz veining. Holes DCDD001 and 002 were spaced approximately 50m apart and DCDD003 tested deeper into the system under DCDD001.

Multiple zones of high-level low-sulphidation style multi-phase quartz-carbonate±sulphide veining, sheeted quartz-carbonate veining and zones of silica flooded hydraulic breccia were encountered in DCDD001 and 002. Additional veins were intercepted in drilling that were not visible at surface due to the subdued topography which was covered in soil and organic matter in the area.

Results for the first two holes returned a peak of 1.74m @ 0.14g/t Au and 0.7g/t Ag from 41.94m in DCDD001, 0.28m @ 0.52g/t Au and 0.4g/t Ag from 24.39m in DCDD002.

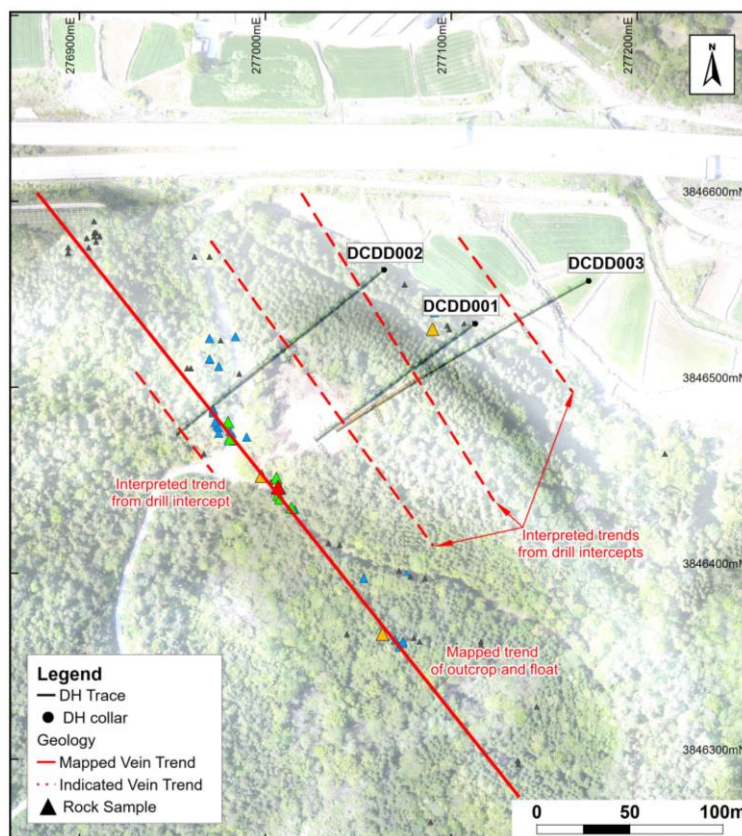
The quartz vein textures were dominated by chalcedonic quartz, crude colloform and cockade banding and silica flooded hydraulic breccias which are indicative of high paleo-hydrological levels within the epithermal environment. Based on these textures and the low tenor results, a third hole DCDD003 was drilled to test deeper into the system to search for higher grades. Multiple zones of thin quartz-carbonate±sulphide veining were intercepted in DCDD003 within the andesite unit and on the contact between the andesite and dacite. However, no significant veining was intercepted within the dacite unit. It is presumed that the vein has pinched out at depth or the dacite is not a suitable lithological host.

Peak result was 0.45m @ 0.10g/t Au and 0.4g/t Ag from 55.14m in DCDD003 (**Table 4**).

There is plenty of potential along strike of this structure and the next step for the project is to traverse this prospective vein trend in the field to the NNW to generate further drill targets.



**Photo 2** – Dokcheon DCDD003 drill pad (looking NE)

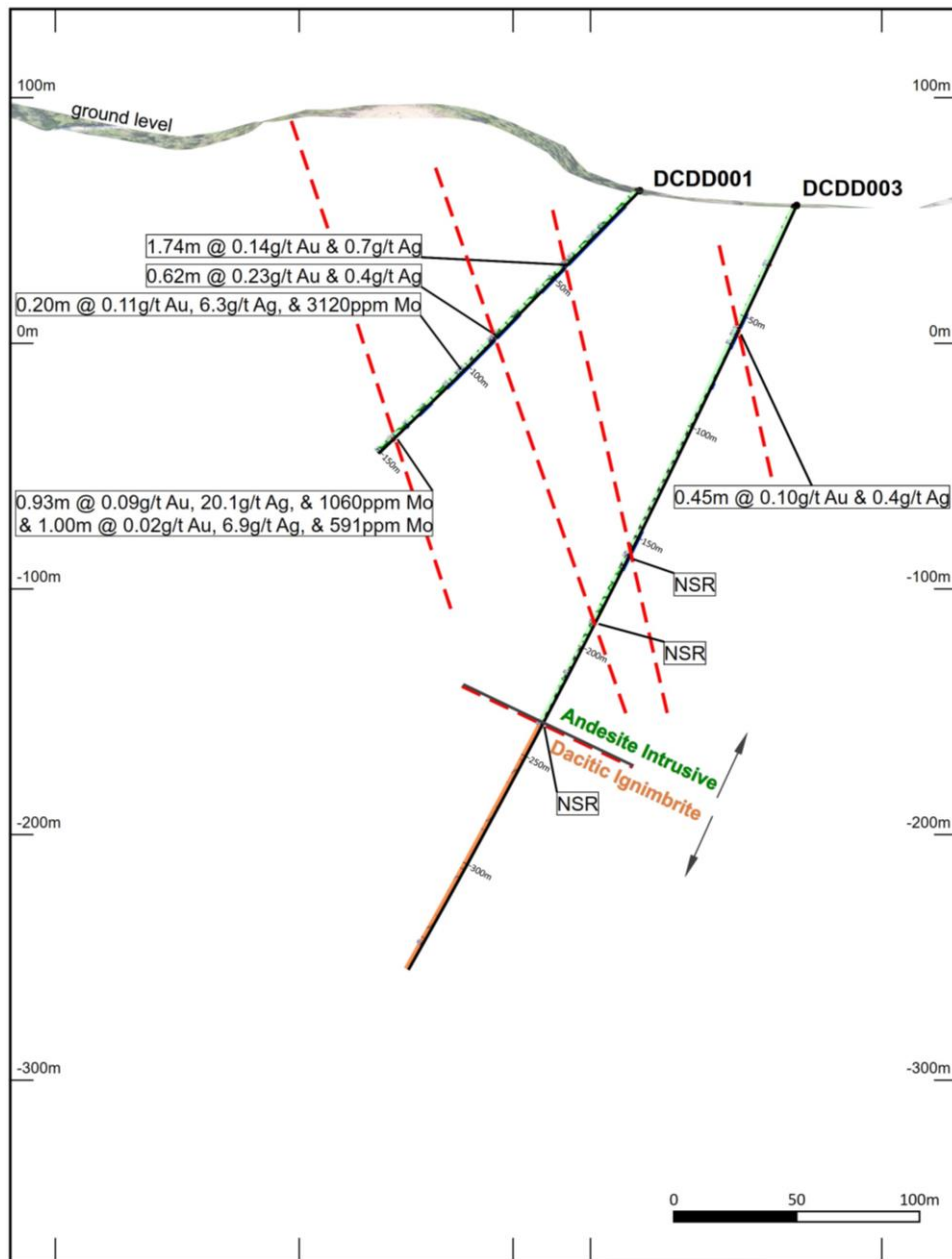


**Figure 16** – Plan view of completed maiden drill program at Cheongyong Vein, Dokcheon.

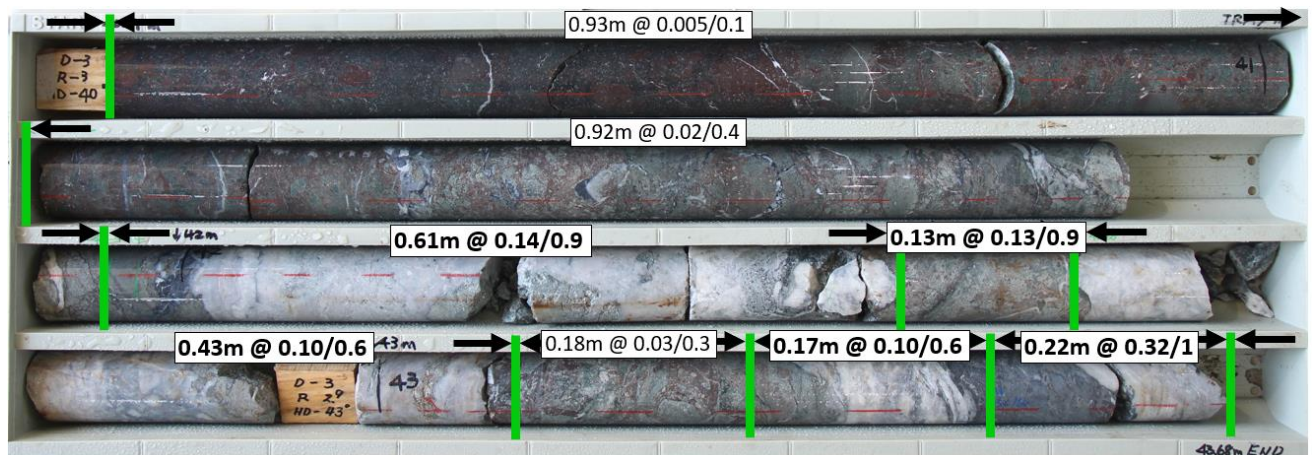
Hole ID	From (m)	To (m)	Interval (m)	ETW (m)	Au (g/t)	Ag (g/t)	As ppm	Cu ppm	Mn ppm	Mo ppm
DCDD001	41.94	43.68	1.74	1.48	0.14	0.7	38	4	896	10
	83.85	84.47	0.62	0.53	0.23	0.4	111	2	452	0.5
	123.84	124.04	0.20	0.17	0.11	6.3	81	8	264	3120
	142.02	142.95	0.93	0.79	0.09	20.1	76	7	1220	1060
	143.66	144.66	1.00	0.85	0.02	6.9	30	4	1730	591
DCDD002	16.89	17.22	0.33	0.28	0.11	0.4	31	4	1310	1
	24.39	24.67	0.28	0.24	0.52	0.4	34	3	995	1
	41.64	41.89	0.25	0.21	0.10	0.5	39	2	1510	1
	134.23	134.53	0.30	0.26	0.10	1.5	65	6	1270	9
	159.11	159.32	0.21	0.18	0.18	0.3	4	3	408	5
DCDD003	55.14	55.59	0.45	0.27	0.10	0.4	73	1	881	12

**Table 4** – All intersections >0.1g/t Au or >20g/t Ag. ETW = Estimated True Width.

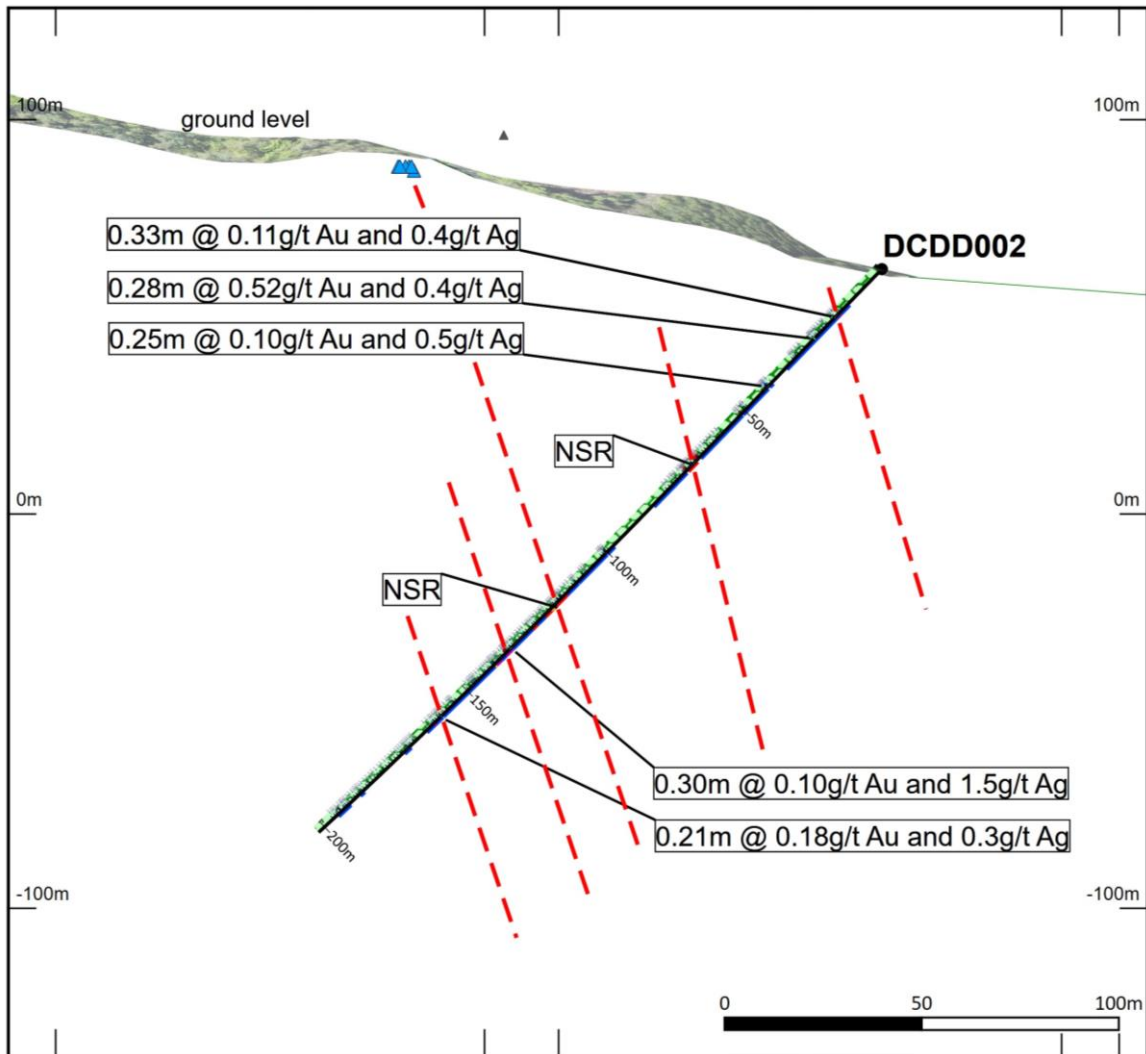




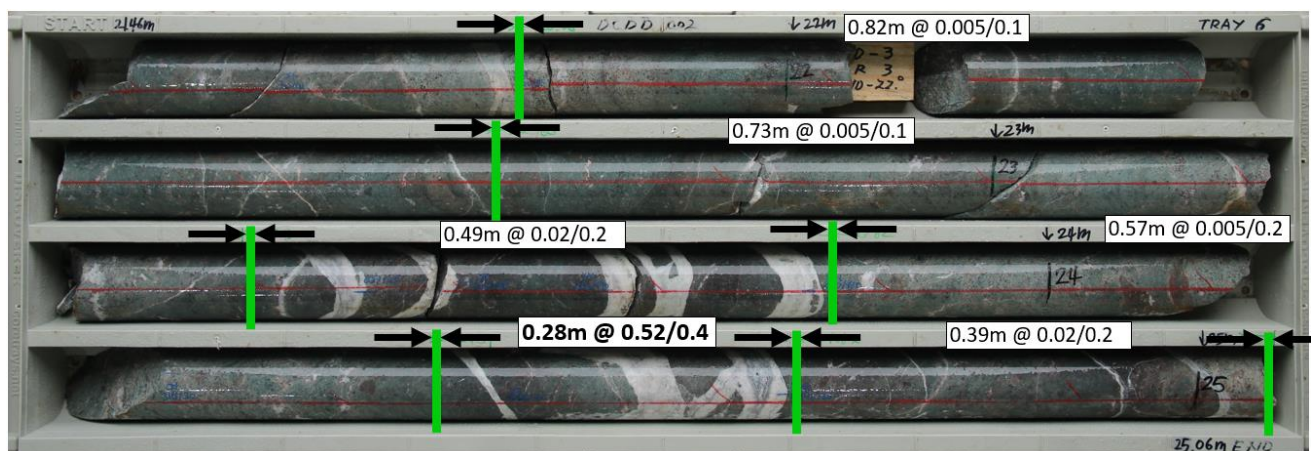
**Figure 17** - DCDD001 and 003 drilling results cross-section looking NW. NSR = No Significant Result.



**Figure 18** - DCDD001 low-sulphidation epithermal vein peak intersection of 1.74m @ 0.14g/t Au from 41.94m



**Figure 19** - DCDD002 drilling results cross-section looking NW. NSR = No Significant Result.



**Figure 20** - DCDD002 low-sulphidation epithermal vein peak intersection of 0.28m @ 0.52g/t Au from 24.39m



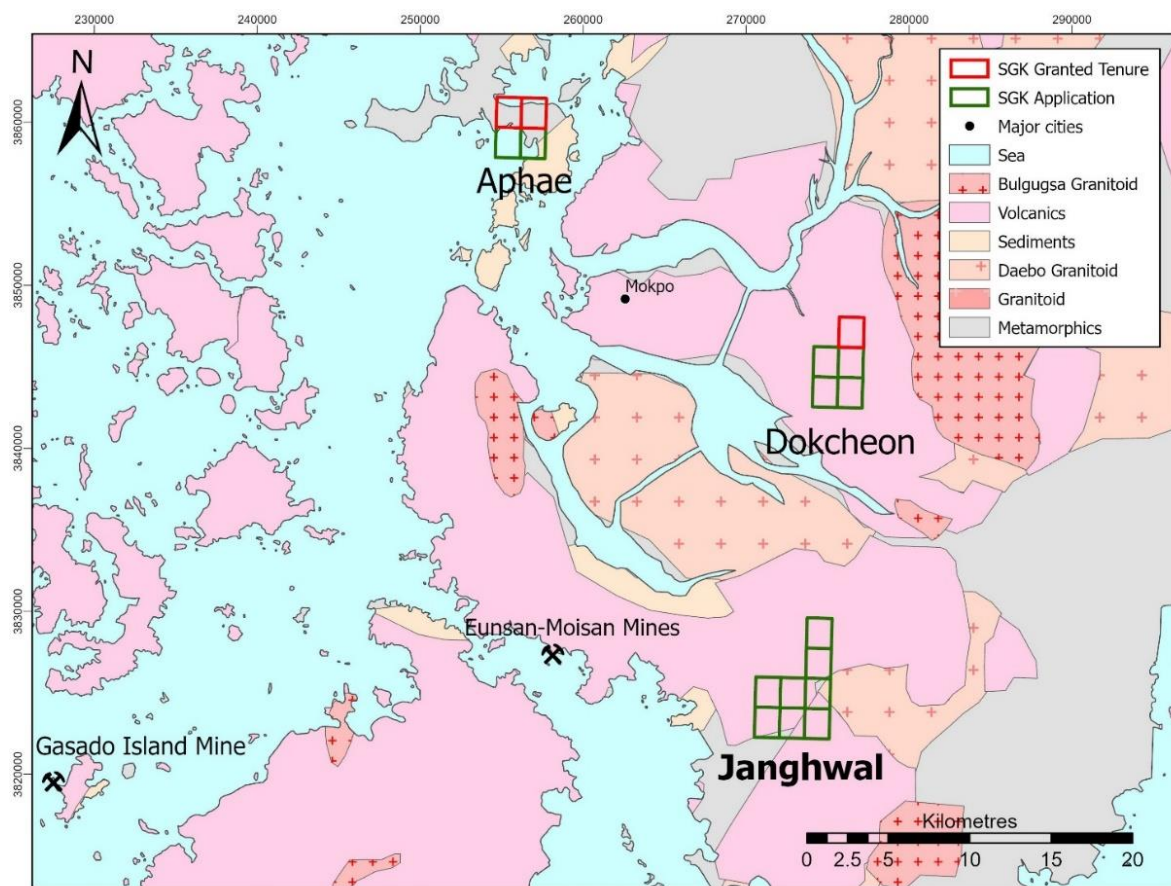
## Janghwal

The Janghwal epithermal vein system lies within prospective silica-illite/adularia-clay altered rhyolitic to rhyodacitic flow-dome lavas and pyroclastics, approximately thirteen kilometres east-southeast of the Eunsan gold-silver mine (**Figure 21**).

A total of 20 samples were taken, with 13 from the historic small scale underground Jeonpung Mine. Peak assay results from the historical mine included 8.04g/t gold and 4.66g/t gold, complementing the previously reported grab sample of 6.7g/t gold. Anomalous bismuth (max 167ppm) is associated with high-grade gold results (**Table 5**). Mineralisation is hosted within biotite-rich gneiss in an ~70cm wide sericite-pyrite altered, meso-crystalline quartz  $\pm$  sulphide veined, limonite/hematite-stained shear/fault zone.

Sample No	Sample Type	Au g/t	Ag g/t	As ppm	Bi ppm	Easting	Northing	Elevation
KRS206676	Outcrop	8.04	0.6	5	54	272290	3822754	6
KRS206677	Outcrop	4.66	0.6	11	167	272289	3822753	5
KRS206678	Outcrop	4.31	0.8	5	27	272288	3822752	5
KRS206680	Outcrop	2.40	0.05	4	7	272287	3822751	5

**Table 5** - Significant results (>2 g/t Au) from sampling at Janghwal.



**Figure 21** – Location of Janghwal in relation to nearby gold mines and Southern Gold Projects. First pass drilling has been completed at Aphae and Dokcheon, and Janghwal represents a new project with parallels to the Au occurrences at Eunsan-Moisan.

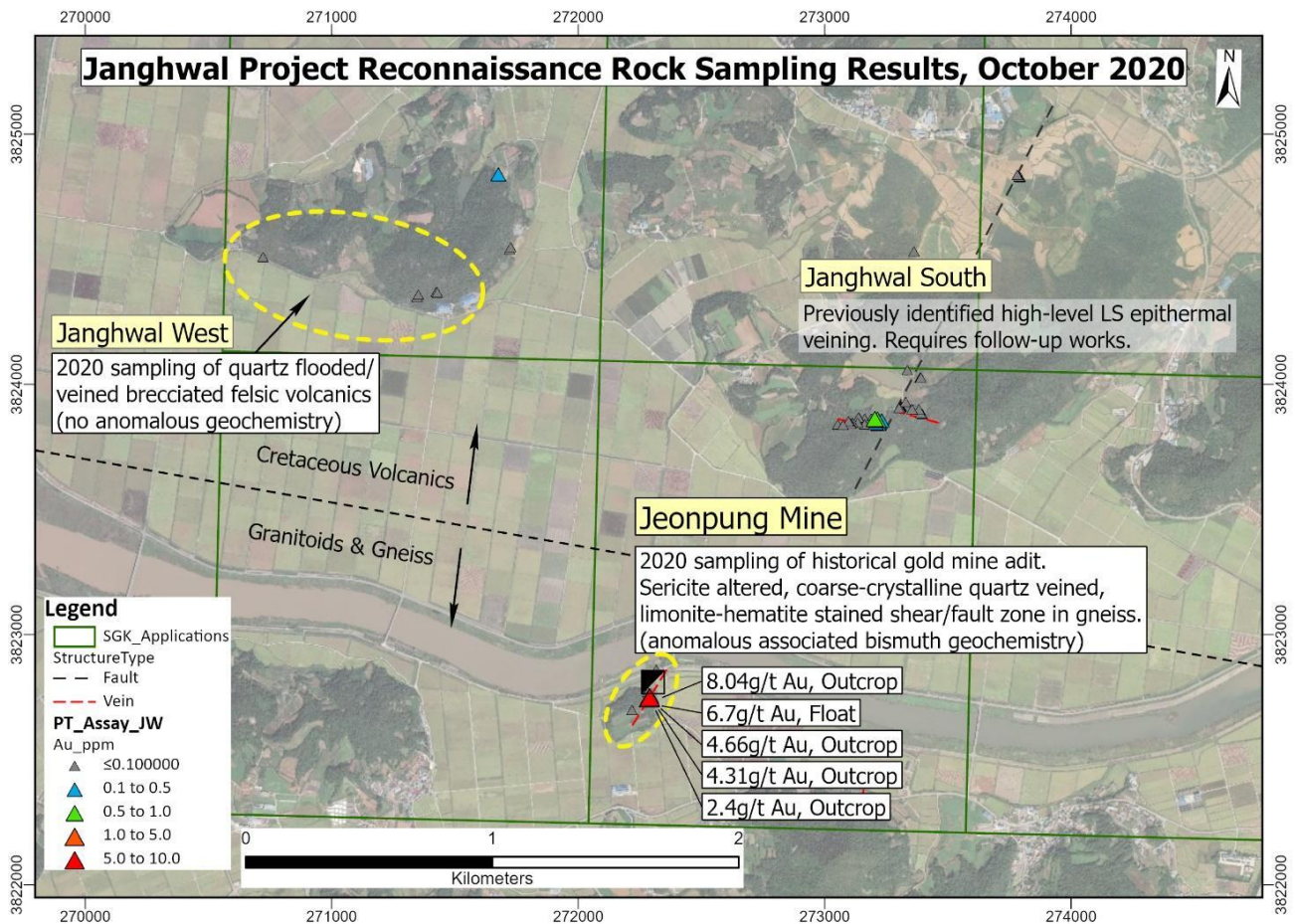


Figure 22 – Recent reconnaissance sampling at Janghwal

## Soil Sampling

Orientation soil sample lines were completed across mineralised structures at Weolyu, Deokon, Daeam, Dokcheon and Janghwal Projects to determine the best approach for larger scale soil programs in the future that may assist drill targeting. The orientation program employed two sieved fraction sizes: Fine (<80mesh) and Coarse (>80<6 mesh) of the B-soil horizon. The results highlighted the effectiveness of bulk B-horizon soil sampling at identifying the previously outlined mineralisation at the Deokon, Dokcheon, Weolyu, and Daeam projects.

Peak soil sample results include 1.024ppm, 0.449ppm, and 0.201ppm Au at Daeam Valley; 0.225ppm and 0.083ppm Au at Sunset Vein, Weolyu; 0.152ppm and 0.105ppm Au at Thorn Zone, Deokon; and 0.070ppm Au at Cheongyong, Dokcheon West.

More systematic and larger soil surveys are planned post winter to help generate new drill targets in area of concealed but very shallowly covered outcrop.



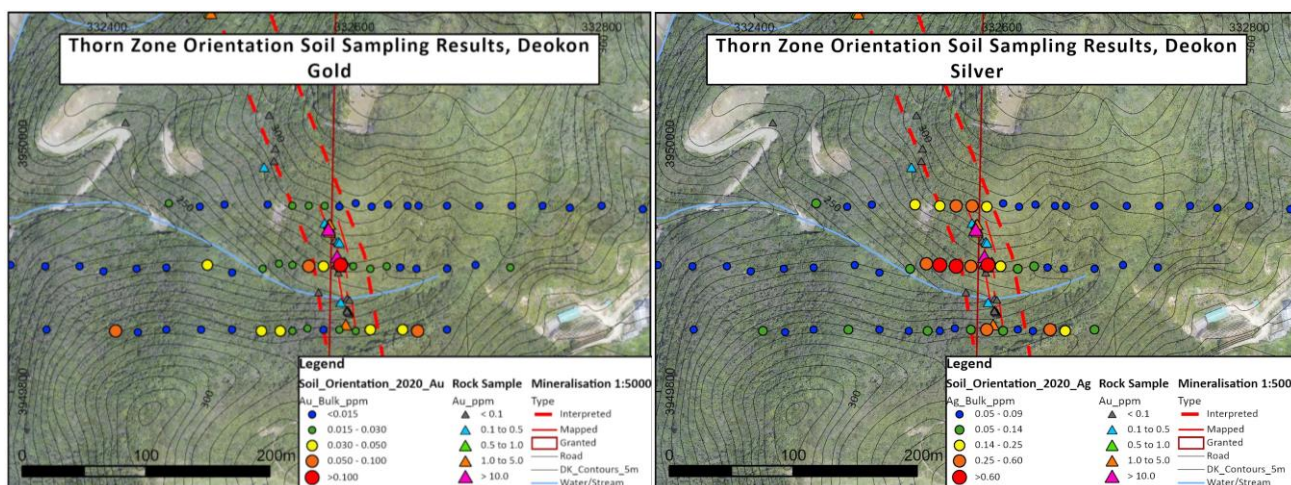


Figure 23 - Orientation Soil Sampling at the Thorn Zone, Deokon, displaying gold results (left), and silver (right)

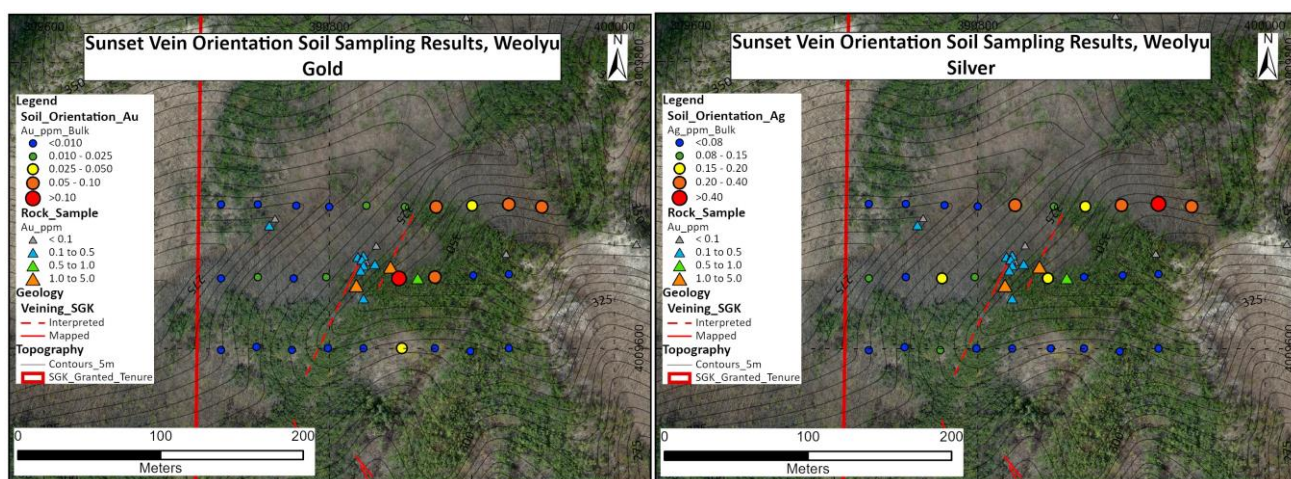


Figure 24 - Orientation Soil Sampling at the Sunset Vein, Weolyu, displaying gold results (left), and silver (right)

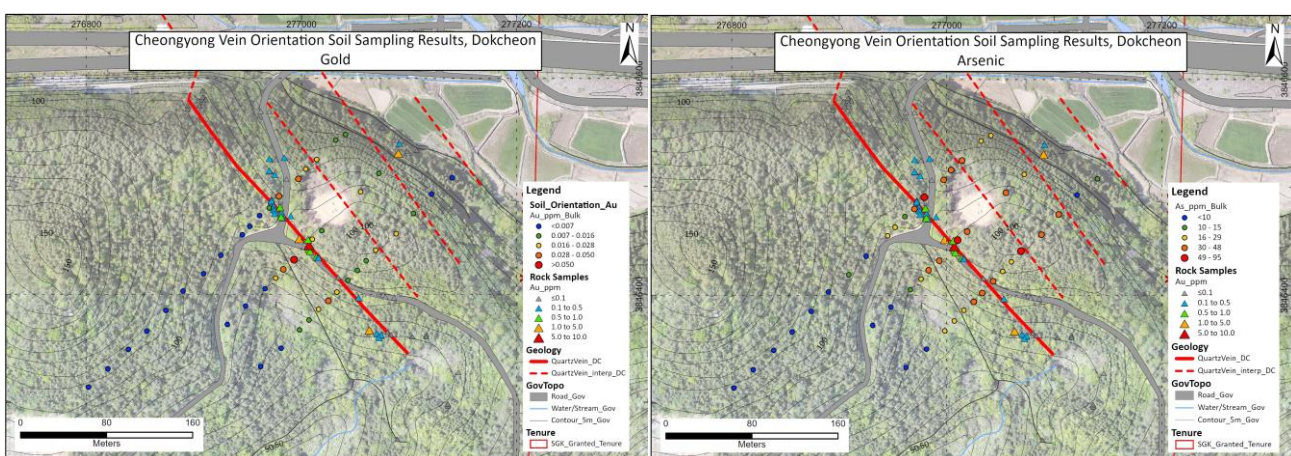
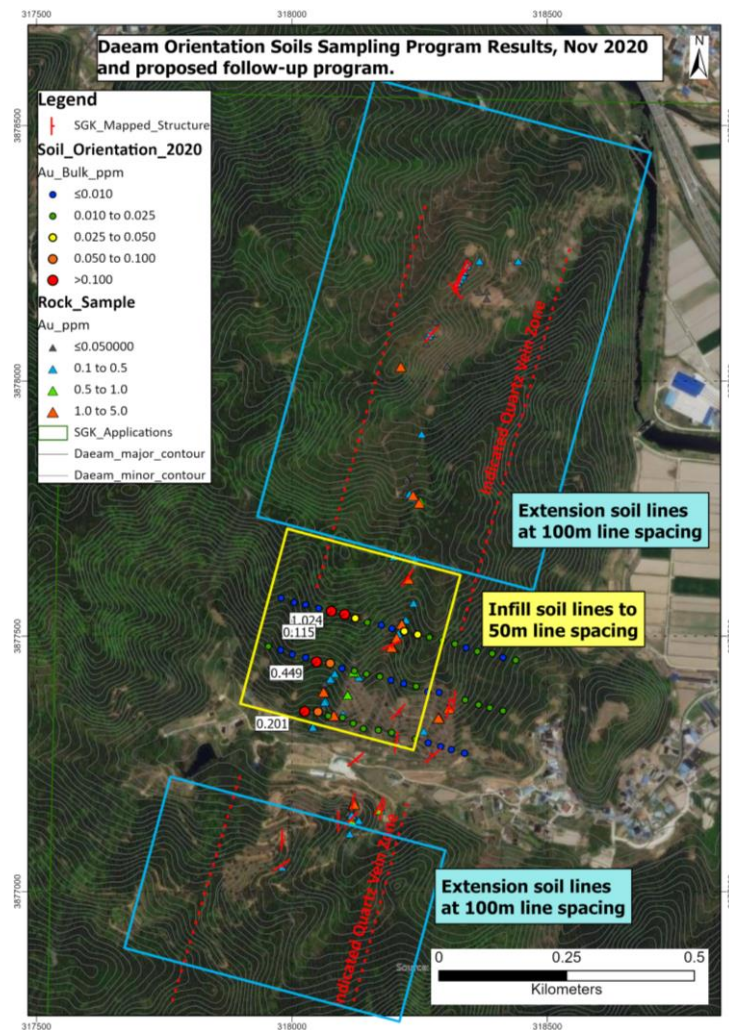
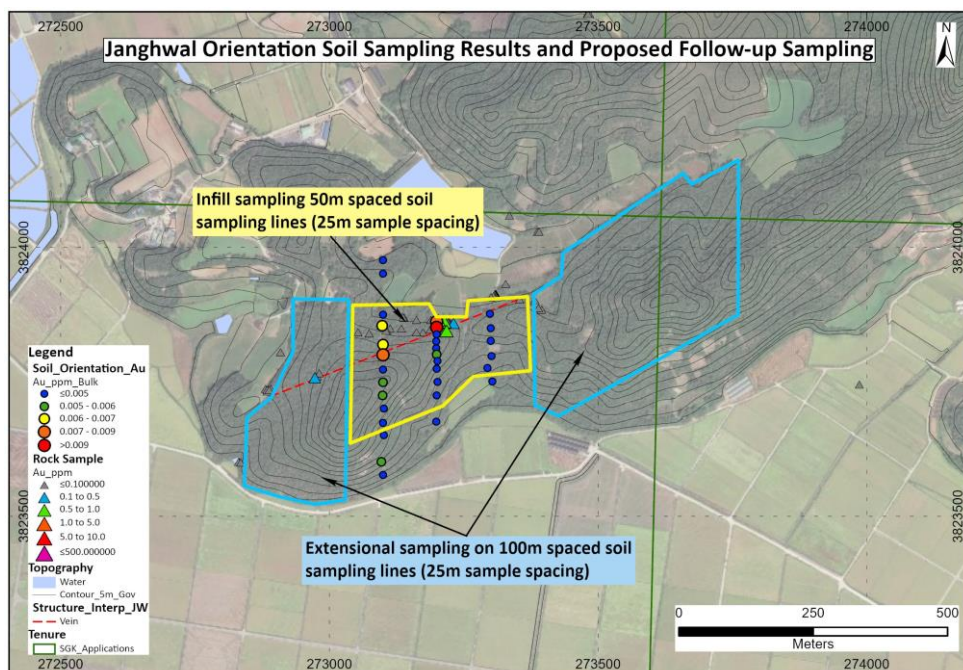


Figure 25 - Orientation Soil Sampling at the Cheongyong Vein, Dokcheon, displaying gold results (left), and arsenic (right)





**Figure 26 - Orientation Soil Sampling Au Results at Daeam and proposed follow-up works.**



**Figure 27 - Orientation Soil Sampling Au results at Janghwal and proposed extensional soil sampling**



### Project Generation

No Project Generation was completed in the quarter due to international travel restrictions and a focus on project scale field activities to generate new drill targets. Reduced vegetation in Autumn allowed a strong focus on reconnaissance sampling at Geum Mar, Deokon, Janghwal and Aphae as well as the orientation soil sampling survey. Systematic subcrop and outcrop identification traversing and sampling and sampling beyond known zones is planned utilising Korean geological staff post winter next quarter. There will be a focus on:

- 1) within Projects or 'Near Project' areas, and
- 2) new zones not previously traversed by SAU in prospective basins.

### Drilling Schedule

The immediate drill plan is to continue using one rig full time, commencing with the Phase 2 program at the **Aphae Project** in January. Drilling is also being planned at the **Geum Mar Project** pending land access and regulatory approval.

### Tenure

No tenements were relinquished, and no new tenement applications were submitted. Tenement applications were resubmitted for Aphae, Deokon, Dokcheon, Geum Mar, Hampyeong, Janghwal and Weolyu. Previous tenement applications at Neungju were not reapplied for.

### Community and Environment

Community engagement continued at Aphae, Deokon, Dokcheon, Janghwal and Weolyu and will continue along with Geum Mar during the next quarter. 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. In addition, all regulatory compliance work is being completed on time and to the required standard amongst all the other exploration activities. Recent work was the rehabilitation of the drill sites at Shin Hill (Deokon Project) and Spider (Beopseongpo Project) by planting trees.

The Company has implemented a set of COVID19 protocols to ensure our staff continue to work in a safe operating environment. While South Korea has seen a recent increase in the COVID19 case levels, the Company has not had any material impacts on its drilling activities and some modest impacts to other field work.

### 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. The projects are currently on care and maintenance.

In the previous quarter Southern Gold was deemed to have offered for sale both of its joint venture interest to BMV and BMV elected to acquire them (see ASX Release 14 September 2020). During the quarter the price payable by BMV was announced as US\$9,945,000 for both JV interests (see ASX Release 30 November 2020).

BMV had 60 days from 27 November 2020 (i.e. 26 January 2021) to pay Southern Gold the price. An update

on the status of this transaction will be made shortly.

### Corporate

A placement to sophisticated and institutional investors of 85,000,000 ordinary shares at \$0.12 per share to raise **\$10.2 million** was completed during the quarter. The placement included a 2-year 18c call option for every two shares subscribed for (or “1 for 2” attached option). The placement was well oversubscribed with strong support by new cornerstone investor Crescat Capital LLC, a Denver based asset management firm with a strong gold investment thematic.

Southern Gold is now in a strong position to continue its strategy to be the preeminent gold-silver explorer in South Korea and now has the funding for extensive drilling and fieldwork programmes over the next two years.

For the quarter, the Company had:

- Net cash outflows from Operating and Investing activities of \$1.23 million, which included \$0.69 million of exploration expenditure;
- Net cash inflows from Financing activities of \$6.06 million, comprising \$6.08 million proceeds from a capital raise net of costs;
- Providing total net cash inflows of \$4.82 million, and an ending cash balance of \$10.16 million.

Cash flows for the quarter include related party payments of \$0.22 million comprising Directors fees and remuneration paid to the Managing Director Simon Mitchell and Executive Director Beejay Kim.

**Authorised by:**  
**Simon Mitchell**  
**Managing Director**



Hole ID	Prospect	Easting	Northing	mASL	Dip	Grid Azi	Length (m)
WUDD004	Moonlight-Surprise	400239	4009696	283	-45	310	348
WUDD008	Moonlight-Surprise	400099	4009740	319	-51	37	340.06
WUDD009	Moonlight-Surprise	400099	4009740	319	-44	30	330.8

**Table 6** – Drill hole collar details at Weolyu. WUDD004 was drilled in 2017 and was resampled.

Hole ID	Prospect	Easting	Northing	mASL	Dip	Grid Azi	Length (m)
DCDD001	Cheongyang	277113	3846534	62	-45	234	151.01
DCDD002	Cheongyang	277064	3846563	62	-45	231	202.05
DCDD003	Cheongyang	277174	3846557	56	-65	242	349.18

**Table 7** – Drill hole collar details at Dokcheon

### 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  
 20200525 – ASX Drilling Operations Update  
 20200617 – ASX Drilling Operations Update – Mineralised Breccia at Aphae  
 20200812 – ASX High Grade Gold and Silver confirmed at Aphae  
 20200914 – ASX South Korean Drilling Operations Update  
 20201126 – ASX Operations Update - South Korean Exploration  
 20201130 – ASX Sale price US\$9.945m for BMV JV Interest

### 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
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	능주	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 (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, Southern Gold's aim is to find tier one epithermal gold-silver deposits in a jurisdiction that has seen very little modern exploration.*

### **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 float samples not previously announced are within granted tenement Jeonju 70 at Deokon and within tenements Jinan 109, 116, 117, 118, 119, 120, 126, 127, 129, 130, 136, 137 at Geum Mar and Haenam 126-129, 138, 139, 148 and 149 at Janghwal 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 the samples and assay results in the body of this ASX Release that relate to new drill samples not previously announced are at the Weolyu Project within granted tenement Yeongdong 67 at Weolyu and Yeongam 116 at Dokcheon 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</i>	HQ3 triple tube Diamond drilling was completed to obtain drill core.



Criteria	JORC Code explanation	Commentary
	<i>standard tube, depth of diamond tails, face-sampling bit or other type, whether core is 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 all drill sites. 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 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 Intertek Laboratories in Jakarta, Indonesia.  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

Criteria	JORC Code explanation	Commentary
		<p>coarse split. The 1kg of pulp material is then split using a micro-riffle splitter to produce 500g of pulp reject, 250g of pulp duplicate, and 250g of sample for shipment to Intertek Laboratories in Jakarta, Indonesia.</p> <p>Pulp rejects are retained for each sample.</p> <p>The soil samples were sieved in the field to &lt;6 mesh (~3mm) Bulk samples were sent to Intertek Laboratories in Jakarta, Indonesia for sieving to &lt;80mesh and &gt;80mesh (SV101) and both fractions were pulverized to 95% passing 200 mesh.</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>	Sample size is considered appropriate for the target style of mineralisation, the requirements for laboratory sample preparation and analyses, for early stage Exploration Results.
<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>Pulps from drill core samples and rock samples (typically 200 to 400g) prepared by SGS in South Korea are sent through registered airfreight (e.g. DHL) to Intertek Laboratories in Jakarta, Indonesia, for Au and multielement analysis. Intertek is an ISO/IEC 17025:2005 certified laboratory.</p> <p>Gold was analyzed on a 50g charge using fire assay fusion with an atomic absorption spectroscopy finish (Intertek method FA51/AA). Detection limit range is 0.01g/t to 50g/t Au. Samples returning a result above 50g/t Au were re-analysed to ore-grade using a 50g charge using fire assay fusion with a gravimetric finish (Intertek method FA50/GR200) with lower detection limit of 3g/t Au.</p> <p>A 35 multi-element suite was analyzed on a 0.5g pulp sample split using aqua regia digest with an inductively coupled plasma – optical emission spectroscopy (ICP-OES) finish (Intertek method AR005/OE01).</p> <p>Silver was analysed as part of the multi-element aqua-regia digest ICP-OES (method AR005/OE01), with an upper detection limit 200g/t Ag. Samples returning a result above 200g/t Ag were re-analysed to ore-grade using Four Acid Digestion and AAS (method 4AH2/AA) with a lower detection limit of 5g/t Ag.</p> <p>Copper, lead and zinc were analysed as part of the multi-element aqua-regia digest ICP-AES (method AR005/OE01), with an upper detection limit of 1%. Samples returning a result above 1% were re-analysed to ore-grade with Four Acid Digestion and OES (method 4AH2/OE201) with a lower detection limit of 2ppm.</p> <p>Soil samples were analysed using the same methods as the drilling.</p> <p>The nature of the laboratory assay sampling techniques is considered 'industry standard' and appropriate.</p>



Criteria	JORC Code explanation	Commentary
		For any historical KORES, where mentioned, drill core and underground channel samples, the nature, quality and appropriateness of the sample assaying procedures are unknown.
	<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>	Magnetic susceptibility measurements were completed on all drill core using a TERRA KT-10R V2 hand-held magnetic susceptibility meter. Scanning mode and full core mode were used.
	<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>	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.  Drilling QAQC samples involved 1 blank and 1 certified ore-grade epithermal reference standard, 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.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Assay data has been verified by the geologist in charge of the program and a second Southern Gold employee.  Significant intersections/results in this ASX Release have been verified by the Competent Person.  Where referenced, any historical KORES data cannot be independently verified.
	<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>	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.  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.
	<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>	SAU surface reconnaissance rock sample XYZ locations are determined with a handheld Garmin 64s GPS producing levels of accuracy +/- 3m.  Drill collar XYZ locations are surveyed before hole closure with a DGPS producing levels of accuracy +/- 10mm.
	<i>Specification of the grid system used.</i>	The grid system used is Universal Transverse Mercator (WGS84), Zone 52 S (Northern Hemisphere).

Criteria	JORC Code explanation	Commentary
	<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.
<i>Data spacing and distribution</i>	<i>Data spacing for reporting of Exploration Results.</i>	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.  Holes were designed nominally at 50m spacing along strike and 50-100m down dip on section
	<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, grab and soil 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 received at the assay laboratory by a 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
Mineral tenement and land tenure status	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.	The granted tenements Yeongdong 66 and 67 at the Weolyu Project, Yeongam 116 at the Dokcheon Project, the Deokon granted tenements Jeonju 60, 70 and 80 and Aphae granted tenements Aphae 99 and 109 are held by Southern Gold Korea, a fully owned subsidiary of Southern Gold. No known material issues exist 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, such as drilling.
	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.	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.  There are no known impediments to obtaining a license to operate.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	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  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

Criteria	JORC Code explanation	Commentary
		<p>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> <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>
<i>Geology</i>	<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.
<i>Drill hole Information</i>	<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"> <li><i>easting and northing of the drill hole collar</i></li> <li><i>elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar</i></li> <li><i>dip and azimuth of the hole</i></li> <li><i>down hole length and interception depth</i></li> <li><i>hole length.</i></li> </ul>	<p>A summary of significant results above 0.1g/t Au at Weolyu and Dokcheon are summarized in the tables in the body of the text.</p> <p>A summary of significant results above 1g/t Au at Deokon and Geum Mar and above 2g/t Au at Janghwal are summarized in the tables in the body of the text.</p>
	<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.
<i>Data aggregation methods</i>	<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>	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.



Criteria	JORC Code explanation	Commentary
		The cut-off grade for reporting of drill results was 0.1g/t Au
	<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>	All rock sample assay values reported are raw assays and none of the reported data has been cut or adjusted.  All aggregate drill intercepts are length weighted and the maximum internal dilution was <1m at <0.1g/t Au
	<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.
<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, the cross-section figures 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.  Estimated True widths have been reported for the drilling in the significant intercept tables in the body of the text.
<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.
<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 24.0g/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</i>	To the best of our knowledge, no meaningful and material exploration data has been omitted from this ASX Release.

Criteria	JORC Code explanation	Commentary
	<i>characteristics; potential deleterious or contaminating substances.</i>	
Further work	<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>	Further drilling is being planned at Aphae as well as a first pass drill program at Geum Mar. Further surface sampling, soil sampling and/or trenching is being planned at Deokon, Geum Mar and Janghwal.
	<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 the Figures and tables in the main body of this ASX Report that show where new drilling and sampling 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 DECEMBER 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(78)	(101)
	(b) development		
	(c) production		
	(d) staff costs	(233)	(497)
	(e) administration and corporate costs	(279)	(450)
1.3	Dividends received (see note 3)		
1.4	Interest received	1	2
1.5	Interest and other costs of finance paid	(1)	(6)
1.6	Income taxes paid		
1.7	Government grants and tax incentives	31	117
1.8	Other (short term lease payments)	(3)	(7)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(562)</b>	<b>(942)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	-	(6)
	(d) exploration & evaluation	(609)	(1,371)
	(e) investments		
	(f) other non-current assets		

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	-	1
	(d) investments – legal fees re JV disposal	(63)	(63)
	(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 JV's)	-	(83)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(672)</b>	<b>(1,522)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,400	10,200
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	(325)	(526)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	-	(750)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (repayment of lease liability)	(18)	(37)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>6,057</b>	<b>8,887</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,337	3,737
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(562)	(942)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(672)	(1,522)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,057	8,887

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	10,160	10,160

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	176	154
5.2	Call deposits	9,985	5,183
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)	10,160	5,337

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	216
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
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.		



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

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>		
7.5	<b>Unused financing facilities available at quarter end</b>		
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.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(562)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(609)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,171)
8.4	Cash and cash equivalents at quarter end (item 4.6)	10,160
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	10,160
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	8.7
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	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:		
8.8.2	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:		

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

Answer:

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## 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: .....25 January 2021.....

Authorised by: .....The Board of Directors.....  
(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.