

## Quarterly Activities Report to 30 September 2021

- **Deokon Project (SAU 100%):** Drill testing of the Nettle zone completed, with a third diamond hole for 210.75m completed. Assays received with a peak intersection of 8.89m @ 0.16g/t Au. Further exploration in this area is required.
- **Yeongdong District (SAU 100%):** Regional reconnaissance rock sampling continued with a peak assay of 16.6g/t Au in float with work ongoing.
- **Project Generation (SAU 100%):** Systematic baseline geological, geophysical and geochemical database compilation process initiated to help streamline future Project Generation work.
- Newly appointed exploration manager, Mr Robert Smillie, is on the ground in South Korea post quarter end to drive and expand exploration activity.
- First tranche of 50m BMV shares (25% of the ultimate total of 200m BMV shares) received for the sale of the Gubong and Kochang Joint Venture.
- Total cash, listed securities and receivables of approximately A\$20 million.
- Current Managing Director Mr Simon Mitchell to depart at the end of October.

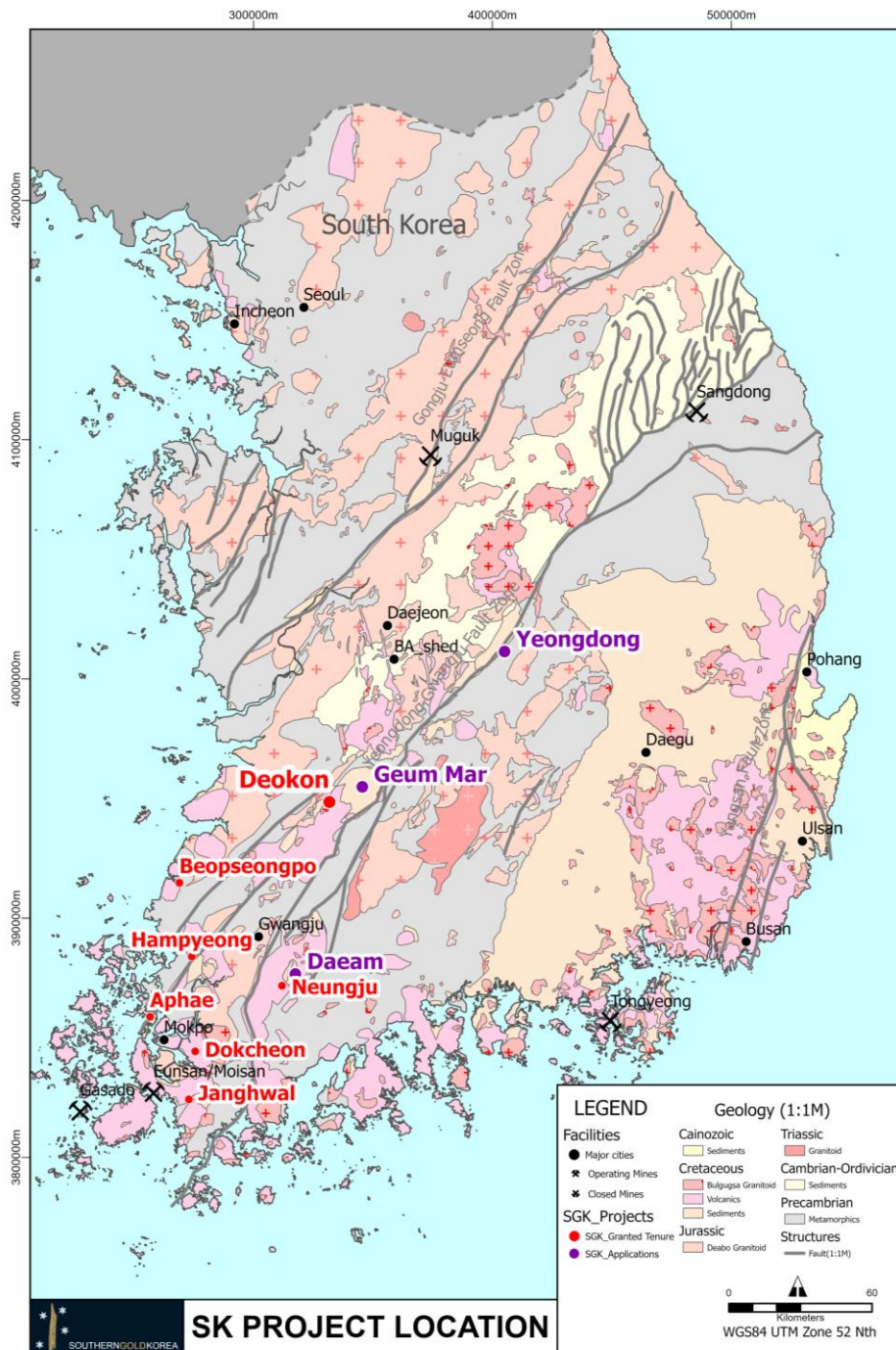


**Photo 1** – Drilling at Nettle, Deokon Project

### South Korea

During the September 2021 quarter, Southern Gold Limited (ASX:SAU) (“Southern Gold” or “the company”) continued activities on the ground in South Korea. The focus was on field reconnaissance sampling and database compilation for upcoming Project Generation work. The diamond drill program commencing in the previous quarter targeting the northern section of the Golden Surprise trend at the Deokon Project was completed, with one HQ3 diamond drill hole for 210.75m completed in the quarter, utilizing one drill rig.

Drilling during the quarter took place at Deokon, and regional surface sampling was conducted in the Yeongdong Basin.



**Figure 1:** Southern Gold project Locations in South Korea including former JV Projects sold to BMV. 100% owned projects in red, BMV former Joint Venture projects in blue. 100% owned projects under application in purple.

Deokon (SAU 100%)

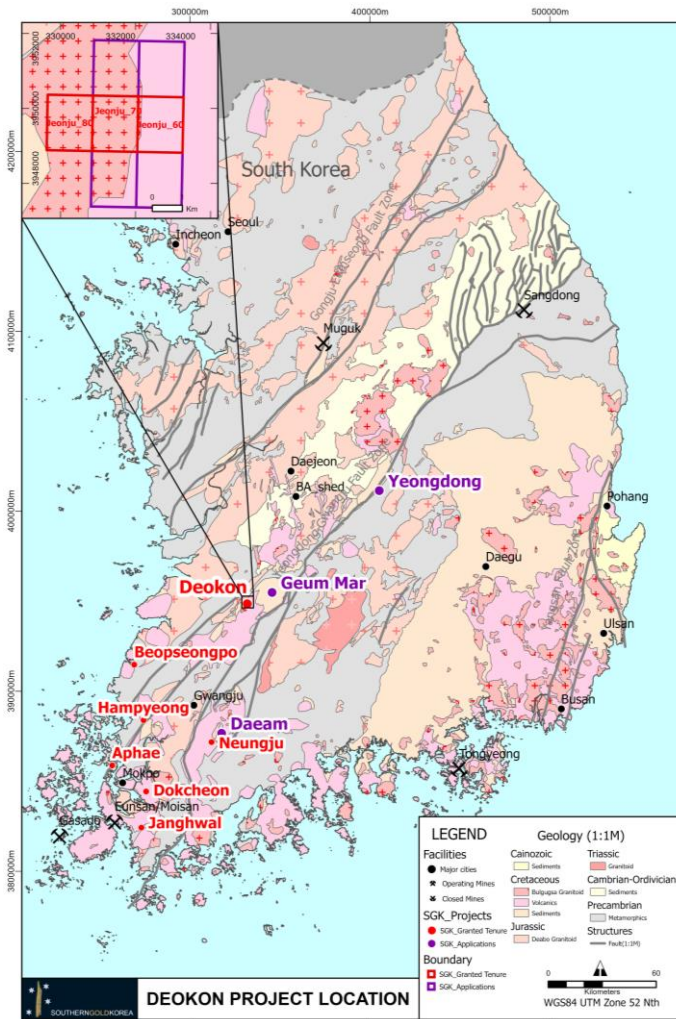


Figure 2: Deokon Project Location.

Drilling was completed at the Deokon Project in response to the previously announced discovery of the Thistle and Nettle zones. The outcrop at the Nettle Zone has returned a previously announced peak rock chip assay of 8.56g/t gold and 8,940g/t silver.

The drilling targeted a strong Au-Ag-As soil anomaly at Nettle, with a coincident interpreted intersecting structural position of the NNW Golden Surprise trend with an NNE trend from detailed structural mapping. Two holes for 251.2m were drilled in the June quarter, with a third hole for 210.75m drilled in July completing the program.

All results have been received across all three holes with maximum Au and Ag values being 0.22g/t Au and 2.7g/t Ag, with a peak intersection of 8.89m @ 0.16g/t Au in the third hole DKDD0013 (Table 1).

Results, although disappointing, were attributed to the poor host rock and lack of vein development or presence at depth. The overall Deokon Project region remains prospective where vein development occurs.

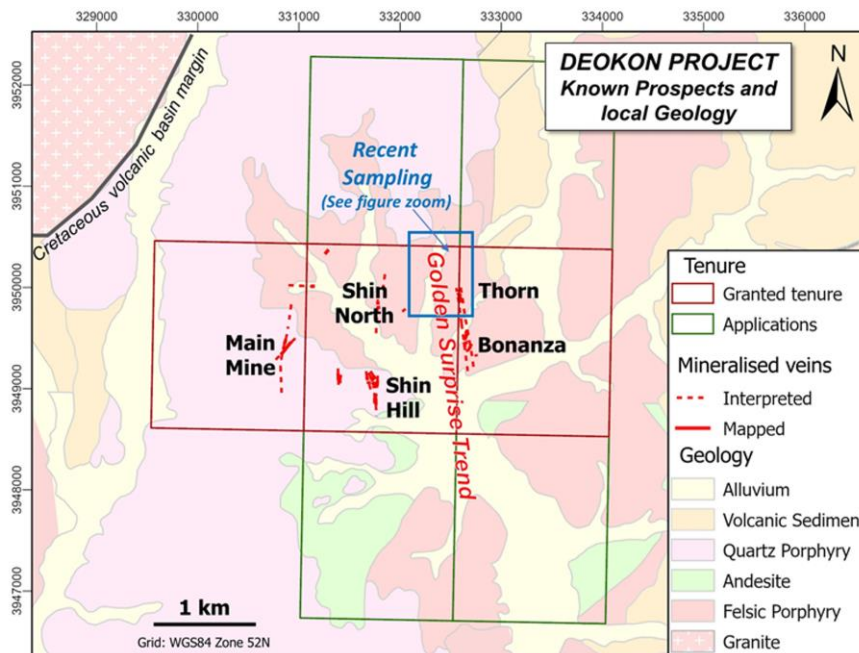
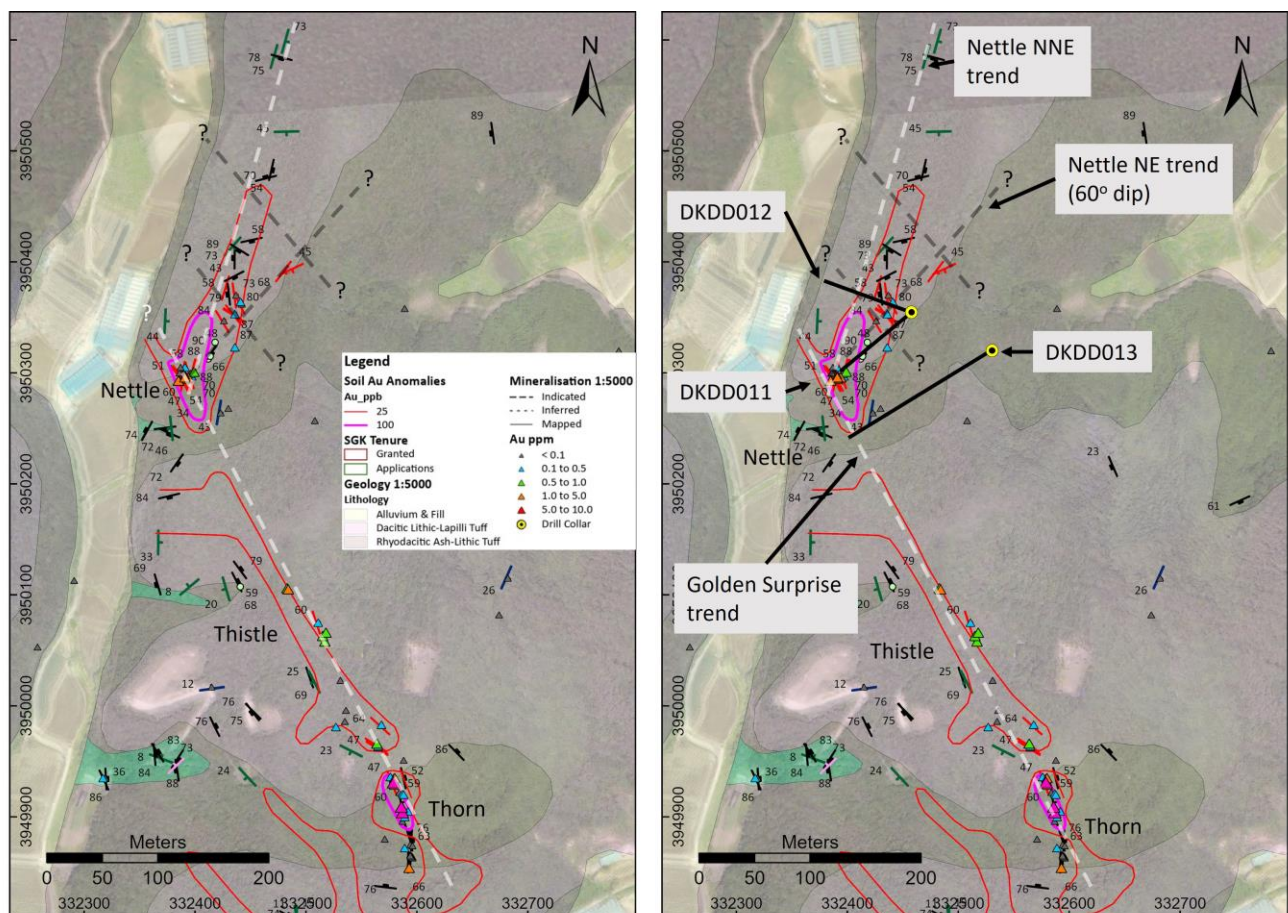


Figure 3 - Deokon established Prospect Locations

Hole ID	mFrom	mTo	Length (m)	ETW (m)	Au g/t	Ag g/t	As ppm	Bi ppm	Cu ppm	Pb ppm	Sb ppm	Zn ppm
DKDD013	197.17	206.06	8.89	8.89	0.16	1.5	411	1	4	18	5	43
DKDD012	41.31	41.52	0.21	0.21	0.15	2.1	90	1	4	29	4	11
DKDD012	37.5	37.78	0.28	0.28	0.14	1.8	142	1	3	21	5	46

**Table 1** – Deakon elevated gold and arsenic results. ETW = Estimated true width. Max internal dilution of 0.59m <0.1g/t Au but >0.05g/t Au in DKDD013 intercept.

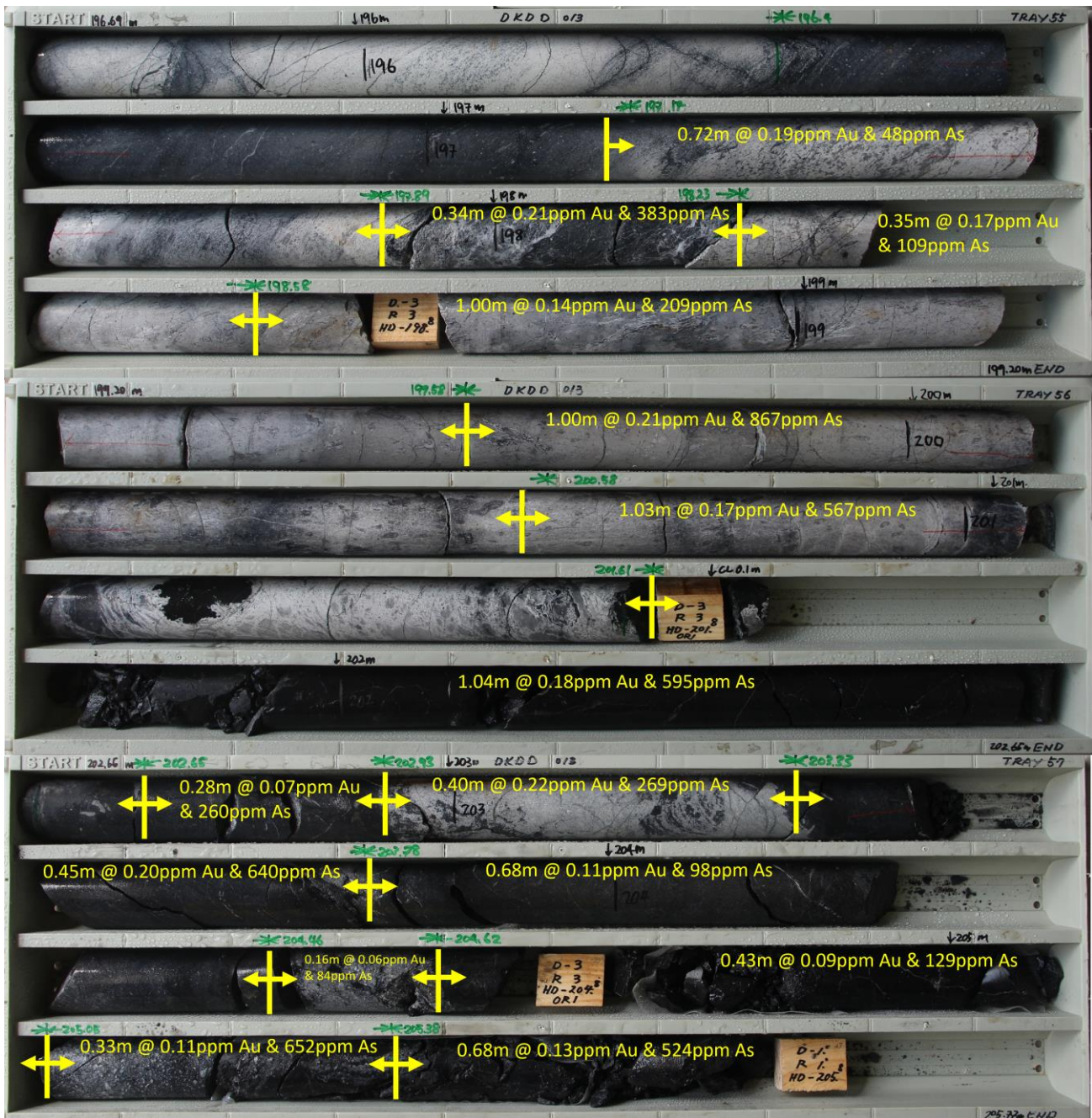


**Figure 4** - Nettle surface geology, structure, and soil geochemistry with completed drillholes.

Geology generally consisted of volcanogenic tuffaceous mud to sandstone sediments and weak flow foliated and quartz-feldspar pyritic rhyolite occasionally intruded by rhyolite dykes. Quartz-carbonate +/- sulphide veins and breccias were noted in areas of contact between carbonaceous mudstones and rhyolite units.

No significant veining or mineralisation was intersected in the drilling. The highest assays came from pyrite altered and quartz-carbonate veined carbonaceous mudstone on contact with rhyolite units (**Figure 5**).

The silica vein textural features and geochemical signatures of the Golden Surprise vein corridor are interpreted to be indicative of an overall epithermal system, characterised by a component of lithologic controlled lateral fluid flow and resultant alteration/ore metal zonation. Within the overall epithermal alteration/mineralisation trend, an intermediate-sulfidation signature is interpreted for the south (Bonanza Zone) and a low-sulfidation signature to the north (Thorn-Thistle-Nettle Zone).



**Figure 5** – DKDD013 assay results and sample intervals showing an example of arsenopyrite altered carbonaceous mudstone on rhyolite contact.

### Project Generation

Project generation regional reconnaissance sampling continued in the Yeongdong Basin and surrounds to the north-west and south-east of Southern Gold’s former Weolyu Project, with 70 rock samples taken before the onset of the wet season. All assays have been received, along with the remaining 114 assays for samples taken in the previous quarter. A further eleven samples returned >0.5g/t gold with a peak assay of 16.6g/t gold with numerous high grade base metal results from dumps from historical workings (**Table 2**). Further work is ongoing in the Yeongdong Basin.

Sample ID	Sample Type	Au g/t	Ag g/t	Bi ppm	Pb ppm	Zn ppm	Easting	Northing	mASL
KRS208485	Float	16.6	1.6	95	32	3	405908	4005240	287
KRS208598	Float	6.92	80.9	123	5890	2630	388671	4018097	219
KRS208594	Float	6.83	44.5	57	6140	5990	388670	4018082	217
KRS208486	Float	3.97	0.5	15	20	1	405905	4005257	266
KRS208596	Float	3.53	131	83	33200	62300	388673	4018083	218
KRS208600	Float	2.74	77.5	129	7820	4700	388671	4018100	220
KRS208539	Float	1.25	1.7	1	5	3	398215	4011653	180
KRS208602	Float	1.1	2.6	4	242	1240	388674	4018097	220
KRS208607	Float	0.63	1.6	<2	13	17	386739	4019284	165
KRS208569	Float	0.62	4.5	5	240	4280	391361	3987636	312
KRS208597	Float	0.58	92.7	151	11900	8810	388678	4018089	218

**Table 2** – Yeongdong Project Generation regional reconnaissance sampling details >0.5g/t Au (WGS84 Z52N).

### Exploration Database

The current Southern Gold Exploration database that incorporates a large amount of geological, geophysical and geochemical data is not fully GIS-integrated and requires systematic revision and updating for new target and project generation. Our Korean national staff's time is being focussed during the wet season to coordinate and execute the systematic collection and organisation of publicly available data and information from Government sources including Korea Resources Corporation (KORES), Korea Institute of Geoscience and Minerals Resources (KIGAM), Korean Mine Reclamation Corporation (MIRECO). Data from Korean Universities and non-Government sources, including the existing SGK database, various Journals, Japanese databases, are also being added into the database. Spatial infrastructure development and land category data will also be included in the database to allow for more precise prioritisation of exploration efforts in newly targeted areas based on land access regulations and restrictions.

This revised and updated database will be applied for the purpose of refreshed basin-hosted epithermal gold-silver exploration targeting. Team members will be able to develop multi-theme GIS data packages and supporting data for each basin, allowing more targeted and effective fieldwork.

Systematic subcrop and outcrop mapping and sampling of targeted regions is planned utilising Korean Geological staff next quarter, because of ongoing international travel restrictions. There will be a dual focus:

- within Projects or 'Near Project' areas; and
- new target areas not previously worked on by the Southern Gold team.

### Community and Environment

Community engagement continued at Deokon, Dokcheon, Janghwal and Yeongdong and will continue during the next quarter. Community liaison officers continue to diligently listen to the locals and determining the various issues within the wider Jeolla province community and have 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 site track at the Weolyu Project.

### Drilling Schedule

The immediate plan is to focus on Project Generation in the short term to define new targets after the summer wet season break, which can be systematically worked up into quality drill targets. The Daeam project is close to being drill-ready after planned geological fact mapping in October-November once the vegetation recedes post wet season and prior to winter.

### Tenure

The single tenement at Janghwal was granted. No new tenement applications were applied for. Tenement applications were resubmitted for Aphae, Deokon, Dokcheon, Geum Mar, Hampyeong and Yeongdong.

### Corporate

Southern Gold's recently appointed Exploration Manager, Mr Robert Smillie, has travelled to South Korea post quarter end and is now on the ground directing exploration efforts in country. It is expected that the technical team will reactivate field work shortly.

Bluebird Merchant Ventures Ltd (BMV) is now the sole owner of the former JV and manages all site activities at the Gubong and Kochang projects. The projects are currently on care and maintenance until such time as international travel resumes more broadly.

The first tranche of 50 million BMV shares has been received by Southern Gold, with a further 150 million shares in BMV remaining to be issued which is contingent on a prospectus being approved by the FCA in the UK. This process is now well advanced.

Southern Gold is in a strong cash position (A\$8 million) and has a "drill for equity" arrangement with Ausino Drilling Services to the value of US\$1.1 million (approx. A\$1.5 million). Southern Gold's 50m BMV shares currently held have a "mark to market" value of A\$2.7 million (1 AUD = 0.54 GBP and BMV share price of 2.9p) with the balance of the shares to be issued having a deemed value of A\$8.1 million. **Total cash, listed securities and receivables for Southern Gold are approximately A\$20 million.**

For the quarter, the Company had:

- Net cash outflows from Operating and Investing activities of \$0.94 million, which included \$0.36 million of exploration expenditure;
- Net cash outflows from Financing activities of \$0.02 million, comprising leasing costs;
- Providing total cash outflow of \$0.96 million, and an ending cash balance of \$8.0 million.

Cash flows for the quarter include related party payments of \$0.21 million comprising Directors fees and remuneration paid to the Managing Director Simon Mitchell and Executive Director Beejay Kim.

During the quarter the departure of Managing Director, Mr Simon Mitchell, was announced. Mr Mitchell ends his employment at Southern Gold on Friday 29 October 2021.

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

### 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
- 20210419 – ASX Deokon Project – Golden Surprise Au-Ag Trend Extended
- 20210618 – ASX Drilling at Nettle Zone Commences and field update

### 100% Owned Projects

Project Name	Tenement Info			Register Info		
	Korean	English	Block ID	No.	Type	Date of Granting
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
Janghwal	해남	Haenam	139	201302	Exploration	20/08/2021
Neungju	능주	Neungju	33	201042	Exploration	31/07/2018



### Drill Hole Collar Details

Hole ID	Prospect	Easting	Northing	mASL	Dip	Grid Azi	Length (m)
DKDD011	Nettle	332471	3950361	297	-45	234	150.4
DKDD012	Nettle	332471	3950361	297	-45	287	100.8
DKDD013	Nettle	332526	3950315	291	-45	236	210.75

**Table 3** – Deokon drill hole collar details (WGS84 Z52N)

### 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, Southern Gold’s aim is to find world-class 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 was an employee of Southern Gold Limited during the reporting period 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 drilling results not previously announced are within tenement Jeonju 70 held by Southern Gold at Deokon. Assay results related to new surface rock samples not previously announced are not within any tenements or tenement applications held by Southern Gold in the Yeongdong Basin and are of a regional reconnaissance nature.</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>
	<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, channel saw sampling 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 oriented and if so, by what method, etc.).</i>	HQ3 triple tube Diamond drilling was completed to obtain drill core.

Criteria	JORC Code explanation	Commentary
<i>Drill sample recovery</i>	<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.
<i>Logging</i>	<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 rock sampling reported in this release refers to sample intervals. Sampling conducted is reconnaissance in nature.  The entire drill core from all holes were logged, as well as the channel samples.
<i>Sub-sampling techniques and sample preparation</i>	<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 coarse split. The 1kg of pulp material is then split using a micro-riffle splitter to produce 500g of pulp reject, 250g of

Criteria	JORC Code explanation	Commentary
		<p>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>
	<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>	<p>Given the nature of the reconnaissance rock sampling, no QAQC samples were considered appropriate for the reporting of early-stage Exploration Results. The same QAQC methodology for the drilling was applied to the surface channel samples.</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>
	<p><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></p>	<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>
<p><i>Quality of assay data and laboratory tests</i></p>	<p><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></p>	<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> <p>For any historical KORES, where mentioned, drill core and underground channel samples, the nature, quality and</p>

Criteria	JORC Code explanation	Commentary
		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.
<i>Verification of sampling and assaying</i>	<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.
<i>Location of data points</i>	<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).
	<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

Criteria	JORC Code explanation	Commentary
		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 are normally designed nominally at 50m spacing along strike and 50-100m down dip on section. In this case, the drilling was more scout in nature.
	<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
<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 tenements Jeonju 60, 70 and 80 at the Deokon Project 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.
	<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>	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.
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	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  Historical records in general are not extensive and considered unreliable.  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.
<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</i></li> </ul>	A summary of significant drill results are summarized in the tables in the body of the text.  A summary of significant surface results are summarized in the tables in the body of the text.

Criteria	JORC Code explanation	Commentary
	<p>above sea level in meters) of the drill hole collar</p> <ul style="list-style-type: none"> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul>	
	<p>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.</p>	<p>No information has been excluded from this release to the best of Southern Gold's knowledge.</p>
Data aggregation methods	<p>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.</p>	<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>
	<p>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.</p>	<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 the maximum internal dilution was &lt;0.6m at &lt;0.1g/t Au and &gt;0.05g/t Au</p>
	<p>The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	<p>No metal equivalent values have been reported in this ASX Release.</p>
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p>	<p>No mineralisation widths or intercepts are reported in this report as the sampling reported is early-stage reconnaissance exploration grab sampling.</p> <p>Estimated true widths have been reported for the drilling.</p>
	<p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p>	<p>With regard to surface sampling it is not necessarily known what the relationship between mineralisation widths is as no drilling was undertaken.</p> <p>For the drilling, it was designed to be perpendicular across the target and intercepts are interpreted to be true width.</p>
	<p>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').</p>	<p>No downhole widths for surface sampling have been reported in this release as the sampling reported is early-stage reconnaissance exploration grab sampling.</p> <p>Estimated True widths have been reported for the drilling in the significant intercept tables in the body of the text.</p>
Diagrams	<p>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</p>	<p>Appropriate maps, sections, and tables for new results have been included in this ASX Release.</p>



Criteria	JORC Code explanation	Commentary
	<i>sectional views.</i>	
<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 16.6g/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>	No further drilling is being planned at the Nettle Prospect at Deokon, but more might be completed on the Deokon Project. Further surface sampling, soil sampling and/or trenching is being planned at Dokcheon NW, Geum Mar, Janghwal and Yeongdong District and possibly drilling at the Daeam Project.
	<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")

30 SEPTEMBER 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(208)	(208)
(b) development		
(c) production		
(d) staff costs	(352)	(352)
(e) administration and corporate costs	(213)	(213)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (short term lease payments)	(6)	(6)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(780)</b>	<b>(780)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(2)	(2)
(d) exploration & evaluation	(153)	(153)
(e) investments		
(f) other non-current assets		

## 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 (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments – JV disposal transaction costs	(2)	(2)
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(157)</b>	<b>(157)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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)	(18)	(18)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(18)</b>	<b>(18)</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	7,999	7,999
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(780)	(780)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(157)	(157)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(18)	(18)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>7,043</b>	<b>7,043</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	133	204
5.2	Call deposits	6,910	7,795
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,043</b>	<b>7,999</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	210
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>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.</i>		

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</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>		
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. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(780)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(153)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(933)
8.4 Cash and cash equivalents at quarter end (item 4.6)	7,043
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	7,043
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	7.6
<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:	

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

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 October 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.