



SOUTHERNGOLD

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Annual Report 2021/22



Corporate Information

Southern Gold Ltd.

ACN 107 424 519

ABN 30 107 424 519

Directors

Greg Boulton AM

Non-Executive Chairman

Robert Smillie

Managing Director

Peter Bamford

Non-Executive Director

Douglas Kirwin

Non-Executive Director

Michael McNeilly

Non-Executive Director

Beejay Kim

Non-Executive Director

Company Secretary

Ray Ridge

Corporate Governance Statement

Southern Gold's Corporate Governance

Statement can be found at the Company's website:

southerngold.com.au/corporate-governance

Registered and Principal Address

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Level 16, 70 Franklin Street
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Auditor

Grant Thornton Audit Pty Ltd.

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Wayville SA 5034

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Share Registry

Automic Pty Ltd

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The Chairmans Letter to Shareholders

Dear Fellow Southern Gold Shareholders

It has been a challenging year for Southern Gold, and while like many other companies we haven't escaped the global impact of COVID 19 or the turbulent global share market conditions, I am pleased report to you that as a result of the exploration investment and activity over these last 12 months, that the Company is well positioned to achieving exploration success in South Korea.

MANAGING DIRECTOR APPOINTMENT

We have undergone a leadership change, and with that a sharpened focus on executing our revised exploration strategy. Key to this has been the recent appointment of Robert Smillie as our new CEO in May, following his shift from New Zealand to South Korea in October initially in the Exploration Manager role. As Exploration Manager, Rob demonstrated outstanding leadership of the South Korea team, and together with his extensive exploration and geoscience experience spanning more than 30 years, brought fresh insights and energy into our exploration program. The Board considered this made him the natural choice as our new CEO after doing an Australian wide Executive search.

Having our CEO based in-country provides significant strategic and management leverage for the Company, allowing the Company to consider more deeply the pathway to exploration success based on assessing on-the-ground realities, developing relationships with key stakeholders, and pursuing less obvious opportunities. This has involved pausing exploration on current projects, relinquishing those that didn't make the grade, and investing more time and resources in developing a wider exploration portfolio. Doing so will provide us with a stronger foundation of drill targets to develop and test over a sustainable period. We strongly believe in success through the drill bit, and we want to ensure that when we drill that we test the most promising projects to maximise the opportunity for exploration success. We appreciate the patience of our loyal shareholders while we execute this new strategy. Drilling is planned to commence in Q3 of FY 2023.

SOUTH KOREA EXPLORATION

Key to execution has been bringing additional world-class ex-patriate exploration expertise to complement our South Korean Team. Our Chief Geologist, Scott Randall, joined us in February 2022 on FIFO from New Zealand, having played key roles in recent discoveries there with OceanaGold and Santana Minerals. Together with highly experienced field geology consultant Nick Tate, our team has gained fresh insights into where economic gold deposits may lie. Under the overall technical oversight of NED Doug Kirwin, and with on-going targeting and field support from ex-Ivanhoe geologist Craig Panther, I am proud to say that Southern Gold now has one of the best exploration teams anywhere.

In evaluating more than 150 new targets across southern South Korea during the year, our team spent more than 720 man-days in the field, travelled more than 40,000 kilometres, and took more than 1,400 samples, resulting in 71 new licence applications, bringing our licence holding to 138, covering 387 square kilometres as of the end of the June 2022. This exploration has resulted in encouraging new brownfields and greenfields projects, several containing or adjacent to historical gold mines. We were fortunate to have world-expert epithermal gold geologist Jeff Hedenquist visit several of these new projects in May, and his observations reaffirmed our confidence in the direction of our program and the prospectivity of our projects.

Moving into FY2023, we will continue progressing with project generation exploration of new targets in new regions and begin "work up" selected projects thorough more detailed field programs. Towards the end of Q2 of FY 2023 the team will assess and rank all our projects against key criteria and prepare the best for drill testing, currently planned for after the winter period in Q3 of FY 2023.

BMV INVESTMENT

The Board was very pleased that the sale of our Joint Venture interests in the Gubong and Kochang Projects to former JV partner Bluebird Merchant Ventures Ltd (BMV) was successfully finalised in December 2021, through the receipt of 200 million shares in BMV.

Under the terms of the Completion Agreement with BMV, SAU sold 50 million shares for \$0.9 million in April 2022, with the remaining 150 million valued at \$5.2 million to be held in a trading lock until April 2023. We were also pleased to see that BMV provided announcements to the London Stock Exchange on 12 and 19 April 2022 (refer Southern Gold ASX announcement 19 April 2022), in relation to accessing a funding agreement towards the commencement of mining in South Korea.

FUNDING

Your Company has \$4.0m in the bank to pursue our goals and monetisation of our 150M BMV shares after release from escrow will improve funding in the future.

AUSTRALIAN OPPORTUNITIES

Southern Gold Ltd did desk top research to identify junior Companies in the Gold and Copper sector in Australia for Joint Venture or Investment opportunities during 2022. While discussions took place with various parties, no suitable prospect was identified. We will continue to look for opportunistic deals.

BOARD CHANGES

Beejay Kim retired as an Executive Director but will continue as a Non-Executive Director and your Board support his re-election at the AGM.

Dan Hill retired as Company Secretary during 2022 and the Board would like to thank him for his diligent and professional performance over 9 years and thank our Financial Controller Ray Ridge for taking over Company Secretary.

I will retire as Chairman at the conclusion of the AGM and not seek re-election as a director.

It has been a pleasure and honour to be Chairman of Southern Gold. I look forward to remaining a shareholder and watching from afar the progress of our Company under the leadership of Robert Smillie.

Peter Bamford will take on the role of Chairman after the AGM and I wish him well in the future.

The Board has resolved not to appoint a replacement Director due to the strong skill and experience base of current Directors and to keep our cost structure at efficient levels.

THANK YOU

I would like to thank Robert Smillie for his energy and enthusiasm following his appointment as Exploration Manager and then as CEO in May this year.

Our team of Korean based geologists and support staff backed up by Expat Contractors with extensive exploration skills and experience must be thanked for their performance in difficult COVID times.

I would also like to thank my fellow Directors Peter Bamford, Michael McNeilly, Doug Kirwin, Beejay Kim and Robert Smillie who contributed to a clear direction for the Company to maximise the chance of finding a major discovery that will add share value to our Shareholders.

Yours sincerely



Greg Boulton AM
Chairman

Tenement Schedule

The following tenements are held by a 100% owned South Korean subsidiary, Southern Gold Korea Ltd, as at 15 September 2022.

Project Name	Tenement Info			Register Info		
	Korean	English	Block ID	No.	Type	Date of Granting
Hampyeong	□ □	Naju	136	200970	Exploration	11/01/2018
Aphae	□ □	Muan	99	201136	Exploration	26/03/2019
Deokon	□ □	Jeonju	70	201041	Exploration	31/07/2018
	□ □	Jeonju	80	201040	Exploration	31/07/2018
	□ □	Jeonju	60	201218	Exploration	17/12/2019
Dokcheon	□ □	Yeongam	116	201143	Exploration	12/04/2019
Janghwal	□ □	Haenam	139	201302	Exploration	20/08/2021

Directors' Report

The directors present their report of Southern Gold Limited (the Company) and its controlled entities (Consolidated Group or Group) for the financial year ended 30 June 2022.

Principal Activities

The principal continuing activity of the group in the year was the exploration for gold, silver, and other economic mineral deposits.

Financial Results

The net result of operations for the group for the year was a loss after income tax of (\$11,517,522) (2021: profit of \$4,344,043).

Dividends

No dividends were declared in relation to the current financial year ended 30 June 2022, and the directors do not recommend the payment of dividends in respect of the financial year.

Review of Operations

Southern Gold Limited ("Southern Gold" or the "Company") is an exploration company focussed on the country of South Korea. Southern Gold's 100% owned projects include a portfolio of epithermal gold-silver projects that are at an earlier stage of definition. Several have demonstrated high grade gold and silver mineralisation from surface sampling.

South Korea – 100% Southern Gold Exploration Projects

Deokon Gold-Silver Project: In July, the company completed diamond drilling at the Golden Surprise Trend, targeted on high grade surface results from outcrop and a co-incident a Au-Ag-As soil anomaly. Three holes for a total of 462 metres were drilled. Maximum Au and Ag values returned were 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. A lack of significant results was attributed to a lack of vein development. Despite these disappointing results, the majority of the Deokon Project remains untested by drilling, and further geological evaluation of the wider Deokon system is required to advance this project. In June 2022, the Mining Registry Office approved a 3-year extension of duration for the granted Deokon licences that include the historical Deokon and Shin mine workings.

Project Generation: In August 2021, the company elected to pause exploration on current projects and to shift focus for the year towards generating new projects to add to the exploration portfolio. This would provide a stronger foundation for future drill targeting, allowing the highest-ranked targets from a wider portfolio to be drill-tested.

Over the period September-December company staff and geology consultant Craig Panther undertook major data compilation and targeting study to generate new targets for regional field assessment. Targeting was initially centred on the Cretaceous-age Haenam Basin which hosts several SAU projects and the only currently operating epithermal gold-silver mine in South Korea at Gasado Island. Preliminary targeting of areas within the Gyeongyang and Jinan Basins was also completed.

This targeting study was the most comprehensive undertaken by the company, and was conducted over the winter period, with the aim of conducting fieldwork over the period February-June when outcrops are well exposed following post-winter die off of vegetation cover. Digital and paper-based data was obtained from a wide variety of sources and added these to the existing company database. Data included regional and prospect-scale geological maps, regional geochemical and geophysical surveys, mineral occurrences, abandoned mine locations, drill hole data, open file reports and high-resolution topographic data and images.

Sources of these data included the Korea Institute of Geoscience and Mineral Resources (KIGAM), Korea Mine Rehabilitation and Mineral Resources Corporation (KOMIR), unpublished University theses, and peer-reviewed research publications. All data was compiled into the company Arc GIS Database which is now highly valuable asset for targeting and planning future fieldwork and will be constantly added to as new data are generated from field

activities.

By late January more than 150 targets had been generated for initial field assessment. In order to cover as much new ground as possible with multiple field teams, new expatriate geology staff Scott Randall and Tosi Santosa joined the Southern Gold team on a full-time basis on FIFO roster. Field geology consultant Nick Tate joined the team for the period February-June, the optimal time to conduct fieldwork post-winter with “burn-off” of vegetation.

Southern Gold’s exploration team spent over 720 days in the field and sampled 1,474 rocks for analysis, which is the most comprehensive field program conducted to date by the Company in South Korea. SAU lodged 71 new licence applications (as at 31 July 2022) increasing its total exploration licences under application and granted to 153, covering an area of 429sq km.

Promising Brownfields and Greenfields projects have been added to the exploration portfolio, including several close to, or containing historic gold mines and artisanal workings, including the new Angsan Project adjacent to the historic Geoje copper-gold mine on Geoje Island. License applications were also lodged on Gasado Island, 4 kilometres north of the currently operating Gasado gold mine. Limited exploration was also conducted around existing company projects including Daeam, Dokcheon and Deokon to identify extensions to known mineralised trends and to expand project footprint across favourable host rocks.

The identification of targets, the process for ranking them for new licence applications and for detailed follow-up exploration is being driven primarily by the Company’s expanding “on the ground” geologic understanding. This understanding includes the following important observations:

- The highest prospectivity targets are those with large alteration systems and mineralisation in associated structures or breccias;
- It is becoming more apparent that there is a very close association between epithermal systems and rhyolite and dacite flow dome complexes;
- The best intermediate and high sulphidation systems have large volumes of alunite alteration close to mineralised structures, often present as abandoned mines; and
- We are seeing a clear link between quartz feldspar porphyries and epithermal systems, one of which (Dokcheon West) has intense phyllic alteration and the other (Geoje Island Angsan) has quartz-magnetite stockworks and molybdenite mineralisation.
- The close association between large clay-alunite alteration zones and epithermal mineralisation systems suggests that hyperspectral satellite image analysis will be a very effective targeting tool to locate areas of alteration that have not yet been mined.

Starting in Q2 FY23 after the summer wet season ends, our staff will begin to carry out more detailed follow-up work within selected projects, including programs of geologic mapping, geochemical sampling and/or geophysical survey to generate targets for drilling, currently scheduled for Q3 2023.

The team will also continue increasing the “search space” and adding to the project pipeline through additional data compilation, targeting, and follow-up reconnaissance exploration over the autumn period. This will include acquisition of ASTER (Advanced Spaceborne Thermal Emission and Radiometry) data for targeting areas of clay alteration.

Investing in our Korean staff’s career development and learning continues to be a high priority for the company, with programs of on-the-job training and mentoring conducted by our expatriate staff. In-house workshops and seminars were also conducted throughout the year, including a site visit in May by epithermal expert Jeff Hedenquist.



Database Geologist Tosi Santosa working with ARC GIS database

Shares held in BMV

Southern Gold Ltd, through its wholly owned Singaporean subsidiary, International Gold Private Limited (“IGPL”), held a 50% equity interest in two incorporated joint ventures, Gubong Project Chusik Hoesa and Kochang Project Chusik Hoesa, in the Republic of Korea. The other 50% being held by London Stock Exchange (“LSE”) listed Bluebird Merchant Ventures Ltd (BMV).

In mid-2020, BMV elected to acquire the 50% interests held by IGPL when IGPL did not support BMV’s proposed decision to mine for each project. Pursuant to each of the Joint Venture Agreements, an independent expert set a value of US\$9.945 million for IGP’s interest in the two joint ventures. On 28 June 2021, Southern Gold and BMV executed a definitive agreement to settle the matter in return for 200 million BMV shares.

50 million BMV shares were received on 28 June 2021, with IGPL receiving the final 150 million BMV shares, during the year ended 30 June 2022. Subsequently, IGPL agreed to sell 50 million BMV shares to a third party, at a discounted price of £0.01 per share, to assist in BMV’s negotiation of a funding package to accelerate its move to gold production in the former joint venture projects. BMV ability to fund the development of its Southern Korean projects is considered critical to the future value of the Group’s remaining 150 million BMV shares. For further information, refer to Southern Gold’s ASX announcement 19 April 2022, and BMV’s LSE announcements on 12 and 19 April 2022. The total consideration of £500,000 (approximately \$875,000) was transacted in two equal tranches. Southern Gold transferred the first tranche of 25 million BMV Shares for £250,000 prior to 30 June 2022, with the second tranche of 25 million BMV Shares for £250,000 completed on 23 September 2022.

The remaining 150 million BMV shares held by IGPL have a mark to market value of £3,150,000 (or \$5,370,844), based on the closing price of BMV shares of 2.1 pence on the London Stock Exchange on 21 September 2022, being the last practicable date prior to finalising the Annual Financial Report.

COVID19 Impacts

The global COVID 19 pandemic caused some business disruption for the company, during the year with daily case numbers in South Korea reaching a peak of over 620,000 in mid-March. The main impacts were international travel and border restrictions, with FIFO expatriate staff and consultants requiring to spend time in quarantine on occasion. However, this inconvenience was successfully mitigated through the adoption of extended work periods in South Korea by expatriate staff, and by the Exploration Manager being relocated to South Korea in October.

The health and safety of our staff during the pandemic was the company's top priority, with standard procedures in place to minimise the risk of contracting COVID 19, including vaccination of staff, the use of face masks, social distancing, and ensuring the availability of sanitiser in the office and in vehicles. Travel to major population centres was restricted, with field work in the more remote and rural areas of the country was able to be conducted safely. Notwithstanding these measures, given the highly contagious Delta Variant that emerged during the year, most of our staff contracted the virus. Fortunately, symptoms were negligible, and all staff have fully recovered.

Competent Person's Statements

The information in this report that relates to Exploration Results has been compiled under the supervision of Mr. Robert Smillie (AusIMM). Mr Smillie who is an employee of Southern Gold Limited and a member of the Australian Institute of Geoscientists 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 Smillie 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.

Corporate

Finance

During the year ended 30 June 2022, The Company did not raise capital through placing or rights issue.

As at 30 June 2022, the Company has an ending cash balance of \$4,560,622, together with the £250,000 (approximately \$440,000) due for the sale of the second tranche of 25 million BMV shares (subsequently completed on 23 September 2022).

The remaining holding of 150 million BMV shares have a mark to market valuation at 30 June 2022 of £3,150,000, or \$5,554,576, based on the closing price of BMV shares of 2.1 pence on the London Stock Exchange on that date.

Changes in State of Affairs

During the financial year there was no significant change in the state of affairs of the Group other than that referred to in the Review of Operations, or in the financial statements or notes thereto.

Events Subsequent to Reporting Date

The sale of the second tranche of 25 million BMV shares was completed on 23 September 2022 for consideration of £250,000.

Other than the above, there has not arisen any other matters or circumstances, since the end of the financial year which significantly affected or could affect the operations of the Group, the results of those operations, or the state of the Group in future years.

Likely Developments

In August 2021, the Company elected to pause exploration on current projects and shifted focus for the year towards generating new projects. This new initiative is expected to provide a stronger foundation for future drill targeting in South Korea on a country wide basis, allowing the highest-ranked targets from a wider portfolio to be drill-tested. The Company plans to recommence drilling activity in the third quarter of FY22/23.

Environmental Regulation and Performance Statement

Southern Gold's wholly owned subsidiary in South Korea, Korea Metal Resources (previously Southern Gold Korea), carries out exploration activities. Exploration activity is principally regulated at the national level by the Ministry of Trade, Industry and Energy (MOTIE) which in turn manages mining and exploration affairs through the Mine Registration Office and the Mine Safety Office.

There have been no known environmental breaches attributed to the Group's exploration activities to date.

Options

At the date of this report, the unissued ordinary shares of Southern Gold Limited under option are as follows:

Issue Date	Date of Expiry	Fair Value at Grant Date \$	Exercise Price \$	Number under Option
19/10/2020	18/10/2022	-	\$0.180	42,500,000
19/10/2020	18/10/2022	\$0.04627	\$0.180	2,000,000
19/10/2020	18/10/2022	\$0.05013	\$0.160	1,584,100
9/09/2021	16/09/2025	\$0.02845	\$0.100	1,760,000
29/10/2021	31/10/2025	\$0.03259	\$0.120	3,700,000
27/01/2022	10/02/2026	\$0.02580	\$0.100	400,000
				51,944,100

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

For details of options issued to Directors and Executives as remuneration, refer to the Remuneration Report.

Performance Rights

Ausino Drilling Services Pty Ltd (ADS) holds 10 million performance rights at US\$0.11 per right for US\$1.1 million. The performance rights will vest if, and when, ADS provide drilling services, with 25% of the invoices for drilling services to be paid in Southern Gold shares.

Directors

The following Directors of the Company at any time during the financial year are as set out below:

Greg Boulton AM (Non-Executive Chairman)

Robert Smillie (Managing Director) (Appointed 9 May 2022)

Peter Bamford (Non-Executive Director)

Beejay Kim (Non-Executive Director)

Douglas Kirwin (Non-Executive Director)

Michael McNeilly (Non-Executive Director)

Simon Mitchell (Resigned as Managing Director 29 October 2021)

Details of Directors' qualifications, experience and special responsibilities of the existing Directors are as follows:

Greg Boulton AM (Non-Executive Chairman) (Member of Audit Committee)

B.A (Accounting), FCA, FCPA, FAICD

Mr Boulton has extensive commercial experience spanning over 30 years as CEO and Non-Executive Director for many Private and Public companies. He has broad experience in capital raisings, acquisitions and commercial negotiations and is a Fellow of the Chartered Accountants Australia & New Zealand, CPA Australia and the Australian Institute of Company Directors.

Mr Boulton is currently on the board of Super SA (Chairman) and other South Australian private companies. Mr Boulton was previously a Non-Executive Director and Chairman of ASX listed Kogi Iron Limited (retired 15 December 2020) and ASX listed Kangaroo Island Plantation Timbers Ltd (September 2022).

Mr Boulton currently holds 3,778,256 shares and 900,000 options in Southern Gold Limited.

Robert Smillie (Managing Director) (Appointed 9 May 2022)

MBA, MSc, FSEG, MAusIMM

Robert Smillie was appointed Managing Director, effective from 9 May 2022. Mr Smillie has been Southern Gold's Exploration Manager in South Korea since 6 September 2021 and has demonstrated outstanding leadership in administration and team building of our Korean team while being based in South Korea.

Mr Smillie is an experienced management and exploration professional, with 32 years of experience, including significant epithermal gold exploration and is particularly familiar with Asia and South Korea. Mr Smillie holds a Master of Business Administration from Victoria University, New Zealand, and a Master of Science from Otago University majoring in Geology. Mr Smillie's previous senior roles include exploration and Country Management for companies such as Ok Tedi Mining in Papua New Guinea, the National Petroleum and Mining Authority in Timor-Leste and Calibre Mining in Papua New Guinea, the Solomon Islands and Vanuatu and Oceana Gold Ltd at projects in New Zealand and the Philippines.

Mr Smillie currently holds 500,000 shares and 750,000 options in Southern Gold Limited.

Peter Bamford (Non-Executive Director) (Chair of Audit Committee)

BSc (Eng) Mining, ARSM, MAICD, FAusIMM

Mr Bamford has 40 years' experience as mining engineer and corporate executive in the mining industry more recently specialising in gold. Following twelve years of operational roles at Mine Isa Mines and Metana/GMA his experience includes executive management roles covering merger and acquisitions, feasibility studies, fund raising and operations and has served as an executive and non-executive director on various ASX-listed companies. His responsibilities have included development, project oversight and operations for three new successful gold mines in Australia within the last twenty years. He also served for nine years on the WA Chamber of Minerals and Energy Executive Council as well as Chair of the Mines Security Service Committee overseeing security within the WA gold industry.

Mr Bamford currently holds 406,667 shares and 600,000 options in Southern Gold Limited.

Beejay Kim (Non-Executive Director)

BA (Business Administration), MBA

Beejay Kim resigned his Executive role on 30 April 2022 and remains as a Non-Executive Director.

Bong Joo (Beejay) Kim is a professional project manager who has had a long career with Samsung C&T Corporation and Hyundai Engineering and Construction Company over 30 years. As a senior executive for Samsung C&T, Mr Kim led projects in several countries and regions including the Middle East, Australia and South East Asia. This includes more recent positions of Vice President and Regional Representative of Saudi Arabia LLC and Head of MENA Regional Headquarters in the UAE for Samsung C&T. Mr Kim's work has been in leading construction of infrastructure in various countries, including 2 years in Australia where he set up Samsung C&T's Australian office and was heavily involved in several project tenders including the successful winning of a major iron ore infrastructure project in Western Australia. Mr Kim has formal qualifications in Business Administration, including leadership program's at UC Berkeley and Cornell University. He completed an MBA through Hyundai's Engineering and Construction company business school.

Mr Kim currently holds 300,000 shares and 1,000,000 options in Southern Gold Limited.

Douglas Kirwin (Non-Executive Director)

MSc, FSEG, FAIG, FAusIMM

Doug Kirwin is an Australian geologist with over 45 years of international experience. His exploration teams have been responsible for several well-known mineral discoveries which are now being mined, the most notable being the Hugo Dummett ore body at the giant Oyu Tolgoi gold copper deposit in Mongolia developed by Rio Tinto. He was executive vice president of Ivanhoe Mines from 1995 to 2012 during which time Mr Kirwin's team was responsible for the epithermal gold-silver discoveries in South Korea (Eunsan, Moisan and Gasado Island, all of which became mines) among others. Mr Kirwin has been keen to more actively explore South Korea ever since.

Besides Hugo Dummett and the South Korean discoveries, Mr Kirwin's exploration group was responsible for the discovery of the Merlin Mo-Re deposit in Australia, the Ulugtau Au project in Kyrgyz Republic and several gold discoveries such as Hill 217 in China and Kerta, Jelai and Seruyung in Indonesia.

Mr Kirwin is currently an independent consulting geologist. He has an MSc in mineral exploration from James Cook University where he is an adjunct professor of geology and was President of the Society of Economic Geologists in 2019.

Mr Kirwin currently holds 333,334 shares and 600,000 options in Southern Gold Limited.

Michael McNeilly (Non-Executive Director)

BA (Internal Economics)

Michael McNeilly is CEO, and Director of AIM/ASX dual listed natural resources investing company Metal Tiger Plc. Mr McNeilly has extensive experience in listed companies and is currently Non-Executive Director of ASX-listed Cobre Limited. He sits on several private company boards within the Metal Tiger group.

Past board appointments include MOD Resources Ltd (up to acquisition by Sandfire in November 2019), Metal Capital Ltd (until November 2018), Greatland Gold Plc (until October 2017), Arkle Resources Plc (until November 2019). Mr McNeilly also has a deep understanding of the equity capital markets having worked at broking house Arden Partners Plc and Allenby Capital Ltd where he was part of their corporate finance teams during 2011-2015.

Mr McNeilly studied Biology at Imperial College London and has a BA in International Economics at the American University of Paris. He is fluent in French.

Mr McNeilly currently holds 600,000 options in Southern Gold Limited.

Company Secretary

The following person held the position of Company Secretary during the financial year:

Ray Ridge

BA (Acc), CA, GIA (cert)

Ray Ridge was appointed Company Secretary, effective from 19 May 2022.

With over 20 years accounting experience, Mr Ridge has held senior management positions in finance, compliance and commerce across a range of industries, including previous appointments as General Manager Commercial & Operations with the Utilities, Government and Power Business Group of Parsons Brinckerhoff, CFO of the Merchandise Division of Elders Ltd and Senior Audit Manager at Arthur Andersen. Mr Ridge has recently held, or currently holds, Company Secretary roles at four other ASX listed companies.

Mr Ridge currently holds 100,000 options in Southern Gold Limited.

Daniel Hill (Resigned as Company Secretary 19 May 2022)

Remuneration Report (audited)

The remuneration policy is designed to align Key Management Personnel objectives with shareholder and business objectives by providing a fixed remuneration package to Non-executive Directors and time-based remuneration to Executive Directors. The Board of Southern Gold believes the policy to be appropriate and effective in attracting and retaining the best Directors and Executives to manage and direct the Group, as well as create goal congruence between Directors, Executives and shareholders.

The Company's policy for determining the nature and amounts of emoluments of board members and other Key Management Personnel of the Company is detailed below.

The Company's constitution specifies that the total amount of remuneration of Non-Executive Directors shall be fixed from time to time by a general meeting. The current maximum aggregate cash remuneration of Non-executive Directors has been set at \$300,000 per annum. Directors may apportion any amount up to this maximum amount amongst the Non-executive Directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors. The remuneration of the Managing Director is determined by the Non-executive Directors and approved by the Board as part of the terms and conditions of employment which are subject to review from time to time. The remuneration of other executive officers and employees is determined by the Managing Director subject to the approval of the Board.

Non-executive Director remuneration is by way of fees and statutory superannuation contributions. Directors do not participate in schemes designed for remuneration of executives and are not provided with retirement benefits.

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The Board is responsible for assessing relevant employment market conditions and achieving the overall, long term objective of maximising shareholder value, through the retention of high quality personnel.

The Company has an Employee Share Option Plan approved by shareholders that enables the Board to offer eligible employees options to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, options to acquire ordinary fully paid shares may be offered to the Company's eligible employees at no cost unless otherwise determined by the Board in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success and profitability for the Company and to maximise the long-term performance of the Company.

The employment conditions of the Managing Director are formalised in a contract of employment. The base salary as set out in the employment contract is reviewed annually. The Managing Director's contract may be terminated at any time by mutual agreement. The Company may terminate the contract without notice in instances of serious misconduct.

Mr Ridge is not employed by the Company. His services are provided in his capacity as a consultant to act as Company Secretary of, and provide accounting services to, Southern Gold.

During the financial year there were no remuneration consultants engaged by the Company.

Performance-based Remuneration

The Group currently has no performance-based remuneration component built into Non-executive Director packages. Mr Smillie was appointed Managing Director on 9 May 2022 with an annual salary of \$320,000, inclusive of superannuation. The Company provides accommodation in South Korea for the Managing Director, together with health insurance and two return flights to New Zealand per annum. There is no formal relationship between the board policy for remuneration of Key Management Personnel and the Company's performance for the last four years.

The Group has one Executive Director, and five Non-executive Directors. Prior to 1 May 2022, there were two Executive Director positions, and four Non-executive Directors. Executive Directors are paid a salary, while Non-executive Directors are paid directors' fees. The Non-executive Directors do not currently participate in any incentive scheme.

Remuneration packages contain a base salary/fees, together with post employment benefits (superannuation) where applicable.

Shares issued on exercise of remuneration options

No shares were issued to Directors or other Key Management Personnel as a result of the exercise of remuneration options during the financial year.

Directors' and other Key Management Personnel interests in shares and options

Directors' and other Key Management Personnel relevant interests in shares and options of the Company are disclosed in section (d) of the Remuneration Report and in Note 4 of the Financial Report.

Shares and Options granted as remuneration

No remuneration shares were issued in the year ended 30 June 2022.

Options were granted to Directors & Key Management Personnel during the year. Options granted and held by Directors & Key Management Personnel are disclosed in section (c).

All options granted have vested and no options were exercised by Directors & Key Management Personnel in the financial year.

Remuneration of Directors and Key Management Personnel

This report details the nature and amount of remuneration for each Key Management Person of Southern Gold Limited.

(a) Directors and Key Management Personnel

The names and positions held by Directors and Key Management Personnel of the Group during or since the end of the financial year are:

Directors	Position
G C Boulton AM	Chairman – Non-Executive
R Smillie	Managing Director – Executive (Appointed 9 May 2022)
S Mitchell	Managing Director – Executive (Resigned 29 October 2021)
P Bamford	Director – Non-Executive
D Kirwin	Director – Non-Executive
M McNeilly	Director – Non-Executive
B Kim	Director – Non-Executive*

* Previously Executive Director prior to 1 May 2022.

Key Management Personnel	Position
R Ridge	Company Secretary (Appointed 19 May 2022)
D L Hill	Company Secretary (Resigned 19 May 2022)

(b) Remuneration Directors and Key Management Personnel

2022	Short Term Benefits				Share Based Payments (options)	Post Employment	Total	Remuneration as share based
	Primary Benefits	Directors' Fees	Salary and Leave	Cash Bonus ¹		Consulting fees		Super Contribution
		\$	\$	\$	\$	\$	\$	%
Directors								
G C Boulton ⁶	96,000	-	-	23,300	29,331	-	148,631	20%
S Mitchell ¹	-	197,796	20,000	-	-	11,200	228,996	0%
R Smillie ^{2,7}	-	239,138	-	-	21,338	2,634	263,110	8%
P Bamford ⁶	43,636	-	-	16,800	19,554	4,364	84,354	23%
D Kirwin ⁶	48,000	-	-	-	19,554	-	67,554	29%
M McNeilly ⁶	48,000	-	-	-	19,554	-	67,554	29%
B Kim ^{3,6}	8,000	227,618	-	-	32,590	2,632	270,840	12%
Other KMP								
R Ridge ⁴	-	-	-	15,351	-	-	15,351	0%
D L Hill ^{5,8}	-	-	-	7,318	2,845	-	10,163	28%
	243,636	664,552	20,000	62,769	144,766	20,830	1,156,553	13%

¹ Resigned 29 October 2021. Short term benefits for the period include a salary of \$92,000 for four months of service, \$13,796 of annual leave paid upon cessation of employment, an agreed termination payment of \$92,000 and a \$20,000 cash bonus. The bonus was the final amount paid in relation to the 2021 annual bonus which was determined by the Board in July 2021.

² Appointed as Exploration Manager on 6 September 2021 and appointed Managing Director on 9 May 2022. Remuneration in the above table for Mr R Smillie includes the period as Exploration Manager and Managing Director, as both are considered KMP roles.

³ Resigned as an Executive on 30 April and remains as a Non-executive Director. Short term benefits for Mr Kim include his Executive salary of \$167,575 through to 30 April 2022, unused annual leave paid of \$15,978 and \$44,064 severance pay as required by South Korean legislation.

⁴ Appointed 19 May 2022.

⁵ Resigned 19 May 2022.

⁶ Following shareholder approval on 29 October 2021, 3,700,000 unlisted Options were granted to the Directors as follows: 900,000 to Mr Boulton, 1,000,000 to Mr Kim, and 600,000 each to Messrs Bamford, Kirwin, and McNeilly. The options have an exercise price of \$0.12, and expire on 31 October 2025. These options were valued at \$0.03259 per option using the Black-Scholes method.

⁷ 750,000 unlisted options were granted to Mr Smillie on 17 September 2021 under the Company's Employee Share Option Plan, following his appointment as Exploration Manager. The options vest immediately, have an exercise price of \$0.10, and expire on 16 September 2025. These options were valued at \$0.02845 per option using the Black-Scholes method.

⁸ 100,000 unlisted options were granted under the Company's Employee Share Option Plan on 17 September 2021 to Mr Hill. The options vest immediately, have an exercise price of \$0.10, and expire on 16 September 2025. These options were valued at \$0.02845 per option using the Black-Scholes method.

2021	Short Term Benefits				Share Based Payments (options)	Post Employment	Total	Remuneration as share based
	Primary Benefits	Directors' Fees	Salary and Leave	Cash Bonus ¹		Consulting fees		
	\$	\$	\$	\$	\$	\$	\$	%
Directors								
G C Boulton	93,000	-	-	-	-	-	93,000	0%
S Mitchell ¹	-	276,000	35,000	-	-	29,545	340,545	0%
D J Turvey ²	17,123	-	-	-	-	1,627	18,750	0%
P Bamford	42,466	-	-	-	-	4,034	46,500	0%
D Kirwin	48,000	-	-	-	-	-	48,000	0%
M McNeilly	46,500	-	-	-	-	-	46,500	0%
B Kim	-	212,364	-	-	-	3,202	215,566	0%
Other KMP								
D L Hill	-	-	-	12,535	-	-	12,535	0%
	247,089	488,364	35,000	12,535	-	38,408	821,396	0%

¹ The annual bonus is dependent on a number of objectives, and is partly paid during the applicable year to the extent any objectives are clearly met before 30 June, with the remainder determined subsequent to 30 June. The bonus amount included as remuneration for the year ended 30 June 2021 comprises: 1) a final payment of \$15,000, related to the 2020 annual bonus, which was determined by the Board in August 2020; and 2) an amount of \$20,000 paid in November 2020 as the first payment related to the 2021 annual bonus year. Subsequent to the year ended 30 June 2021, the Board determined a final amount of \$20,000 to be paid in relation to the 2021 annual bonus which will be included as remuneration for the year ended 30 June 2022. The two amounts relating to the 2021 annual bonus, taken together, represent 80% of the maximum 2021 bonus of \$50,000.

² Retired 26 November 2020.

(c) Ordinary Shares and Options Held by Directors and Key Management Personnel

The number of ordinary shares held by Directors and Key Management Personnel in Southern Gold Limited during the financial year is as follows:

30 June 2022	Balance at beginning of year	Acquired/ (disposed) on market	Participation in Placement	Balance at end of year
G C Boulton AM	3,578,256	200,000	-	3,778,256
R Smillie ¹	-	500,000	-	500,000
S Mitchell ²	1,000,000	-	-	1,000,000
P Bamford	406,667	-	-	406,667
D Kirwin	333,334	-	-	333,334
M McNeilly	-	-	-	-
B Kim	300,000	-	-	300,000
R Ridge ³	-	-	-	-
D L Hill ⁴	492,810	-	-	492,810
	6,111,067	700,000	-	6,811,067

¹ Appointed Exploration Manager 6 September 2021 and Managing Director on 9 May 2022. ² Balance at the date of retirement, 29 October 2021. ³ Appointed 19 May 2022, opening balance as at the date of appointment. ⁴ Balance as at the date of retirement, 19 May 2022.

The number of unlisted options over ordinary shares held by Directors and Key Management Personnel in Southern Gold Limited during the year is as follows:

30 June 2022	Balance at beginning of year	Options granted	Lapsed or Cancelled	Balance at end of year	Vested and exercisable
G C Boulton AM	886,148	900,000	(886,148)	900,000	900,000
R Smillie ¹	-	750,000	-	750,000	750,000
S Mitchell ²	1,585,001	-	-	1,585,001	1,585,001
P Bamford	433,334	600,000	(433,334)	600,000	600,000
D Kirwin	566,667	600,000	(566,667)	600,000	600,000
D McNeilly	-	600,000	-	600,000	600,000
B Kim	700,000	1,000,000	(700,000)	1,000,000	1,000,000
R Ridge ³	100,000	-	-	100,000	100,000
D L Hill ⁴	100,000	100,000	(100,000)	100,000	100,000
	4,371,150	4,550,000	(2,686,149)	6,235,001	6,235,001

¹ Appointed Exploration Manager 6 September 2021 and Managing Director on 9 May 2022. ² Balance at the date of retirement, 29 October 2021. ³ Appointed 19 May 2022, opening balance as at the date of appointment. ⁴ Balance as at the date of retirement, 19 May 2022.

The above balances of ordinary shares and options as at 30 June 2022, may differ from the holdings disclosed in the Directors Report, as the Directors Report provides each Directors' shareholdings as at the date of the Directors report.

(d) Service agreements

Remuneration and other items of employment for the Managing Director, Mr Robert Smillie, are formalised in a service agreement approved by the Board. The major provisions are as follows:

- Mr Smillie was appointed as Managing Director effective from 9 May 2022 with an annual salary of \$320,000, inclusive of any superannuation. Prior to 9 May 2022, Mr Smillie was employed by the Company as Exploration Manager.
- The Board are currently considering a long term incentive plan for the Managing Director.
- Termination without notice in the event that Mr Smillie
 - is guilty of serious or wilful misconduct; or
 - fails to remedy a breach of the Agreement within 14 days of receipt of notice to do so.
- Termination without cause by either party with the provision of maximum three calendar months' notice or by agreement in writing by the parties.

Mr Kim resigned as an Executive effective 31 May 2022. Prior to this, Mr Kim was being paid an Executive Director annual salary of KRW 180,000,000, and statutory superannuation of KRW 2,713,800. Mr Kim continues as a Non-executive Director, receiving \$4,000 per month.

During the year ended 30 June 2022, the Company agreed with Mr Boulton to additionally provide services as acting CEO, at an hourly rate of \$200, whilst the Company was in the process of recruiting a new CEO.

During the year ended 30 June 2022, the Company agreed with Mr Bamford to provide services, over and above his duties as a Non-executive Director, at an hourly rate of \$200.

The Company entered into a service agreement with an entity associated with Mr Ridge on 19 February 2015 to provide financial services. On 19 May 2022 Mr Ridge was appointed as Company Secretary. The contract is subject to a one-month termination without cause.

The Company entered into a service agreement with an entity associated with Mr Hill on 30 May 2013 to provide financial and company secretarial services. The contract is subject to a four-week termination without cause. Mr Hill resigned on 19 May 2022.

(e) Post-employment/retirement and termination benefits

There were no post-employment retirement and termination benefits paid or payable to Directors or Key Management Personnel, other than as disclosed elsewhere in the Remuneration Report.

(f) Voting at 2021 AGM

Southern Gold Limited received 88.71% of 'yes' votes on its remuneration report for the 2021 financial year. The Company did not receive any specific feedback at the AGM on its remuneration report.

End of Remuneration Report

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Meetings of Directors

The Company held 8 meetings of Directors (including committees of Directors) during the financial year. Attendances by each Director during the year were as follows:

	Director Meetings		Audit Committee Meetings	
	Number of Meetings Eligible to Attend	Number of Meetings Attended	Number of Meetings Eligible to Attend	Number of Meetings Attended
G C Boulton AM	8	8	2	2
R Smillie ¹	1	1	-	-
S Mitchell ²	4	4	-	-
P Bamford	8	8	2	2
B Kim	8	8	-	-
D Kirwin	8	5	-	-
M McNeilly	8	7	-	-

¹ Appointed 9 May 2022. ² Retired 29 October 2021.

Non-audit services

The Board of Directors is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services, as set out below, did not compromise the audit independence requirement of the Corporations Act 2001.

All non-audit services have been reviewed by the Board to ensure they do not adversely affect the integrity and objectivity of the auditor.

The nature of the services provided do not compromise the general principle relating to auditor independence as set out in the APES 110 Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Non-audit services paid and/or payable to the external auditors during the year ended 30 June 2022 were \$2,800 (2021: \$3,000).

Indemnification and insurance of officers

Indemnification

The Company is required to indemnify the Directors and other officers of the Group against any liabilities incurred by the Directors and officers that may arise from their position as Directors and officers of the Group. No costs were incurred during the year pursuant to this indemnity.

The Group has entered into deeds of indemnity with each Director whereby, to the extent permitted by the Corporations Act 2001, the Group agreed to indemnify each Director against loss and liability as an officer of the Group, including all liability in defending any relevant proceedings.

Insurance Premiums

Since the end of the previous year the Group has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses' insurance contracts.

The terms of the policies prohibit disclosure of details of the amount of insurance cover, the nature thereof and the premium paid.

Proceedings on behalf of the Company

No person has applied to the Court for leave to bring proceedings on behalf of the Group or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Group was not a party to any such proceedings during the year.

Auditor of the Company

The auditor of the Group for the financial year was Grant Thornton Audit Pty Ltd.

Auditor's Independence Declaration

The auditor's independence declaration as required by section 307C of the Corporations Act 2001 for the year ended 30 June 2022 is set out immediately following the end of the Directors' report.

The report of Directors, incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors:



R Smillie
Managing Director



G C Boulton AM
Chairman

Dated at Adelaide, this 26th day of September 2022.

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Grant Thornton Audit Pty Ltd
Grant Thornton House
Level 3
170 Frome Street
Adelaide SA 5000
GPO Box 1270
Adelaide SA 5001
T +61 8 8372 6666

Auditor's Independence Declaration

To the Directors of Southern Gold Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Southern Gold Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.


GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B K Wundersitz
Partner – Audit & Assurance

Adelaide, 26 September 2022

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Statement of Profit or Loss and Other Comprehensive Income for the Year ended 30 June 2022

Consolidated

	Note	2022 \$	2021 \$
Interest income		2,155	4,463
Unrealised foreign exchange gain		2,781	95,936
Realised foreign exchange loss		(1,636)	-
Other income	2	4,524	118,960
Profit on divestment of joint ventures	8a	-	11,897,661
Transaction costs (divestment of joint ventures)		(2,028)	(155,955)
Foreign exchange gain on BMV receivable	6	538,452	-
Loss on realisation of BMV shares received	6	(2,992,222)	-
Loss on sale of BMV shares	12	(815,656)	-
Loss on discount to fair value	8	(481,864)	-
Impairment expense	12	(2,301,504)	-
Exploration impairment	10	(1,700,460)	(5,116,975)
Exploration expenses		(1,695,460)	(464,172)
Salaries and wages		(800,804)	(858,966)
Directors fees		(245,818)	(268,425)
Interest expense		(3,504)	-
Shareholder relations		(176,365)	(380,805)
Other consulting expenses		(168,036)	(86,749)
Other administrative expenses		(379,387)	(303,048)
Depreciation		(116,016)	(137,882)
Share based payments	23	(184,674)	-
Profit/(Loss) before income tax		(11,517,522)	4,344,043
Income tax (expense)/benefit attributable to profit/(loss) from ordinary activities	3	-	-
Net Profit/(Loss) for the year		(11,517,522)	4,344,043
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation		(111,893)	(130,887)
<i>Items that may not be reclassified to profit or loss:</i>			
Fair value increment on financial assets - FVTOCI	13	(1,498,833)	15,437
Total comprehensive income		(13,128,248)	4,228,593
Earnings Per Share			
Basic (cents per share) – Profit/(Loss)	25	(5.40)	2.29
Diluted (cents per share) – Profit/(Loss)	25	(5.40)	2.29

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 30 June 2022

Consolidated

	Note	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	5	4,560,622	7,999,052
Trade and other receivables	6	263,210	10,172,827
Other assets	7	96,303	92,122
Held for sale assets	8	922,703	-
TOTAL CURRENT ASSETS		5,842,838	18,264,001
NON-CURRENT ASSETS			
Right of use asset	9	49,350	123,998
Exploration and evaluation expenditure	10	993,973	2,644,068
Plant and equipment	11	188,044	73,372
Investments accounted for using the equity method	12	5,554,576	-
Financial assets	13	-	4,006,263
TOTAL NON-CURRENT ASSETS		6,785,943	6,847,701
TOTAL ASSETS		12,628,781	25,111,702
CURRENT LIABILITIES			
Trade and other payables	14	424,390	335,169
Provisions	15	175,808	167,999
Lease liability	16	50,490	72,306
Liability directly associated with held for sale assets	8	481,864	-
TOTAL CURRENT LIABILITIES		1,132,552	575,474
NON-CURRENT LIABILITIES			
Provisions	15	12,020	56,292
Lease liability	16	-	52,153
TOTAL NON-CURRENT LIABILITIES		12,020	108,445
TOTAL LIABILITIES		1,144,572	683,919
NET ASSETS		11,484,209	24,427,783
EQUITY			
Issued capital	17	58,011,777	58,011,777
Reserves	30	(1,334,411)	896,643
Retained losses		(45,193,157)	(34,480,637)
TOTAL EQUITY		11,484,209	24,427,783

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the Year ended 30 June 2022

	Issued Capital \$	Retained Losses \$	FVTOCI Reserve \$	Share- Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Total \$
Balance at 30 June 2020	48,510,128	(39,135,943)	-	1,115,411	35,994	10,525,590
Profit or loss	-	4,344,043	-	-	-	4,344,043
Other comprehensive income	-	-	15,437	-	(130,887)	(115,450)
Total comprehensive income	-	4,344,043	15,437	-	(130,887)	4,228,593
Issue of share capital	10,200,000	-	-	-	-	10,200,000
Options lapsed/cancelled	-	311,263	-	(311,263)	-	-
Fair value of options issued	-	-	-	171,951	-	171,951
Costs associated with the issue of shares	(698,351)	-	-	-	-	(698,351)
Total transactions with owners	9,501,649	311,263	-	(139,312)	-	9,673,600
Balance at 30 June 2021	58,011,777	(34,480,637)	15,437	976,099	(94,893)	24,427,783
Profit or loss	-	(11,517,522)	-	-	-	(11,517,522)
Other comprehensive income	-	-	(1,498,833)	-	(111,893)	(1,610,726)
Total comprehensive income	-	(11,517,522)	(1,498,833)	-	(111,893)	(13,128,248)
Issue of share capital	-	-	-	-	-	-
Options lapsed/cancelled	-	805,002	-	(805,002)	-	-
Fair value of options issued	-	-	-	184,674	-	184,674
Costs associated with the issue of shares	-	-	-	-	-	-
Total transactions with owners	-	805,002	-	(620,328)	-	184,674
Balance at 30 June 2022	58,011,777	(45,193,157)	(1,483,396)	355,771	(206,786)	11,484,209

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the Year ended 30 June 2022

Consolidated

	Note	2022 \$	2021 \$
Cash flows relating to operating activities			
Interest received		2,155	2,991
Other income		4,524	118,960
Payments to suppliers and employees		(3,426,194)	(2,373,357)
Interest paid		(3,504)	(7,342)
Net operating cash inflows/(outflows) (Note (a))		(3,423,019)	(2,258,748)
Cash flows relating to investing activities			
Payments for mining tenements, exploration and evaluation expenditure		(210,171)	(2,077,127)
Loans Provided to Gubong JV Company		-	(41,541)
Loans Provided to Kochang JV Company		-	(41,541)
Proceeds from sale of investments		434,394	-
Transaction costs relating to sale of JV		-	(155,956)
Payments for plant and equipment		(160,929)	(16,556)
Net investing cash inflows/(outflows)		63,294	(2,332,721)
Cash flows relating to financing activities			
Proceeds from share issues		-	10,200,000
Payments for share issue costs		-	(526,400)
Repayment of borrowings		-	(750,000)
Repayment of lease liability	9(iii)	(70,313)	(68,413)
Net financing cash inflows/(outflows)		(70,313)	8,855,187
Net increase/(decrease) in cash		(3,430,038)	4,263,718
Net foreign exchange difference		(8,392)	(1,331)
Cash at beginning of financial year	5	7,999,052	3,736,665
Cash at end of financial year	5	4,560,622	7,999,052

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Statement of Cash Flows (Continued)

for the Year ended 30 June 2022

Consolidated

	2022 \$	2021 \$
Note (a): Reconciliation of net loss from ordinary activities to net cash flow from operating activities		
Profit/(Loss) from ordinary activities after income tax	(11,517,522)	4,344,043
Adjustments to reconcile profit before tax to net cash flows		
Share based payments	184,674	-
Depreciation	116,016	137,882
Unrealised foreign exchange gain	(2,781)	(95,936)
Exploration written off	1,700,460	5,116,975
Loss on sale of plant & equipment	-	894
Transaction costs relating to sale of JV	2,028	155,955
Gain on divestment of joint ventures	-	(11,897,661)
Loss on sale of BMV shares	815,656	-
Loss on realisation of BMV shares received	2,992,222	-
Foreign exchange gain on BMV receivable	(538,452)	-
Realised foreign exchange loss on sale of BMV shares	1,636	-
Loss on discount to fair value	481,864	-
Impairment expense	2,301,504	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(76,099)	(18,480)
(Increase)/decrease in other financial assets	(4,735)	(65,624)
Increase/(decrease) in trade and other payables	150,525	33,519
Increase/(decrease) in provisions	(30,015)	29,685
Net operating cash flows	(3,423,019)	(2,258,748)
Non-cash Investing and Financing Activities		
Gain on divestment of joint ventures (refer Note 8a)	-	(11,897,661)

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the Financial Year Ended 30 June 2022

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Southern Gold Limited and controlled entities ('Consolidated Group' or 'Group').

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial report has been prepared under the assumption that the Group operates on a going concern basis.

The financial report covers the consolidated group of Southern Gold Limited, a listed public company incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards. Southern Gold Ltd is a for-profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the Consolidated Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

These financial statements have been prepared on an accruals basis and are based on the historical cost convention where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies set out below have been consistently applied to all years presented.

Two comparative periods are presented for the statement of financial position when the Group:

- Applies an accounting policy retrospectively,
- Makes a retrospective restatement of items in its financial statements, or
- Reclassifies items in the financial statements

The Group has determined that only one comparative period for the statement of financial position was required for the current reporting period as the application of the new accounting standards have had no material impact on the previously presented primary financial statements that were presented in the prior year financial statements.

Changes in accounting policies and accounting policies applied for the first time

The accounting policies adopted by the group are consistent with those of the previous financial year.

Adoption of New and Revised Accounting Standards (issued but not yet effective)

At the date of authorisation of the financial statements, the Group has not applied any new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective, as they will not have a material impact on the financial statements of the Group.

a. Principles of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2022. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable

b. Income Tax

The income tax expense / (benefit) for the year comprises current income tax expense / (income) and deferred income tax expense / (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted at reporting date.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax (expense)/benefit is charged or credited directly to equity instead of the profit and loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Southern Gold Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2006. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

c. Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on a cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment 10–33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

d. Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest

Costs of site restoration are provided from when exploration commences and are included in the costs of that stage.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

e. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

- amortised cost
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset, and

- the contractual cash flow characteristics of the financial asset. All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets.

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

f. Impairment of Non-Financial Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Profit or Loss.

g. Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Group's share of post-acquisition reserves of its associates.

Where there has been a change recognised directly in an associate's equity, the Group recognises its share of any changes and discloses this in the statement of profit or loss and other comprehensive income. The reporting dates and the associates accounting policies in the associated companies are amended as necessary to conform with the Group.

h. Held for Sale Assets

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell.

However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any profit or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations.

i. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to report date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. The cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

Share based payments

The Company has an Employee Share Option Plan where employees may be provided with options to acquire shares in the Company. The fair value of the options are measured at grant date and recognised as an expense over the vesting period with a corresponding increase in equity. The fair value of options is ascertained using the Black-Scholes pricing model which incorporates all market vesting conditions.

j. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Onerous provisions are recognised by the Group for its obligation to deliver goods and services under an existing contract and measuring that obligation to reflect the cost of the goods or services it must deliver.

k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

l. Income

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

m. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n. Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the group during the period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

o. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

p. Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Estimates and judgements – Impairment of Exploration and Evaluation Assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of exploration and evaluation assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

Estimates and judgements – Valuation of unlisted options

A key area of judgement, for the year ended 30 June 2022, relates to the calculation of the market value of the unlisted options issued to Directors and employees. The market value of each option series is assessed using the Black-Scholes method, and a key assumption in this calculation is the Company's future share price volatility. Future volatility was based on the historic daily price movements of the Company's ASX listed shares for the 48 months immediately prior to the relevant valuation date for each of the option series. For further information in relation to the options issued, refer to Note 23.

Estimates and judgements – Investment in BMV

As at 30 June 2022, the Group holds an investment in BMV, being 150,000,000 BMV Shares with an initial carrying value of \$7,522,288. This holding represents 24% of the issued capital of BMV, and as such, the Group is required to equity account for its interest in the financial result of BMV for the period through to 30 June 2022, under Accounting Standard AASB128 Investments in Associates and Joint Ventures.

At reporting date, the Group assesses all non-financial assets for indicators of impairment. As the fair value of the BMV Shares are readily observable (being quoted on the London Stock Exchange (LSE)), the Group has recognised an impairment expense of \$1,967,712 calculated by reference to the \$5,554,576 fair value of the 150,000,000 BMV Shares at the LSE closing price on 30 June 2022 of £0.0210 and the GBP:AUD exchange rate of 0.5671 on that same date. For further information in relation to the investment in BMV, refer Note 12.

q. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

r. Parent Entity

The financial information of the parent entity, Southern Gold Limited, disclosed at note 27, has been prepared on the same basis, using the same accounting policies as the consolidated financial statements, other than investments in controlled entities which are carried at cost, less any provision for impairment.

s. Foreign Currency Transactions and Balances

i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise, the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

t. Leases

The Company as Lessee

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a term of 12 months or less) and leases of low-value assets are recognised as operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Company as Lessor

As the Company has no contracts as a lessor, the provisions of AASB 16 relating accounting for lease contracts as a lessor are not applicable.

The financial report was authorised for issue on 26th September 2022 by the Board of Directors.

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	2022	2021
	\$	\$

2. OTHER INCOME

Profit/(Loss) from ordinary activities included the following items of Other income:

Government grants	-	112,500
Other	4,524	6,460
	4,524	118,960

3. INCOME TAX EXPENSE

The components of tax benefit comprise:

Research and development tax concession	-	-
Tax (expense)/benefit	-	-
Income tax (expense)/benefit attributable to loss from ordinary activities	-	-

a) The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax attributable to operating loss as follows:

Income tax (expense)/benefit at 25% (2021: 26%) of operating loss	2,879,381	(1,129,451)
Tax effect of capital raising costs	-	136,864
Tax effect of Share-based payments expensed	46,169	-
Tax effect of non-assessable income	-	2,011,418
Tax effect of non-deductible expenses	(2,551,793)	(471,816)
Timing differences and tax losses not brought to account	(373,757)	(547,015)
Income tax (expense)/ benefit attributable to loss from ordinary activities	-	-

b) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur

Operating Losses	-	-
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c) Income tax losses

Total deferred tax asset arising from carried forward tax losses not recognised as meeting probable criteria		
Gross income tax losses	24,404,146	22,926,590
Capital tax losses	11,404,135	11,404,135
Total tax losses	35,808,281	34,330,725
Tax Losses at 25% (2021: 26%)	8,952,070	8,925,989

A deferred tax asset is only recognised for the carry forward of unused tax losses to the extent that it is considered probable that future taxable profit will be available against which the unused tax losses can be utilised.

The taxation benefits of tax losses and timing differences not brought to account will only be obtained if:

- assessable income is derived of a nature and amount sufficient to enable the benefit from the deductions to be realised;
- conditions for deductibility imposed by the law are complied with; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

	2022	2021
	\$	\$

4. KEY MANAGEMENT PERSONNEL REMUNERATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the group's key management personnel for the year ended 30 June 2022. The totals of remuneration paid to key management personnel during the year are as follows:

Short term employee benefits	898,957	782,988
Post-employment benefits	20,830	38,408
Termination benefits	92,000	-
Share-based payments	144,766	-
	1,156,553	821,396

5. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	4,560,622	7,999,052
	4,560,622	7,999,052

6. TRADE AND OTHER RECEIVABLES

Trade and other receivables	31,456	29,773
BMV receivable	-	9,976,058
Office lease bond	231,754	166,996
	263,210	10,172,827

30 June 2021 BMV Receivable

The BMV receivable at 30 June 2021 represented the obligation of Bluebird Merchant Ventures Ltd (BMV) to pay the Group US\$7,500,000 by 26 January 2022 through the issue of a further 150,000,000 BMV shares. The receivable was part of the consideration for the Group's divestment of its 50% interest in two joint venture companies. The receivable was recognised in the Group's financial statements at the lower of the value of the US\$7,500,000 cash receivable and the fair value of the 150,000,000 shares. Accordingly, the receivable at 30 June 2021 was recognised at AU\$9,976,058 being the US\$7,500,000 at the AUD:USD exchange rate at 30 June 2021 of \$0.7518.

Receipt of BMV Receivable 22 December 2021

BMV chose to settle the liability with the issue of 150,000,000 BMV shares to the Group, received on the 22 December 2021 (refer ASX announcement 21 December 2021).

The market value of the 150,000,000 BMV shares received were recognised at \$7,522,288, being the 150,000,000 BMV Shares valued at the closing price of £0.0270 (\$0.05) for BMV Shares traded on the LSE on 22 December 2021. The resulting net loss of A\$2,453,769 has been disclosed in the Statement of Profit or Loss and Other Comprehensive Income as follows:

- **\$538,452 Foreign exchange gain on BMV receivable** being the difference between the AUD value of the US\$7,500,000 receivable of:
 - \$9,976,058 at 30 June 2021, converted at the USD:AUD exchange rate of 0.7518 applicable at 30 June 2021; and
 - \$10,514,510 at the date of settlement on 22 December 2021, converted at the USD:AUD exchange rate of 0.7133 applicable at that date; and
- **(\$2,992,222) Loss on realisation of BMV shares receivable being the difference between:**
 - \$10,514,510 AUD value of the US\$7,500,000 cash receivable at the date of settlement on 22 December 2021; and
 - \$7,522,288 market value, at that same date, of the 150,000,000 BMV shares received in lieu of the cash (refer Note 12 for further details).

Trade and other receivables impairment

Trade and other receivables considered past due and/or impaired is nil (2021: nil). There has been no provision recognised in relation to the expected credit loss model, based on outstanding balances at balance date.

	2022 \$	2021 \$
7. OTHER ASSETS		
Current		
Prepayments	96,303	92,122
	96,303	92,122
8. HELD FOR SALE ASSETS		
Shares held in BMV		
Fair value of asset	922,703	-
Provision for discount to fair value	(481,864)	-
Contract value	440,839	-
Gubong Joint Venture		
Opening balance	-	957,926
Shareholder funding advanced	-	41,541
Disposal	-	(999,467)
Closing balance	-	-
Kochang Joint Venture		
Opening balance	-	889,669
Shareholder funding advanced	-	41,541
Disposal	-	(931,210)
Closing balance	-	-
Total closing balance	440,839	-

As at 30 June 2022

The Group agreed to sell 50,000,000 BMV shares to a third party, at a discounted price of £0.01 per share, to assist in BMV's negotiation of a funding package to accelerate its move to gold production in at the former joint venture projects (as disclosed in Southern Gold's ASX announcement 19 April 2022, and BMV's LSE announcements on 12 and 19 April 2022). The total consideration of £500,000 was transacted in two equal tranches. The first tranche of 25,000,000 BMV Shares for £250,000 (A\$434,394 net of transaction costs) was completed prior to 30 June 2022, with the second tranche of 25,000,000 BMV Shares for £250,000 (A\$440,839) completed on 23 September 2022. This consideration of A\$440,839 is presented above as \$922,703 fair market value of the second tranche of 25,000,000 BMV shares at \$0.0368 per share (being based on the LSE closing price of the BMV shares of £0.0210 on the day prior to execution of the sale agreement on 13 April 2022, at the exchange rate on that date of 0.5707) less a provision for the contracted price, being a discount to fair value of \$481,864.

Subsequent to the reporting date of 30 June 2022, the sale of the second tranche of 25,000,000 BMV shares was completed as expected on 23 September 2022 for consideration of £250,000 (refer Note 29).

As at 30 June 2021

Southern Gold Ltd, through its wholly owned Singaporean subsidiary, International Gold Private Limited ("IGPL"), held a 50% equity interest in two incorporated joint ventures, Gubong Project Chusik Hoesa and Kochang Project Chusik Hoesa, in the Republic of Korea. The other 50% being held by London Stock Exchange listed BMV. In the financial year ended 30 June 2020, following a decision by the Southern Gold Board to focus the Company's

resources on its 100% owned tenements in South Korea, the carrying value of its investments in its 50% owned joint ventures were reclassified in the Statement of Financial Position from 'Investments accounted for using the equity method' to 'Held for sale assets'. Similarly, Southern Gold's 50% share of funding each of the joint ventures, provided as shareholder loans, were also reclassified in the Statement of Financial Position from 'Financial Assets' to 'Held for sale assets', as these loans are more in the nature of equity style risk. These joint venture interests, with a carrying value of \$1,930,677, were divested in the prior year ended 30 June 2021, resulting in a profit on divestment of \$11,897,661. Refer Note 8a below for further detail.

8a. PROFIT ON DISPOSAL OF JOINT VENTURES

BMV elected to acquire the 50% interests held by IGPL when IGPL did not support BMV's proposed decision to mine for each project in mid-2020 and, under each Joint Venture Agreement, IGPL was deemed to have offered its interest for sale to BMV at an agreed or expert determined price. The expert determination set a value of US\$9.945 million for IGPL's interest in the two joint ventures.

On 28 June 2021, Southern Gold and BMV executed a definitive agreement ("Completion Agreement") to settle the matter. During the prior year ended 30 June 2021, a \$11,897,661 profit on the divestment of the Group's interest in the two joint venture companies was recognised, being the consideration of \$13,870,947 (explained further below) less the carrying value of the held for sale assets of \$1,930,677 (refer Note 8), less the reversal of \$42,609 of the foreign currency translation reserve relating to the previous equity accounting of these investments. In addition, legal costs of \$2,028 (2021: \$155,955) were incurred in relation to the negotiation and execution of the Completion Agreement, and is separately disclosed in the Statement of Profit or Loss.

The consideration of US\$10,000,000 (AU\$13,870,947), comprised:

- AU\$3,990,826 being the value of 50,000,000 LSE quoted BMV Shares received by IGPL on 29 June 2021, valued at the closing price of £0.0435 (AU\$0.0798) for the BMV shares traded on the LSE on 29 June 2021.
- AU\$9,880,121 being BMV's obligation to pay to IGPL US\$7,500,000 through the issue of a further 150,000,000 BMV shares or BMV may elect to pay some or all of the US\$7,500,000 in cash. The US\$7,500,000 proceeds was recognised at the AUD:USD exchange rate of 0.7591 applicable on the date of executing the Completion Agreement on 28 June 2021.

BMV chose to settle the liability with the issue of 150,000,000 BMV shares to the Group, received on the 22 December 2021 (refer ASX announcement 21 December 2021). Refer Note 6.

9. RIGHT OF USE ASSET

The Group's Right of use assets comprise the leased offices in Australia and Korea, a building to house exploration equipment in Korea and accommodation for staff in Korea where this is provided as part of their remuneration package.

Options to extend or terminate

One of the Company's leases contains an option to extend. The extension option is only exercisable by the Company. The extension option is included in the calculation of the lease liability and right to use asset only to the extent management are reasonably certain to exercise that option.

Variable lease payments

The company does not have any variable lease payments.

	2022 \$	2021 \$
<i>(i) AASB 16 related amounts recognised in the Statement of Financial Position</i>		
Leased building	145,986	150,096
Less: accumulated depreciation	(96,636)	(26,098)
Right of Use Asset	49,350	123,998
Movements in Carrying Amount		
Opening balance	123,998	43,705
New operating leases	-	147,274
Depreciation expense	(71,961)	(66,343)
FX on opening balance	(2,687)	(638)
	49,350	123,998
<i>(ii) AASB 16 related amounts recognised in the Statement of Comprehensive Income/(Loss)</i>		
Depreciation charge related to right of use asset	(71,961)	(66,343)
Interest expense on lease liabilities	(3,504)	(1,892)
Short term lease expense (included in Other administration expenses)	(33,755)	(11,055)
<i>(iii) Total Full Year cash out flows for leases</i>	(70,313)	(68,413)

10. EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest:

Exploration and evaluation phase	993,973	2,644,068
The ultimate recoupment of costs carried forward for exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of respective areas.		
<i>(i) Reconciliation</i>		
A reconciliation of the carrying amount of exploration and evaluation phase expenditure is set out below:		
Costs brought forward	2,644,068	6,139,228
Net foreign exchange differences	(96,341)	(157,268)
Expenditure incurred during the year ¹	146,706	1,779,083
Impairment expense ²	(1,700,460)	(5,116,975)
	993,973	2,644,068

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

1. In the year ended 30 June 2022, the reduced exploration expenditure capitalised reflects a greater focus by the Group on Project Generation work to identify new tenements and areas of interest that will form the basis of a targeted pipeline of exploration targets for future exploration drilling.

2. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made. In the year ended 30 June 2022, the Group has recognised an impairment expense of \$1,700,460 related to the Beopseongpo and Neungju tenements, which have been allowed to expire following a review of these tenements compared to the new exploration priorities identified through the Project Generation work. In the year ended 30 June 2021, Southern Gold recognised an impairment expense of \$5,116,975 relating to part of the carrying value of tenements in the Jeolla/Hampyeong districts based on the drilling results during the year and also impaired the full value of the tenements in the Weolyu district that were relinquished in that year.

	2022 \$	2021 \$
11. PLANT AND EQUIPMENT		
Plant and equipment at cost	673,989	526,333
Less: Accumulated depreciation	(485,945)	(452,961)
	188,044	73,372
Opening written down value	73,372	132,134
Additions	160,929	16,556
Net foreign currency exchange differences	(2,202)	(2,885)
Disposals	-	(894)
Depreciation	(44,055)	(71,539)
Closing written down value	188,044	73,372
12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Investment in BMV		
Total Value of Investment on Acquisition	7,522,288	-
Impairment of Investment	(1,967,712)	-
Expected Value of Investment in BMV	5,554,576	-

Equity Accounting

The initial holding of 200,000,000 BMV Shares at 22 December 2021, represented 32% of the issued capital of BMV at that time. Following the commitment to sell 50,000,000 BMV Shares on 12 April 2022, the remaining holding of 150,000,000 BMV Shares represents 24% of the issued capital of BMV. With this interest being in excess of the 20% threshold for the application of equity accounting under Accounting Standard AASB128 Investments in Associates and Joint Ventures, the interest in BMV is disclosed as an investment in an associate, subject to equity accounting from that date.

However, the Group only has the same access to BMV's financial and operating information as all other shareholders of BMV. As such, the Group does not have access to the financial information of BMV through to 30 June 2022 which means the Group is unable to equity account for its interest in the financial result for the period through to 30 June 2022, and is unable to disclose the summarised financial information of BMV as at 30 June 2022, as required under Accounting Standard AASB128 Investments in Associates and Joint Ventures.

Receipt of 200,000,000 BMV Shares

The Group received 200,000,000 BMV Shares in consideration for the sale of its two joint venture interests to BMV (refer Note 8a). Final payment of the BMV Shares was received on 22 December 2021. The initial carrying value of the investment of \$10,029,718 comprised:

- \$7,522,288 being the fair value of the 150,000,000 BMV shares received on 22 December 2021 valued at the closing price of £0.0270 (AU\$0.05) for BMV Shares traded on the London Stock Exchange on that date (refer Note 6); and
- \$2,507,430 being the fair value of the original 50,000,000 BMV Shares, reclassified from Financial assets on that date (refer Note 13).

Sale of 50,000,000 BMV Shares

The Group subsequently agreed to sell 50,000,000 BMV shares at a discounted rate of £0.01 per share, to assist in BMV negotiating a funding package to accelerate its move to production. Total sale proceeds were £500,000 or \$876,118, using the exchange rate of 0.5707 at 12 April 2022, being the date prior to executing the sale agreement. The sale was contracted to occur in two instalments of 25,000,000 BMV Shares, each for £250,000. The second instalment of £250,000 remains outstanding at 30 June 2022 (refer Note 8). The total sale proceeds of \$876,118 result in a loss of \$1,631,312 compared to the carrying value of the 50,000,000 BMV Shares of \$2,507,430. The total loss of \$1,631,312 is disclosed in the Statement of Profit or Loss as follows:

- \$815,656 loss on sale of the first tranche of 25,000,000 shares settled prior to 30 June 2022, being the difference between carrying value at the date of the agreement of \$1,253,715 and sales proceeds of £250,000 or \$438,059 using the exchange rate of 0.5707 at 12 April 2022;
- \$333,792 impairment expense on revaluation of the remaining 25,000,000 shares to fair value at date of executing the sale agreement on 13 April 2022, based on the previous day's closing price of BMV shares traded on the LSE of £0.0210 and a GBP:AUD exchange rate of 0.5707; and
- \$481,864 loss on discount to fair value relating to the second tranche of 25,000,000 BMV shares yet to be completed at 30 June 2022, being the difference of the fair value of these shares at the date of the sale agreement and the agreed price of £0.01 per share (refer Note 8).

As part of the transaction, the Group agreed to a twelve-month standstill clause on the remaining 150,000,000 shares, which ceases on 11 April 2023.

30 June 2022 value of the investment

An impairment expense of \$1,967,712 was recognised against the \$7,522,288 carrying value of the remaining 150,000,000 BMV shares. The impairment expense was calculated by reference to the \$5,554,576 fair value of these shares based on the LSE closing price on 30 June 2022 of £0.0210 and the GBP:AUD exchange rate of 0.5671 on that same date.

The total impairment expense of \$2,301,504 comprises the \$1,967,712 impairment expense on the remaining 150,000,000 BMV Shares held at 30 June 2022 and the \$333,792 impairment expense recognised on the 25,000,000 BMV shares on the date of execution of the sale agreement.

Latest value of the investment

At the last practicable date prior to finalising the Annual Financial Report, the Group's remaining 150,000,000 BMV shares have a mark to market value of £3,150,000 (or \$5,370,844), based on the closing price of BMV shares of £0.0210 on the London Stock Exchange on 21 September 2022. This is \$183,732 lower than the carrying value of \$5,554,576, due to the different AUD:GBP exchange rate.

	2022 \$	2021 \$
13. FINANCIAL ASSETS		
Investment in BMV (50m shares)	-	4,006,263
	-	4,006,263

The Financial asset balance at 30 June 2021 comprised 50,000,000 BMV Shares received on 29 June 2021 as the first tranche of the consideration payable by BMV to acquire the Group's 50% interest in two joint venture companies. The fair value of the 50,000,000 BMV shares at 30 June 2021 was AU\$4,006,263, being valued at the closing price of BMV shares traded on the LSE at 30 June 2021 of £0.0435 (AU\$0.08), translated to AUD at the AUD:GBP exchange rate of 0.5429 applicable on 30 June 2021.

On the 22 December 2021, a further 150,000,000 BMV shares were issued to the Group, as full settlement of the outstanding receivable for the Group's divestment of its interest in its joint venture companies (refer ASX announcement 21 December 2021 and Notes 6, 8 and 8a for further details). With the resulting balance of 200,000,000 BMV Ordinary Shares at that time representing 32% of the issued capital of BMV, the financial asset was reclassified to an investment in an associate, subject to equity accounting, from 22 December 2021 (refer Note 12).

Fair value decrement on financial assets – FVTOCI \$1,498,833

Immediately prior to reclassification to an equity accounted investment, the initial 50,000,000 BMV Shares were revalued to a fair value of \$2,507,430, being valued at the closing price of £0.0270 (\$0.0501) for BMV Shares traded on the LSE on 22 December 2021. The resulting revaluation decrement of \$1,498,833 was recognised through Other Comprehensive Income, as the Group made an irrevocable election at 30 June 2021 to recognise its initial holding of 50,000,000 BMV shares, as a financial asset fair valued through Other Comprehensive Income (FVTOCI).

	2022 \$	2021 \$
14. TRADE AND OTHER PAYABLES		
Trade payables	168,766	152,397
Sundry payables and accruals	211,607	164,242
Amount payable to Directors and Key Management related entities ¹	44,017	18,530
	424,390	335,169

¹ Payable to Greg Boulton and Associates Pty Ltd (an entity associated with G C Boulton) \$9,226 (2021: \$8,000).

Payable to Bayfront Nominees Pty Ltd (an entity associated with D L Hill) Nil (2021: \$345).

Payable to Simon Mitchell Super Fund SMSF (an entity associated with Simon Mitchell) Nil (2021: \$2,185)

Payable to Bamford Superannuation fund (an entity associated with Peter Bamford) \$365 (2021: Nil)

Payable to Douglas Kirwin \$4,000 (2021: \$4,000)

Payable to Michael McNeilly \$4,000 (2021: \$4,000)

Payable to Beejay Kim \$4,000 (\$2021: Nil)

Payable to Ray Ridge \$22,428 (\$2021: Nil)

		2022		2021
		\$		\$
15. PROVISIONS				
The aggregate provisions recognised in and included in the financial statements is as follows:				
Current Employee entitlements provision		175,808		167,999
Non-Current Employee entitlements provision		12,020		56,292
Total Employee entitlement provisions		187,828		224,291
16. LEASE LIABILITY				
Current Lease liability		50,490		72,306
Non-Current Lease liability		-		52,153
		50,490		124,459
17. ISSUED CAPITAL				
<i>(a) Ordinary Shares</i>				
Issued share capital:		58,011,777		58,011,777
213,328,756 fully paid ordinary shares (2021: 213,328,756)				
Movement in issued shares for the year:		2022		2021
	No.	\$	No.	\$
Balance at beginning of 2020 financial year	213,328,756	58,011,777	128,328,756	48,510,128
Placement of shares (10 Sep 2020)	-	-	27,834,794	3,340,175
Placement of shares (18 Sep 2020)	-	-	3,833,230	459,988
Placement of shares (27 Oct 2020)	-	-	38,762,976	4,651,557
Placement of shares (3 Nov 2020)	-	-	14,569,000	1,748,280
Net costs associated with the issue of shares	-	-	-	(698,351)
Balance at end of financial year	213,328,756	58,011,777	213,328,756	58,011,777

There was no change in ordinary shares on issue in the year ended 30 June 2022.

Shares issued in the prior year ended 30 June 2021

On 3 September 2020, the Southern Gold announced that it had received binding commitments from sophisticated and institutional investors in respect of a placement of 85,000,000 ordinary shares in the Company at \$0.12 per share to raise \$10.2 million. The placement included a 2-year \$0.18 option for every two shares subscribed. The placement was oversubscribed with significant additional demand identified in Asia. The placement was conducted in two tranches:

- Tranche 1 being 31,668,024 shares, pursuant to available share placement capacity, comprising 27,834,794 issued on 11 September 2020 and 3,833,230 shares issued 18 September 2020; and
- Tranche 2 being 53,331,976 shares issued following shareholder approval on 19 October 2020, comprising 38,762,976 shares issued on 27 October 2020 and 14,569,000 shares issued on 3 November 2020.

The net costs associated with the issue of shares in the year ended 30 June 2021 of \$698,351 includes \$171,951 for the assessed fair value of 3,584,100 unlisted options issued on 27 October 2020 as part consideration to brokers to the placement noted above. The options are exercisable at \$0.18 at any time through to the expiry date of 18 October 2022. The valuation was undertaken using the Black-Scholes method (refer Note 23).

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

(b) Options on Issue

At 30 June 2022, there were 52,044,100 unlisted options outstanding (30 June 2021: 63,549,776).

The above options comprise:

- 7,544,100 options held by employees, directors and service providers. Refer Note 23 for further detail;
- 42,500,000 options held by participants in the \$10.2m placement completed in the year ended 30 June 2021, as noted above. These options were issued following shareholder approval, on the basis of 1 option for every 2 shares subscribed and expire 18 October 2022; and
- 2,000,000 options held by participants in a placement completed 19 October 2019.

(c) Capital Management

The capital of the Group is managed by assessing the financial risks and adjusting the capital structure in response to changes in these risks and in the market. The responses include the management of dividends to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital during the year.

The amounts managed as capital by the Group for the reporting periods under review are as follows:

	2022 \$	2021 \$
Debt	-	-
Cash	4,560,622	7,999,052
Net cash (debt)	4,560,622	7,999,052
Equity	13,451,920	24,427,783
Net debt to equity ratio	0%	0%

18. REMUNERATION OF AUDITORS

The auditor of Southern Gold Limited is Grant Thornton Audit Pty Ltd.

	2022 \$	2021 \$
Amounts received or due and receivable by Grant Thornton for:		
An audit or review of the financial report of the entity and any other entity of the group	49,147	44,361
Taxation and other services	2,800	3,000
	51,947	47,361

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19. RELATED PARTY AND KEY MANAGEMENT DISCLOSURES

The terms and conditions of the transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

a) Equity Interests

Equity Interests in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 26.

b) Transactions within wholly owned group

The wholly owned group includes:

- The ultimate parent entity in the wholly-owned group; and
- The wholly-owned controlled entities.

The ultimate parent entity in the wholly owned group is Southern Gold Limited.

During the financial year, Southern Gold Limited provided accounting and administrative services at no cost to the controlled entities and the advancement of interest free loans.

c) Related party balances

Amounts receivable from and payable to Directors and Key Management Personnel and their related entities at report date arising from these transactions were as follows:

	2022	2021
	\$	\$
Current payables		
Amounts payable to Directors and Key Management Personnel related entities	44,017	18,619
	44,017	18,619

There were no amounts receivable from related parties.

d) Remuneration of Key Management Personnel (see summary in Note 4)

20. JOINT OPERATIONS

The consolidated entity had interests in unincorporated joint operations at 30 June as follows:

	Interest 2022	Interest 2021
Southern Gold (Asia) Joint Venture (SG Asia)	15%	15%

Under the terms of the sale of Southern Gold's former subsidiary, SG Asia, Southern Gold retains a 15% free carried interest in an unincorporated Joint venture with SG Asia based on selected tenements held by SG Asia that were re-granted by the Cambodian authorities until the completion of a positive definitive feasibility study, together with a 2% gross sales royalty on all products sold from the tenements until US\$11 million is received, then reverting to a 1% gross sales royalty.

21. COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

(a) *Exploration Expenditure Commitments*

The South Korean tenements have minimum exploration activity requirements, rather than minimum expenditure requirements, and includes metrics such as meters drilled and number of assays undertaken.

(b) *Service Agreements*

Service agreements between the Group and Non-Executive Directors are disclosed in the Remuneration Report of the Directors Report.

22. FINANCIAL INSTRUMENTS

Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and accounts payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in Note 1, are as follows:

	2022	2021
	\$	\$
Financial Assets		
Cash and cash equivalents	4,560,622	7,999,052
Trade and other receivables	263,210	10,172,827
Financial assets	-	4,006,263
	4,823,832	22,178,142
Financial Liabilities		
Trade and other payables	424,390	335,169
	424,390	335,169

(i) *Treasury Risk Management*

The Board of the Consolidated Group meets on a regular basis. Matters considered at the Board meetings include currency and interest rate exposure, and treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) *Financial Risks*

The main risks that the Group is exposed to through its financial instruments are liquidity risk, credit risk, share price risk, exchange rate risk and interest rate risk.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Consolidated Group manages liquidity risk by monitoring forecast cash flows.

As at 30 June 2022, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

30 June 2022	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Borrowings	-	-	-	-
Trade and other payables	424,390	-	-	-
Total	424,390	-	-	-

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows:

30 June 2021	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Borrowings	-	-	-	-
Trade and other payables	335,169	-	-	-
Total	335,169	-	-	-

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at report date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Refer Note 6 for further detail.

No receivables are considered past due and/or impaired at report date.

BMV Share price risk

The Group holds 150,000,000 BMV Shares (refer Note 12). The value of this investment is impacted by fluctuations in the price of BMV Shares traded on the London Stock Exchange. At 30 June 2022, the 150,000,000 BMV shares are carried at a value of AU\$7,522,288.

At 30 June 2022, the 150,000,000 BMV shares had a mark to market value of \$5,554,576, based on the closing price of BMV shares of £0.021 pence on the London Stock Exchange and a GBP:AUD exchange rate of 0.5671 on that date.

A 10% increase (decrease) in the BMV Share price from £0.021 would increase (decrease) the value of the BMV Shares held by \$555,456, at the 30 June 2022 AUD:GBP exchange rate.

Exchange rate risk - GBP

Further to the above, the 150,000,000 BMV Shares held at 30 June 2022 is also impacted by fluctuations in the GBP:AUD exchange rate.

As noted above, the mark to market value of the BMV Shares is \$5,554,576 as at 30 June 2022. A 10% increase in the GBP:AUD exchange rate from 0.5671 would decrease the value of the BMV Shares held by \$504,962, at a BMV Share price of £0.021. Conversely, a 10% decrease in the GBP:AUD exchange rate would increase the value of the BMV Shares held by \$617,175.

Exchange rate risk - KRW

The Southern Gold Group incurs expenditure in Korean Won (KRW) in relation to its activities in the Republic of South Korea, while it raises capital, and holds cash, predominantly in AUD to fund those activities. The KRW denominated cash expenditure in the year ended 30 June 2022 was KRW 2,444,067,605 or AU\$2,803,409 translated at the average KRW:AUD exchange for the year of 871.8. A 10% increase in the KRW:AUD exchange rate from 871.8 would decrease the AUD required to fund that same KRW denominated expenditure by

\$254,855. Conversely, a 10% decrease in the KRW:AUD exchange rate would increase the AUD required to fund that same KRW denominated expenditure by \$311,490.

SAU Share price risk

The Company has not performed a sensitivity analysis relating to its exposure to price risk at reporting date as a change in share price by 10% is not considered to have a material impact on profit and equity.

Interest rate risk

The Group's exposure to interest rate risk, being the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is contained in the following table which details the exposure to interest rate risk at the reporting date. All other financial assets and liabilities are non-interest bearing.

2022	Interest Bearing	Non-interest Bearing	Total	Floating interest rate	Fixed interest rate
Financial assets					
Cash and deposits	4,560,622	-	4,560,622	0.1%	-
Receivables	-	263,210	263,210	-	-
Less: Payables	-	(424,390)	(424,390)	-	-
Less: Borrowings	-	-	-	-	-
Net financial assets	4,560,622	(161,180)	4,399,442		
2021					
	Interest Bearing	Non-interest Bearing	Total	Floating interest rate	Fixed interest rate
Financial assets					
Cash and deposits	7,999,052	-	7,999,052	0.01%	-
Receivables	-	10,172,827	10,172,827	-	-
Less: Payables	-	(335,169)	(335,169)	-	-
Less: Borrowings	-	-	-	-	-
Net financial assets	7,999,052	9,837,658	17,836,710		

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. At 30 June 2022, none of group cash deposits are fixed (2021: nil).

The Company has not performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date as a change in interest rates by 10% is not considered to have a material impact on profit and equity.

(iii) Net fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

23. SHARE BASED PAYMENTS

Shares

No costs have been recognised as a share-based payments expense, relating to shares issued to directors, employees or service providers, in the year ended 30 June 2022 (2021: Nil).

Options – Directors and Employees

The Group has an ownership-based compensation plan for employees. In accordance with the provisions of the Employee Share Option Plan, as approved by shareholders at an Annual General Meeting, Directors may issue options to purchase shares in the Company to employees at an issue price determined by the market price of ordinary shares at the time the option is granted. No Directors participate in the Employee Share Option Plan. Options to Directors are separately approved by shareholders prior to being issued.

In accordance with the terms of the Employee Share Option Plan, options vest at grant date and may be exercised at any time from the date of their issue to the date of their expiry. Share options are not listed, carry no rights to dividends and no voting rights.

A total of \$184,674 was recognised as a share-based payments expense, relating to options issued to directors and employees, in the year ended 30 June 2022 (2021: Nil). For further details refer to the table below, footnotes 1, 2 and 3.

The following share-based payment arrangements were in existence at 30 June 2022:

Options – Series	No.	Grant Date	Expiry Date	Exercise Price	Fair value at grant date
Employee Share Option Plan					
Sep-2021 ¹	1,860,000	17/09/2021	16/09/2025	\$0.10	\$0.0285
Jan-2022 ²	400,000	11/02/2022	10/02/2026	\$0.10	\$0.0258
Director Options					
Oct-2021 ³	3,700,000	2/11/2021	31/10/2025	\$0.12	\$0.0326
Brokers					
Oct-2020 ⁴	2,000,000	27/10/2020	18/10/2022	\$0.18	\$0.0463
Oct-2020 ⁴	1,584,100	27/10/2020	18/10/2022	\$0.16	\$0.0501

- 1,890,000 unlisted options were granted to employees on 17 September 2021, under the Company's shareholder approved Employee Share Option Plan. 750,000 of the options were granted to Mr Smillie as Exploration Manager (prior to his appointment as Managing Director on 9 May 2022). All options vested immediately and are exercisable at \$0.10 at any time through to the expiry date of 16 September 2025. The \$53,771 fair value of the options was calculated, using the Black Scholes valuation method, using a volatility of 74% and an interest rate of 0.43% (the five-year Australian Government bond rate). 30,000 options lapsed due to cessation of employment prior to 30 June 2021.
- 400,000 unlisted options were granted to an employee on 11 February 2022, under the Company's shareholder approved Employee Share Option Plan. The options vested immediately and are exercisable at \$0.10 at any time through to the expiry date of 10 February 2026. The \$10,320 fair value of the options was calculated, using the Black Scholes valuation method, using a volatility of 74%, an interest rate of 1.470% (the five-year Australian Government bond rate) and an underlying share price the day prior to Board approval of \$0.059.
- 3,700,000 options were issued to the Directors on 2 November 2021, following shareholder approval on 29 October 2021. The options vested immediately, and are exercisable at \$0.12 at any time through to the expiry date of 31 October 2025. The \$120,583 fair value of the options was calculated, using the Black Scholes valuation method, using a volatility of 74%, an interest rate of 1.26% (the five-year Australian Government bond rate) and an underlying share price the day prior to shareholder approval of \$0.074.
- 3,584,100 unlisted options were granted to underwriters on 27 October 2020, as part of their fee for underwriting the share placement. The options vested immediately. The \$171,951 fair value of the options was calculated, using the Black Scholes valuation method, using a volatility of 88% and an interest rate of 0.14% (the two-year Australian Government bond rate).

Historical volatility has been used as the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Other than the above, there were no other options granted to Key Management Personnel during the year.

The following reconciles the outstanding share options granted as share based payments at the beginning and end of the financial year:

Options granted as share based payments	2022		2021	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of financial year	9,204,100	\$0.213	9,620,000	\$0.203
Granted during the financial year (i)	5,990,000	\$0.112	3,584,100	\$0.171
Exercised during the financial year	-	-	-	-
Lapsed/cancelled during the financial year (ii)	(5,650,000)	\$0.239	(4,000,000)	\$0.150
Balance at end of the financial year (ii)	9,544,100	\$0.134	9,204,100	\$0.213

(i) *Options granted*

5,990,000 options, relating to share-based payments, were granted in the year ended 30 June 2022 (2021: nil), comprising 2,290,000 issued to employees under the Employee Share Option Plan, and 3,700,000 issued to Directors following shareholder approval.

(ii) *Options lapsed*

Share based payments relating to 5,650,000 options lapsed during the year ended 30 June 2022.

(iii) *Options outstanding at end of the financial year*

9,544,100 options, relating to share-based payments, are outstanding at the end of the financial year and had an average exercise price of \$0.134 (2021: \$0.213) and a weighted average remaining contractual life of 798 days (2021: 708 days).

Performance Rights

Ausino Drilling Services Pty Ltd (ADS) holds 10 million performance rights at US\$0.11 per right for US\$1.1 million. The performance rights will vest if, and when, ADS provide drilling services, with 25% of the invoices for drilling services to be paid in Southern Gold shares.

24. OPERATING SEGMENTS

Segment Information

Identification of reportable segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Board has concluded that at this time, there are no separately identifiable operating segments. The Group operates in one industry segment being the exploration for precious metals and operates in one geographic segment being the Republic of Korea (South Korea).

25. EARNINGS PER SHARE

	2022	2021
	Cents per share	Cents per share
Basic (cents per share) – Profit/(Loss)	(5.40)	2.29
Basic and Dilutive Earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
	\$	\$
Net Profit / (Loss) for the year	(11,517,522)	4,344,043
Earnings used in the calculation of basic and diluted earnings per share agrees directly to net profit/(loss) in the statement of financial performance.		
	No.	No.
Weighted average number of ordinary shares – for Basic EPS	213,328,756	189,330,806
Weighted average number of ordinary shares – for Diluted EPS	213,328,756	189,330,806

26. CONTROLLED ENTITIES CONSOLIDATED

Name of Entity	Country of Incorporation	Ownership Interest	
		2022	2021
		%	%
Parent Entity			
Southern Gold Limited	Australia		
Controlled Entities			
Challenger West Holdings Pty Ltd	Australia	100%	100%
CMH Resources Pty Ltd	Australia	100%	100%
Gawler Arc Holdings Pty Ltd	Australia	100%	100%
Southern Mining Pty Ltd	Australia	100%	100%
Inferus Resources Pty Ltd ¹	Australia	100%	100%
New Southern Mining Pty Ltd	Australia	100%	100%
International Gold Private Limited	Singapore	100%	100%
Korea Metal Resources Ltd. ²	South Korea	100%	100%

¹ All shares in Inferus Resources Pty Ltd are held by Southern Mining Pty Ltd.

² All shares in Korea Metal Resources Ltd are held by International Gold Private Limited. Korea Metal Resources Ltd changed its name during the year ended 30 June 2022, the previous name being Southern Gold Korea Ltd.

27. SOUTHERN GOLD LIMITED COMPANY INFORMATION

	2022	2021
	\$	\$
Assets		
Current assets	4,303,764	7,927,744
Non-current assets	7,397,082	16,855,939
Total assets	11,700,846	24,783,683
Liabilities		
Current liabilities	183,732	278,722
Non-current liabilities	32,907	77,180
Total liabilities	216,639	355,902
Net Assets	11,484,207	24,427,781
Equity		
Issued capital	58,011,777	58,011,777
Retained earnings	(46,883,341)	(34,560,095)
Foreign Currency Translation Reserve	-	-
Share based payments reserve	355,771	976,099
	11,484,207	24,427,781
Financial Performance		
Profit/(loss) for the year	(13,128,248)	4,109,352
Other comprehensive income	-	-
Total comprehensive income	(13,128,248)	4,109,352
Guarantees in relation to the debts of subsidiaries	-	-

28. GOING CONCERN BASIS OF ACCOUNTING

The financial report has been prepared on the basis of a going concern.

The consolidated Group incurred a net loss after tax from continuing operations of \$11,517,522 for the year ended 30 June 2022, and a net cash outflow of \$3,359,725 from operating and investing activities. As at 30 June 2022, the consolidated Group has a cash position of \$4,560,622, together with \$440,839 receivable on the completion of the sale of the second tranche of 25,000,000 BMV shares (refer Note 8) and a mark to market value at 30 June 2022 of the remaining 150,000,000 BMV shares held of \$5,554,576 (refer Note 12).

The Group believes that it has sufficient liquidity to prepare the financial statements on a going concern basis. Therefore, the financial statements do not include adjustments relating to the recoverability and classification of recorded assets amounts, nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

29. EVENTS SUBSEQUENT TO REPORTING DATE

The sale of the second tranche of 25,000,000 BMV shares was completed on 23 September 2022 for consideration of £250,000 (refer Note 8).

Other than the above, there has not arisen any other matters or circumstances, since the end of the financial year which significantly affected or could affect the operations of the Group, the results of those operations, or the state of the Group in future years.

30. RESERVES

The share-based payments reserve records items recognised as expenses on valuation of options issued to employees or other service providers.

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

The FVTOCI reserve records the cumulative change in the fair value of financial assets recognised through Other Comprehensive Income. The financial asset comprised the 50,000,000 shares held in LSE listed BMV at 30 June 2021. The fair value of the investment in BMV was determined based on quoted market prices in an active market (Level 1). Refer Note 13. At 30 June 2022 the now 150,000,000 BMV Shares held are classified as an equity accounted investment.

31. REGISTERED OFFICE AND PRINCIPAL OFFICE

The registered and principal office of the Company and its controlled entities is:

10 George St, Stepney, South Australia, 5069

ABN 30 107 424 519

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Directors' Declaration

The Directors of Southern Gold Limited declare that:

- a) the financial statements and notes are in accordance with the *Corporations Act 2001*, and:
- i.) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Consolidated Group; and
 - ii.) comply with Accounting Standards; and
 - iii.) Southern Gold Limited complies with International Financial Reporting Standards as described in Note 1; and
- b) the Chief Executive Officer and Finance Manager have declared that:
- i) The financial records of the Company for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;
 - ii) The financial statements and notes for the financial year comply with the Accounting Standards; and
 - iii) The financial statements and notes for the financial year give a true and fair view;
- c) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors

Dated at Adelaide this 26th day of September 2022.



R Smillie
Managing Director



G C Boulton AM
Chairman

Independent Auditor's Report

To the Members of Southern Gold Limited

Report on the audit of the financial report

Qualified Opinion

We have audited the financial report of Southern Gold Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, except for the effects of the matter described below in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Qualified opinion

The Group's investment in its associate, Bluebird Merchant Ventures Limited, is carried at \$5,554,576 on the consolidated statement of financial position as at 30 June 2022. The Directors did not gain access to the books and records of Bluebird Merchant Ventures Limited and, as a result, we were unable to obtain sufficient appropriate audit evidence to determine whether any adjustments were necessary in respect of the Group's proportional share of Bluebird Merchant Venture Limited's income and expenses for the year.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Disposal group - Note 8</p>	
<p>The Group entered into a sale agreement on 13 April 2022 to sell 50 million of its shares in Bluebird Merchant Ventures Limited to be transacted in two equal tranches. As the second tranche had not transferred to the buyer at 30 June 2022, the shares have been classified as a held for sale asset at fair value of \$922,703 and a liability directly associated with assets classified as held for sale of \$481,864 has been recognised in relation to an onerous contract provision.</p> <p>This area is a key audit matter due to the significance of the transaction and the complexity of applying the relevant accounting standards, AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> and AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • obtaining an understanding of the terms of the agreements relating to the sale of the 50 million shares and agreeing this to the executed contract; • evaluating the calculation accounting for each of the tranches during the year, agreeing inputs to supporting documentation and evaluating for compliance with AASB 5 and AASB 137; and • assessing the adequacy of the relevant financial disclosure.
<p>Going concern basis of preparation of the financial statements - Note 28</p>	
<p>As described in Note 28 to the financial report, the financial statements have been prepared on a going concern basis.</p> <p>Assessing the appropriateness of the Group's basis of preparation for the financial statements was a key audit matter due to the importance to the financial statements and the level of judgement required in the assessing the Group's forecast cashflows for a period of at least 12 months from the audit report date.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • ensuring the period covered by the Group's going concern assessment is at least 12 months from the date of our auditor's report and all relevant information based on our knowledge of the Group as a result of the audit has been included in the assessment; • enquiring of management and the Board of Directors as to their knowledge of events or conditions that may cast significant doubt on the Group's ability to continue as a going concern; • assessing the forecast cashflow assumptions based on historical results and cashflow expenditure initiatives undertaken; • obtaining written representation from management and the Board of Directors regarding their plans for future action and the feasibility of these plans; and • assessing the adequacy of the Group's going concern basis of preparation disclosures for the financial statements for consistency with Australian Accounting Standards

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Key audit matter

How our audit addressed the key audit matter

Exploration and evaluation assets - Note 10

At 30 June 2022 the carrying value of exploration and evaluation assets was \$993,973.

In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.

The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.

This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.

Our procedures included, amongst others:

- obtaining an understanding of management's processes and internal controls to evaluate impairment triggers in each area of interest;
- obtaining management's reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;
- evaluating management's area of interest considerations against AASB 6;
- evaluating management's assessment of trigger events prepared in accordance with AASB 6 including:
 - tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;
 - inquiries of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure;
 - understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;
- assessing the accuracy of impairment recorded for the year as it pertained to exploration interests;
- evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and
- assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Southern Gold Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B K Wundersitz
Partner – Audit & Assurance

Adelaide, 26 September 2022

Shareholders Information

Shareholder Information

The shareholder information set out below was applicable as at 29 August 2022.

1. Substantial Equity Holders

The following individual shareholders have a relevant interest of 5% or more in the total ordinary shares on issue as at 29 August 2022, as disclosed in the most recent substantial shareholder notices.

Name of Shareholders	Date of Notification	Notified Number of Shares Held	Notified Percentage of Shares on Issue
METAL TIGER PLC	08/06/21	40,794,000	19.12
ILWELLA PTY LTD	08/06/21	31,760,679	14.89
PS SUPER NOM PL	21/07/20	10,355,003	8.07

2 Number of Shareholders

The number of Ordinary Shares on issue at 29 August 2022 is 213,328,756 held by 1,409 shareholders.

3. Distribution of Equity Securities

Ordinary Shares

Distribution of holdings:	Number of Holders
1 - 1,000	135
1,001 - 5,000	367
5,001 - 10,000	237
10,001 - 100,000	514
100,001 - and over	156
	1,409

Number of holders of less than a marketable parcel of \$500 823

Unlisted Options (various exercise prices and expiry dates)

Distribution of holdings:	Number of Holders
1 - 1,000	-
1,001 - 5,000	-
5,001 - 10,000	-
10,001 - 100,000	23
100,001 - and over	49
	72

4. Twenty Largest Shareholders

The names of the twenty largest holders of fully paid ordinary shares comprise:

	Name	Number Held	Percentage of Issued Shares
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	47,901,057	22.45
2	METAL TIGER PLC	40,794,000	19.12
3	PS SUPER NOMINEE PTY LTD	12,464,613	5.84
4	VALBONNE II	7,318,970	3.43
5	DR COLIN ROSE	6,320,273	2.96
6	POTEZNA GROMADKA LTD	5,904,185	2.77
7	SCINTILLA STRATEGIC INVESTMENTS LIMITED	5,786,274	2.71
8	BNP PARIBAS NOMS PTY LTD	4,152,879	1.95
9	G BOULTON PTY LTD	3,778,256	1.77
10	SUPER SECRET PTY LIMITED	2,855,588	1.34
11	BNP PARIBAS NOMINEES PTY LTD	2,643,227	1.24
12	PS SUPER NOMINEES PTY LTD	2,500,000	1.17
13	MR ERIC GUERLAIN	2,020,050	0.95
14	DR LEON EUGENE PRETORIUS	1,760,000	0.83
15	CAZNA AUSTRALIA PTY LTD	1,686,038	0.79
16	MR WILLIAM RICHARD BROWN	1,600,000	0.75
17	CITICORP NOMINEES PTY LIMITED	1,448,247	0.68
18	WEYBRIDGE PTY LTD	1,361,867	0.64
19	H & A EGGER PTY LTD	1,335,000	0.63
20	MRS LUYE LI	1,238,085	0.58
		154,868,609	72.60

5. Unquoted Equity Securities

Class: Unlisted Options (various exercise prices and expiry dates)

Number on issue: 51,944,100

Number of holders: 72

There are no option holders with greater than 20% of options on issue.

Class: Performance Rights

Number on issue: 10,000,000

Number of holders: 1

Ausino Drilling Services Pty Ltd (ADS) are contracted to provide drilling services into South Korea to the value of US\$4.4 million. ADS holds 10 million performance rights at US\$0.11 per right for US\$1.1 million. The performance rights will vest as ADS provides the drilling services, with 25% of the invoices for drilling services provided to be paid in Southern Gold shares.

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Southern Gold Ltd.
ACN 107 424 519