

New Strategic North American Investor cornerstones oversubscribed \$10.2 million equity raising

- Commitments received for the subscription of 85,000,000 ordinary shares at \$0.12 per share with total \$10.2 million raised (before costs)
- The issue received strong support by a North American strategic investor, Crescat Capital LLC, which will invest \$2.5 million
- Metal Tiger PLC and Flannery Family Office investing \$1.7 million and \$1 million respectively, maintain their 17.1% and 10.4% shareholdings
- Funding enables expanded drilling campaigns on multiple targets and a ramp-up on project generation activity over the next two years

The Equity Raising

The Directors of Southern Gold Limited (ASX: SAU) ("Southern Gold" or "the Company") is pleased to announce the Company has 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 includes a 2-year 18c call option for every two shares subscribed for (or "1 for 2" attached option). The placement was well oversubscribed with significant additional demand identified in Asia.

The placement will be completed in two tranches:

1. Tranche 1 will be completed within the companies share placement capacity under ASX listing rules 7.1 and 7.1A. This will be 31,680,002 shares at \$0.12 raising approximately \$3.8 million before costs; and
2. Tranche 2 includes 53,319,998 shares at \$0.12 raising approximately \$6.4 million before costs and will be subject to shareholder approval.

The attached 42,500,000 options will also be subject to shareholder approval.

The placement has been strongly supported by strategic investor, Crescat Capital LLC, a Denver based asset management firm which includes a precious metals fund and is advised by technical consultant Dr Quinton Hennigh. Further details on Crescat Capital and Dr Hennigh are below.

In addition, several of Southern Gold's major shareholders such as Metal Tiger PLC and Illwella Pty Ltd (the Flannery family office), also strongly supported the raising, subscribing for approximately \$1.7 million and \$1 million respectively. This maintains Metals Tiger's shareholding at 17.1% and Illwella's (and associated entities) at 10.4%.

Transformative Transaction

This placement is a significant step for Southern Gold in its strategy to be the preeminent gold-silver explorer in South Korea with expanded project generation and drilling activity. This funding:

- Ensures sufficient cash to execute multiple drilling campaigns on multiple targets in our growing gold-silver project portfolio over the next two years; and
- Introduces several new institutional investors to the register, both in Australia and offshore in North America, including technically astute Crescat Capital LLC.

The second tranche of the new share issuance, including 100% of the subscriptions of our major shareholders and Crescat Capital LLC, will be subject to shareholder approval at a general meeting of shareholders to be held in mid-October with a Notice of Meeting expected to be forwarded to shareholders shortly. The attached options under the offer will also be subject to shareholder approval at the same meeting.

Ashanti Capital Pty Ltd and Foster Stockbroking Pty Ltd acted as Joint Lead Managers and Bookrunner to the raising. Canadian based Red Cloud Securities acted as advisor and placing agent into North America.

About Crescat Capital LLC

Crescat Capital LLC ('Crescat') is a global macro asset management firm with more than US\$137 million under management. Crescat's mission is to grow and protect wealth over the long term by deploying tactical investment themes based on proprietary value-driven equity and macro models. Crescat's goal is industry leading absolute and risk-adjusted returns over complete business cycles with low correlation to common benchmarks. Crescat's investment process involves a mix of asset classes and strategies to assist with each client's unique needs and objectives and includes Global Macro, Long/Short, Large Cap and Precious Metals funds.

Crescat is advised by technical consultant Dr Quinton Hennigh. Dr Hennigh is an economic geologist with more than 25 years of exploration experience with major gold mining firms including Homestake Mining, Newcrest Mining and Newmont Mining. Dr Hennigh is currently director and technical advisor to Irving Resources Inc (which is exploring in Japan), CEO and director of Novo Resources Corp. and director of TriStar Gold Inc., Precipitate Gold Corp. and NV Gold Corp.

Post completion of both tranches of the equity raising, Crescat Capital's equity holding in Southern Gold will be approximately 9.8%.

Southern Gold Managing Director, Mr Simon Mitchell:

"I am very pleased to announce the outcome of this \$10 million raising as it represents the culmination of a lot of work in the equity capital markets. Southern Gold has now attracted a significant portfolio of equity holders who are very technically astute and understand the potential of our country play in South Korea. This funding allows the company to concentrate on finding the next major discovery and to build significant value for our shareholders over the next two years and beyond."

"With elevated global risks, very high market volatility and with the current strong investor support for gold right now, this was a good time to build quality institutional investors into the Southern Gold register. I especially welcome North American institution Crescat Capital LLC, who is advised by Dr Quinton Hennigh, and given Quinton's background in a similar exploration group in Japan, Irving Resources, I believe this is an excellent endorsement of our strategy into South Korea."

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

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Southern Gold Limited: Company Profile

Southern Gold Ltd is a successful gold explorer listed on the Australian Securities Exchange (ASX ticker "SAU"). Southern Gold owns 100% of a substantial portfolio of high-grade gold projects in South Korea that are largely greenfield epithermal gold-silver targets in the south-west of the country. Backed by a first-class technical team, including renowned geologist Douglas Kirwin, Southern Gold's aim is to find world-class epithermal gold-silver deposits in a jurisdiction that has seen very little modern exploration. Southern Gold also holds a 50% equity interest in a Joint Venture company operated by JV partner, London-listed Bluebird Merchant Ventures (BMV), that is looking to start gold production at the Kochang and Gubong projects. This JV interest is currently in a sale or corporate restructure process.

Forward-looking statements

Some statements in this release regarding estimates or future events are forward looking statements. These may include, without limitation:

- Estimates of future cash flows, the sensitivity of cash flows to metal prices and foreign exchange rates;*
- Estimates of future metal production; and*
- Estimates of the resource base and statements regarding future exploration results.*

Such forward looking statements are based on a number of estimates and assumptions made by the Company and its consultants in light of experience, current conditions and expectations of future developments which the Company believes are appropriate in the current circumstances. Such statements are expressed in good faith and believed to have a reasonable basis. However, the estimates are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from estimated results.

All reasonable efforts have been made to provide accurate information, but the Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this presentation or ASX release, except as may be required under applicable laws. Recipients should make their own enquiries in relation to any investment decisions from a licensed investment advisor.