



SOUTHERN GOLD LIMITED
NOTICE OF ANNUAL GENERAL MEETING
ACN 107 424 519

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Southern Gold Limited
will be held at Grant Thornton,
Level 3, 170 Frome Street, Adelaide, SA, 5000
on Thursday 26 November 2020 at 4pm (CST).

NOTICE OF ANNUAL GENERAL MEETING

Ordinary Business

Financial Report

To receive and consider the Company's financial statements and independent audit report for the year ended 30 June 2020.

The 2020 Annual Report will be available to view online at www.southerngold.com.au and dispatched to those Shareholders who elected to receive the report by mail by 15th October 2020.

Resolution 1 - Adoption of the Remuneration Report for the year ended 30 June 2020

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That, for the purposes of Section 250R(2) of the Corporations Act, the Company adopt the Remuneration Report for the period ended 30 June 2020 as set out in the Directors' Report in the 2020 Annual Report.

Voting Exclusion

The Company will disregard any votes cast (in any capacity) on Resolution 1 by any Key Management Personnel, the details of whose remuneration are included in the Remuneration Report, and any Closely Related Party of such Key Management Personnel.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or*
- (b) the Chair of the meeting is appointed as proxy and the proxy form expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.*

Resolution 2 - Re-election of Mr Greg Boulton AM as a Director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That Mr Greg Boulton, having retired by rotation in accordance with Listing Rule 14.4 and rule 117 of the Company's Constitution and being eligible and having offered himself for re-election, is re-elected as a Director of the Company with immediate effect.

Resolution 3 – Election of Mr Michael McNeilly as a Director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That Mr Michael McNeilly, having been appointed as an addition to the board, in accordance with Listing Rule 14.4 and rule 110 of the Company's Constitution and being eligible and having offered himself for election, is elected as a Director of the Company with immediate effect.

Resolution 4 – Election of Mr Doug Kirwin as a Director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That Mr Doug Kirwin, having been appointed as an addition to the board, in accordance with Listing Rule 14.4 and rule 110 of the Company's Constitution and being eligible and having offered himself for election, is elected as a Director of the Company with immediate effect.

Other Business

Resolution 5 – Approval for the issue of Performance Rights to Ausino Drilling Services Pty Ltd

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That for the purpose of Listing Rule 7.1 and for all other purposes, the issue by the Company of 10,000,000 Performance Rights (each convertible to one fully paid ordinary share upon satisfaction of an applicable milestone prior to the expiry date) to Ausino Drilling Services Pty Ltd, under Listing Rule 7.1, is approved on the terms set out in the Explanatory Memorandum.

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of Ausino Drilling Services Pty Ltd, any Associates of Ausino Drilling Services Pty Ltd, and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities in the Company, if Resolution 5 is passed, and any Associates of those persons. However, this does not apply to a vote cast in favour of Resolution 5 by:

- (a) *a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or*
- (b) *the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (1) *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - (2) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Resolution 6 - Ratification of previous issue of Shares

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That for the purpose of Listing Rule 7.4 and for all other purposes, the issue and allotment by the Company of 3,833,230 Shares on 18 September 2020 under Listing Rule 7.1 to a certain sophisticated investor is approved.

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 6 by or on behalf US Global Investors, any Associates of US Global Investors, and any person who might obtain a benefit, except a benefit solely in the

capacity of a holder of ordinary securities in the Company, if Resolution 6 is passed, and any Associates of those persons. However, this does not apply to a vote cast in favour of Resolution 6 by:

- (d) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (e) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (f) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (1) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (2) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 7 - Approval of 10% Placement Facility

To consider, and if thought fit, pass the following resolution as a special resolution:

That, for the purposes of Listing Rule 7.1A and all other purposes, Shareholders authorise the Company to have the additional capacity to issue Equity Securities comprising up to 10% of the issued capital of the Company under Listing Rule 7.1A calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 7 by any person who is expected to participate in, or might obtain a benefit as a result of a proposed issue, except a benefit solely in the capacity of a holder of ordinary securities in the Company, if Resolution 7 is passed, and any Associates of those persons. However, this does not apply to a vote cast in favour of Resolution 7 by:

- (g) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (h) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (i) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (1) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (2) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

By order of the Board



D Hill
Company Secretary
Dated this 23rd Day of October 2020

Voting Entitlements

Pursuant to Regulation 7.11.37 of the Corporations Regulations 2001, made pursuant to Section 1074E(2)(g) of the Corporations Act, the Directors have determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the Annual General Meeting will be as it appears in the share register on Tuesday 24 November 2020 at 4pm (CST).

Proxies

A Shareholder entitled to attend and vote at the meeting has the right to appoint a proxy, who need not be a Shareholder of the Company. If a Shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. The Proxy Form must be posted to the Company at PO Box 255, Kent Town, SA 5071, by email at info@southerngold.com.au or sent by facsimile to Southern Gold Ltd on +61 8 8363 0697, not later than 48 hours before the commencement of the Annual General Meeting.

Corporate Representative

A corporation that is a Shareholder or a proxy may elect to appoint a person to act as its corporate representative at the meeting, in which case the corporate Shareholder or proxy (as applicable) must provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Shareholder's or proxy's (as applicable) corporate representative. The authority must be sent to the Company and/or the Company's Share Registry (detailed above) in advance of the meeting or handed in at the meeting when registering as a corporate representative.

Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting and should be read in conjunction with this Notice. The Explanatory Memorandum contains a glossary that defines capitalised terms as used in both this Notice of Annual General Meeting and the Explanatory Memorandum.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to assist Shareholders in consideration of resolutions proposed for the Annual General Meeting of the Company to be held on Thursday, 26th November 2020 at the Southern Gold Ltd, Level 3, 170 Frome Street, Adelaide, South Australia, commencing at 4pm (Adelaide time).

It should be read in conjunction with the accompanying Notice of Annual General Meeting.

Resolution 1 – Adoption of the Remuneration Report for the year ended 30 June 2020

In accordance with Section 250R(2) of the Corporations Act, Shareholders are required to vote on the Company's Remuneration Report for the year ended 30 June 2020.

The Remuneration Report is contained in the Directors' Report in the 2020 Annual Report, which will be available to view online at the Company's website www.southerngold.com.au and dispatched to those Shareholders who did not elect to receive Company reports electronically.

The Remuneration Report describes the underlying policies and structure of the remuneration arrangements of the Company and sets out the remuneration arrangements in place for Directors and senior executives for the year ended 30 June 2020.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote at the annual general meeting of the Company. Members should note that the vote on Resolution 1 is not binding on the Company or the Directors.

Since 1 July 2011, if more than 25% of the votes cast on a resolution to adopt the remuneration report are against the adoption of the remuneration report for two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution ("Spill Resolution") that another meeting be held within 90 days, at which all of the Company's Directors must go up for re-election.

At the 2019 AGM, the Company's remuneration report for the year ended 30 June 2019 did not receive a 'no' vote of 25% or more.

The Directors unanimously recommend Shareholders vote in favour of Resolution 1. The Chairman intends to vote undirected proxies in favour of Resolution 1.

Important information for Shareholders:

Please note, in accordance with sections 250R(4) and (5) of the Corporations Act, the Chair will not vote any undirected proxies in relation to Resolution 1 unless the Shareholder expressly authorises the Chair to exercise the proxy even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel. Please note that if the Chair of the meeting is your proxy (or becomes your proxy by default), by completing the attached proxy form, you will expressly so authorise the Chair.

Alternatively, if you appoint the Chair as your proxy, you can direct the Chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

As a further alternative, Shareholders can nominate as their proxy for the purposes of Resolution 1, a proxy who is not a member of the Company's Key Management Personnel or any of their Closely Related Parties. That person would be permitted to vote undirected proxies (subject to the Listing Rules).

Resolution 2 – Re-election of Mr Greg Boulton as a Director

In accordance with Listing Rule 14.4 and rule 117 of the Constitution, at every annual general meeting, one third of the Directors for the time being must retire from office and are eligible for re-election. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement. This rule does not apply to the Managing Director.

The Directors presently in office are Mr Greg Boulton AM, Mr Simon Mitchell, Mr Peter Bamford, Mr David Turvey, Mr Bee Jay Kim, Mr Doug Kirwin and Mr Michael McNeilly.

Mr Boulton has been longest in office since his last re-appointment and will retire by rotation at the Annual General Meeting. Mr Boulton is eligible for, and has offered himself for re-election.

The resume of Mr Boulton is as follows:-

Mr Greg Boulton AM FCA, FCPA, FAICD (Non-Executive Chairman)

Mr Boulton is an accountant and has extensive commercial experience spanning over 40 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 Institute of Chartered Accountants, CPA Australia and the Institute of Company Directors. Mr Boulton is currently on the board of Kangaroo Island Plantation Timbers Limited and is Chairman of Super SA.

An assessment of the performance of Mr Boulton has been conducted in the context of his skills, experience, knowledge and understanding of the Company's business. The Directors (other than Mr Boulton) recommend Shareholders vote in favour of Resolution 2. The Chairman intends to vote undirected proxies in favour of Resolution 2.

Resolution 3 – Election of Mr Michael McNeilly as a Director

In accordance with Listing Rule 14.4 and rule 110 of the Constitution, a director that has been appointed as an addition to the board must not hold office, without election, past the next annual general meeting of the Company. This rule does not apply to the Managing Director.

The Directors presently in office are Mr Greg Boulton AM, Mr Simon Mitchell, Mr Peter Bamford, Mr David Turvey, Mr Bee Jay Kim, Mr Doug Kirwin and Mr Michael McNeilly.

Mr McNeilly was appointed on 5 June 2020 as a Non-Executive Director. Mr McNeilly is eligible for, and has offered himself for election.

The resume of Mr McNeilly is as follows:-

As a nominee non-executive director of MOD Resources Limited, he was actively involved in the Sandfire Resources NL recommended scheme offer for MOD which saw Metal Tiger receive circa 6.3million shares in Sandfire. Michael resigned from the Board of MOD as part of the scheme of arrangement. Michael has formerly been a non-executive director of Greatland Gold plc and a non-executive director at Arkle Resources plc. Michael serves as a director on numerous Metal Tiger investment and subsidiary entities He is also a non-executive director of Kalahari Metals Limited and Cobre Limited.

Michael previously worked as a corporate financier with both Allenby Capital and Arden Partners plc (AIM: ARDN) advising on numerous private and public transactions including several IPOs. Michael also worked as a corporate executive at Coinsilium (NEX: COIN) where he worked with early stage blockchain focused start-ups. Michael studied biology at Imperial College London and has a BA in economics from the American University of Paris. Michael is fluent in French.

An assessment of the performance of Mr McNeilly has been conducted in the context of his skills, experience, knowledge and understanding of the Company's business. The Directors (other than Mr McNeilly) recommend Shareholders vote in favour of Resolution 3. The Chairman intends to vote undirected proxies in favour of Resolution 3.

Resolution 4 – Election of Mr Doug Kirwin as a Director

In accordance with Listing Rule 14.4 and rule 110 of the Constitution, a director that has been appointed as an addition to the board must not hold office, without election, past the next annual general meeting of the Company. This rule does not apply to the Managing Director.

The Directors presently in office are Mr Greg Boulton AM, Mr Simon Mitchell, Mr Peter Bamford, Mr David Turvey, Mr Bee Jay Kim, Mr Doug Kirwin and Mr Michael McNeilly.

Mr Kirwin was appointed on 11 February 2020. Mr Kirwin is eligible for, and has offered himself for election.

The resume of Mr Kirwin is as follows:-

Douglas J. Kirwin, B.Sc., M.Sc., FSEG., FAIG., FAUSIMM

Doug Kirwin is an independent geologist with 50 years of international exploration experience. Doug has held senior positions with Anglo American and Amax during the 1970's and was managing director of a successful international geological consulting firm during the 1980's and early 1990's. In 1995 he accepted a role as Vice President, Exploration for Indochina Goldfields and subsequently became the Executive Vice President for Ivanhoe Mines Limited until 2012, after which Ivanhoe was acquired by Rio Tinto. Doug was also a director of South Gobi Energy, Jinshan Gold, Avidian Gold and a founding non-executive director of Ivanhoe Australia Ltd.

As a member of the joint discovery team for the Hugo Dummett deposit at Oyu Tolgoi in Mongolia, Doug was a co-recipient of the PDAC inaugural Thayer Lindsley medal awarded for the most significant international mineral discovery in 2004. Other mineral discoveries made by his exploration team include the Jelai-Mewet epithermal deposits and Seryung mine in northeast Kalimantan, the Eunsan-Moisan gold mines in South Korea, the Moditaung gold mines in Myanmar and the Swan Au-Cu and Merlin Re-Mo deposits in Australia.

In 2006 Mr. Kirwin was the International Exchange lecturer for the Society of Economic Geologists and served as the Society Vice President during 2007 to 2010 and president in 2019. He has previously been an industry advisor for the Society of Applied Geologists and China Mining and a board member of the Economic Geology Research Unit at James Cook University. Doug holds a Master of Science degree in mineral exploration from James Cook University, Australia where he is currently and adjunct professor.

An assessment of the performance of Mr Kirwin has been conducted in the context of his skills, experience, knowledge and understanding of the Company's business. The Directors (other than Mr Kirwin) recommend Shareholders vote in favour of Resolution 4. The Chairman intends to vote undirected proxies in favour of Resolution 4.

Resolution 5 – Approval for the issue of Performance Rights to Ausino Drilling Services Pty Ltd

On 24 August 2020, the Company announced a strategic partnership agreement with a drilling contract, Ausino Drilling Services Pty Ltd (Ausino), for partial payments of shares in return for drilling services rendered for 25% of the value of valid invoices presented on progressive completion of services. Each Performance Right will convert into a Share at the value of US\$0.11 per share (AUD\$0.156 as at 19 October 2020) for the issue of up to 10,000,000 Shares over 4 years from the date of shareholder approval. The remaining 75% of invoices will be paid in cash by the Company.

The Performance Rights are not transferrable.

The Company seeks approval for the issue of up to 10,000,000 Performance Rights to Ausino, which are convertible to Shares on the achievement of certain milestones.

Listing Rule 7.1

Broadly speaking, and subject to a number of exception, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period (**15% Capacity**).

Resolution 5 seeks shareholder approval to the issue of Performance Rights to Ausino for the purposes of Listing Rule 7.1, so that the issue of those Performance Rights does not count towards the Company's 15% Capacity.

If Resolution 5 is passed, the Company, the Performance Rights will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not proceed with the issue of the Performance Rights to Ausino utilising the Company's 15% Capacity.

Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the Placement Rights will be allotted to Ausinco, as a service provider subject to milestones pursuant to the Memorandum of Understanding between Ausino and the Company.
- (b) the total number of Performance Rights is 10,000,00, of which on achievement of milestones, will convert to fully paid ordinary shares the Company for 10,000,000 Shares;
- (c) the Performance Rights upon conversion to Shares will be issued on the same terms as, and will rank equally with, all fully paid ordinary shares in the Company on issue;
- (d) the Performance Rights are anticipated to be allotted and issued on 30 November 2020 and, in any event, no later than 3 months after the date of the Meeting, with the conversion into Shares to occur within 4 years. Each milestone will be achieved upon the valid issue of an accumulated US\$440,000 in drilling services invoices, resulting in the conversion into 1,000,000 Shares at a value of US\$0.11 per Share;
- (e) the price of each Performance Right convertible to a Share is US\$0.11 (AUD\$0.156 as at 19 October 2020);
- (f) the purpose of the issue is for partial payment (25%) of drilling services in South Korea for exploration for a total value of US\$1.1m.

The Directors recommend that Shareholders vote in favour of Resolution 5. Any undirected proxies held by the Chairman will be voted in favour of Resolution 5.

Resolution 6 - Ratification of previous issue of Shares

The Company seeks approval for the purposes of Listing Rule 7.4 to the issue and allotment of 3,833,230 Shares on 18 September 2020 to a sophisticated investor such that those securities will not be counted towards the 15% limit on the issue of securities without Shareholder approval pursuant to Listing Rule 7.1. If Resolution 6 is passed then those Securities will be deemed to have been issued with Shareholder approval and will, therefore, not be counted towards the aforementioned 10% limit.

On 3 September 2020 the Company announced a placement at \$0.12 per share, with a free attaching option for every two shares subscribed to a sophisticated investors. The final part of the first tranche placement contemplated in this Resolution was completed within the Company's placement capacity under Listing Rule 7.1 on 18 September 2020. Resolution 4 relates to 3,833,230 Shares that were issued pursuant to Listing Rule 7.1 and the issue of which can therefore be ratified under Listing Rule 7.4.

Listing Rule 7.5 requires the following information to be provided to Shareholders for the purposes of obtaining shareholder approval pursuant to Listing Rule 7.4:

- a) 3,833,230 Ordinary Shares were issued on 18 September 2020;
- b) the fully paid Shares were issued \$0.12 per share, along with a free attaching option for every two shares subscribed, exercisable at \$0.18 per share on 22 October 2018;

- c) the sophisticated investor was US Global Investors;
- d) the issue of shares was completed as a part of an overall placement as announced on 3 September 2020 for the purpose of funding multiple drilling campaigns, expanded project generation and general working capital;
- e) a voting exclusion statement has been included in the Notice of Annual General Meeting.

The Directors unanimously recommend Shareholders vote in favour of Resolution 6. The Chairman intends to vote undirected proxies in favour of Resolution 6.

Resolution 7 – Approval of 10% Placement Facility

Background to Resolution 7

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1. An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company's market capitalisation as at 19 October 2020, being the last practicable date prior to finalisation of the Notice of Meeting, was \$20.8 million (159,996,780 issued shares at \$0.13 closing price per share). Further, the Company is not included in the S&P/ASX 300 Index, and is therefore an eligible entity for the purposes of Listing Rule 7.1A.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2. It is the Company's intention that funds received under the 10% Placement Facility will be used for the exploration of tenements in South Korea. Funds raised under the 10% Placement Facility may also be used to supplement the Company's working capital requirements and undertake further transactions to acquire new assets or investments should the Directors determine this to be in the best interests of the Company.

Description of Listing Rule 7.1A

a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of this Notice, has on issue two classes of Equity Securities being Listed Shares and Unlisted Options.

c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- 1) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- 2) plus the number of partly paid shares that became fully paid in the 12 months;
- 3) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- 4) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 159,996,780 Shares and would have capacity to issue:

- 1) 23,999,517 Equity Securities under Listing Rule 7.1, subject to Shareholder approval being sought under Resolution 6; and
- 2) 15,999,678 Securities under Listing Rule 7.1A, subject to Shareholder approval being sought under Resolutions 6.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must not be less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- 1) the date on which the price at which the Equity Securities are to be issued is agreed; or
- 2) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.

The Company may also issue Equity Securities under the 10% Placement Facility as consideration for the acquisition of a new asset, in which case the Company will release to the market a valuation of those Equity Securities that demonstrates that the issue price of the securities complies with the rule above.

10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- 1) the date that is 12 months after the annual general meeting at which the approval is obtained; or
- 2) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

Listing Rule 7.1A

The effect of Resolution 7 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's placement capacity under Listing Rule 7.1.

Resolution 7 is a Special Resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- a) the Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - 1) the date on which the price at which the Equity Securities are to be issued is agreed; or

- 2) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.
- b) if Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, existing Shareholders may be subject to both economic and voting power dilution. There is a risk that:
- 1) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting;
 - 2) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date; and
 - 3) the Equity Securities are issued as part of consideration for the acquisition of a new asset, in which case, no funds will be raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- 1) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or script issued under a takeover) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- 2) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.065 50% decrease in issue price	\$0.130 Issue price	\$0.260 100% increase in issue price
Current Variable A 159,996,780 Shares	10% voting dilution	15,999,678 Shares	15,999,678 Shares	15,999,678 Shares
	Funds raised	\$1,039,979	\$2,079,958	\$4,159,916
50% increase in current Variable A 239,995,170 Shares	10% voting dilution	23,999,517 Shares	23,999,517 Shares	23,999,517 Shares
	Funds raised	\$1,559,969	\$3,119,937	\$6,239,874
100% increase in current Variable A 319,993,560 Shares	10% voting dilution	31,999,356 Shares	31,999,356 Shares	31,999,356 Shares
	Funds raised	\$2,079,958	\$4,159,916	\$8,319,833

The table has been prepared on the following assumptions:

- i. the Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
- ii. no Unlisted Options (including any Unlisted Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
- iii. the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
- iv. the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting;
- v. the table shows only the effect of issues of Equity Securities under Listing Rule 7.1A,

not under the 15% placement capacity under Listing Rule 7.1. Dilution experienced by Shareholders may be greater if issues have been made utilising the capacity in Listing Rule 7.1 as well;

- vi. the issue of Equity Securities under the 10% Placement Facility consists only of Shares;
 - vii. the issue price is \$0.13, being the closing price of the Shares on ASX on 19 October 2020, being the last practicable date prior to finalisation of the Notice of Meeting;
- c) the Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 7 for the issue of Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- d) the Company may seek to issue the Equity Securities for the following purposes:
- i. non-cash consideration for the acquisition of new resources, assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - ii. cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisitions or investments), continued exploration and development expenditure on the Company's current assets (including South Korea) and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A (4) and 3.10.5A upon issue of any Equity Securities.

- e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- i. the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - ii. the effect of the issue of the Equity Securities on the control of the Company;
 - iii. the financial situation and solvency of the Company; and
 - iv. advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company. Further, if the Company acquires new assets, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets.

If Resolution 7 is approved by Shareholders, the Company may issue Equity Securities under the 10% Placement Facility during the Placement Period as and when the circumstances of the Company require.

- f) The Company has previously obtained Shareholder approval under Listing Rule 7.1A on 10 October 2019. The following is detailed information required under Listing Rule 7.3A.6 regarding Equity Securities issued since 10 October 2019;
- i) The total number of Equity Securities issued since 10 October 2019 is 76,349,325 Shares and 6,100,000 Options, representing 98.57% of the total number of Equity Securities on issue at 10 October 2019;
 - ii) The details comprising the issue of 76,349,325 Shares and 6,100,000 Options are as follows;
 - a. 219,749 Shares were issued on 16 October 2019 arising from the exercise of unlisted options at 18 cents per share per share. The proceeds of the exercise has been spent.
 - b. 3,600,000 Unlisted Options exercisable at 24 cents per share on or before 9 October 2023 were issued to Directors on 16 October 2019 under an employee incentive, as approved by shareholders on 10 October 2019.

- c. 4,000,000 Shares were issued on 21 October 2019 at 11 cents per share with 2,000,000 free Unlisted Options exercisable at 18 cents per share on or before 31 December 2021. The placement was approved by Shareholders on 10 October 2019. The Shares were issued at a 55% discount to the closing market price on the date of issue. The cash raised from the placement was used for exploration and overhead costs in South Korea and JV funding contributions. The proceeds as at the date of this Notice have been spent.
 - d. 209,249 Shares were issued on 22 November 2019 at 15.05 cents per share in payment for consultancy services provided by Aetas Global Markets Limited. The Shares were issued at a 34.5% discount to the closing market price on the date of issue. The issue was in settlement of amounts that would otherwise be owing for consultancy services.
 - e. 112,500 Shares were issued on 22 November 2019 at 20 cents per share in payment for consultancy services provided by Mr Simon Francis. The Shares were issued at a 13% discount to the closing market price on the date of issue. The issue was in settlement of amounts that would otherwise be owing for consultancy services.
 - f. 139,803 Shares were issued on 22 November 2019 arising from the exercise of unlisted options at 18 cents per share per share. The proceeds of the exercise have been spent.
 - g. 500,00 Unlisted Options exercisable at 24 cents per share on or before 19 December 2024 were issued to employees on 23 December 2012 under the Company's ESOP.
 - h. 21,680,002 Shares were issued on 3 April 2020 at 10 cents per share to sophisticated investors. 12,389,302 Shares were issued under Listing Rule 7.1 capacity and 8,800,700 Shares were issued under 7.1A capacity. The Shares were issued at a 16.7% discount to the closing market price on the date of issue. The funds raised were for the purpose of Drilling Programmes, support and technical costs, project generation and corporate costs. The proceeds of the issue have been spent.
 - i. 18,319,998 Shares were issued on 14 May 2020 at 10 cents per share to Metal Tiger Plc and Directors being Mr Greg Boulton, Mr David Turvey, Mr Peter Bamford, Mr Beejay Kim and Mr Doug Kirwin, as approved by Shareholders on 7 May 2020. The Shares were issued at a 16.7% discount to the closing market price on the date of issue. The funds raised were for drilling programmes, support costs, project generation and corporate costs. The proceeds of the issue have not been spent.
 - j. 27,834,794 Shares were issued on 10 September 2020 at 12 cents per share to sophisticated investors. 15,034,094 Shares were issued under Listing Rule 7.1 and 12,800,700 Shares were issued under Listing Rule 7.1A capacity. The Shares were issued at a 20% discount to the closing market price on the date of issue. The funds raised were for drilling programmes, support costs, project generation and corporate costs. The proceeds of the issue have not been spent.
 - k. 3,833,230 Shares were issued on 21 September 2020 at 12 cents per share to US Global Investors under Listing Rule 7.1. The Shares were issued at a 11% discount to the closing market price on the date of issue. The funds raised were for drilling programmes, support costs, project generation and corporate costs. The proceeds of the issue have not been spent.
- g) A voting exclusion statement is included in the Notice of Annual General Meeting. At the date of the Notice of Annual General Meeting, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Annual General Meeting.

The Board considers that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required. At the date of the Notice of Annual General Meeting, the Company has no plans to use the 10% Placement Facility should it be approved. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 7. The Chairman intends to vote all undirected proxies in favour of Resolution 7.

No other material information

Other than as set out in this document, and previously disclosed to the Shareholders, there is no other information that is known to the Directors which may reasonably be expected to be material to the making of a decision by the Shareholders whether or not to vote in favour of any of the Resolutions.

GLOSSARY

In this Explanatory Memorandum, the following terms have the following unless the context otherwise requires:

"Annual General Meeting" means the annual general meeting of Shareholders convened by the Notice of Annual General Meeting.

"ASX" means ASX Limited ACN 008 624 691 or the securities exchange operated by ASX Limited (as the context requires);

"Board" means the Board of Directors from time to time.

"Closely Related Party" of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member, in the member's dealings with the Company; or
- (e) a company that the member controls.

"Company" means Southern Gold Limited (ACN 107 424 519).

"Constitution" means the constitution of the Company.

"Corporations Act" means the Corporations Act 2001 (Cth).

"Directors" means the directors of the Company from time to time and **"Director"** means any one of them.

"Equity Securities" has the meaning given to that term in the Listing Rules.

"Explanatory Memorandum" means this explanatory memorandum.

"Key Management Personnel" means those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any Director.

"Listing Rules" means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

"Notice of Annual General Meeting" means the Notice of Annual General Meeting to which the Explanatory Memorandum is attached.

"Option" means an unlisted option to subscribe for a Share.

"related party" has the meaning given to that term in Section 228 of the Corporations Act.

"Share" means a fully paid ordinary share in the capital of the Company.

"Shareholder" means a holder of Shares in the Company.

"Trading Day" means a day determined by ASX to be a trading day in accordance with the Listing Rules.

"VWAP" means Volume Weighted Average Price of the Company's ASX-listed Shares trading under the code SAU.

SOUTHERN GOLD LIMITED
ACN 107 424 519
ANNUAL GENERAL MEETING
THURSDAY, 26 NOVEMBER 2020 AT 4PM (CST)
PROXY FORM

Company Secretary
Southern Gold Limited
PO Box 255,
Kent Town SA 5071
FACSIMILE: +61 (0) 8 8363 0697
EMAIL: info@southerngold.com.au

I/We

Being a member of Southern Gold Limited,

of (address)

hereby appoint

or failing him/her, the Chairman of the meeting as my/our proxy to vote on my/our behalf at the annual general meeting of the Company to be held on 26 November 2020 at Grant Thornton, Level 3, 170 Frome Street, Adelaide, South Australia, and at any adjournment thereof. If no voting directions are given, the Chairman will vote in favour of each resolution.

Instructions on Voting		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of the Remuneration Report for the year ended 30 June 2020	☐	☐	☐
Resolution 2	Re-election of Mr Greg Boulton AM as a Director	☐	☐	☐
Resolution 3	Election of Mr Michael McNeilly as a Director	☐	☐	☐
Resolution 4	Election of Mr Doug Kirwin as a Director	☐	☐	☐
Resolution 5	Approval for the issue of Performance Rights to Ausino Drilling Services Pty Ltd	☐	☐	☐
Resolution 6	Ratification of previous issue of Shares	☐	☐	☐
Resolution 7	Approval of 10% Placement Facility	☐	☐	☐

Where I/we have appointed the Chairman as my our/proxy (or the Chairman becomes my/our proxy).

Dated this _____ day of _____ 2020

Individuals and joint holders to sign:

Companies to sign (affix common seal if applicable):

Signature

Director, or sole Director / Secretary

Signature

Director / Company Secretary