

Southern Gold Limited

09:30 28 Feb 2020

Southern Gold focused on a growing and highly prospective suite of projects in under-explored South Korea

Southern Gold Limited (ASX:SAU) managing director Simon Mitchell told the RIU Explorers Conference last week that the company was focused on securing financing for 'promising' precious metals exploration at its South Korean projects.

He said: "We're looking at South Korea because of the macro-geological context and the fact that we believe there has been very little exploration in this part of the world.

"Very few exploration dollars have gone into North Asia, and in particular South Korea.

"Last time Korea was well explored was by Ivanhoe Mines Ltd (TSE:IVN) (OTCMKTS:IVPAF) in the 1990s and they made a lot of discoveries before they found things in Mongolia and were drawn out of the country prematurely."

Getting the band back together

Mitchell said: "We have reassembled the old Ivanhoe team that were involved there back in the 1990s and, in a sense, we are blowing the dust off the reports that were done then, reigniting them and reactivating exploration in the country with the Ivanhoe philosophy of boots on the ground.

"Even with a very small team and a modest budget we're already starting to find some amazing things."

"More than 100 targets in-country"

The company has project generation teams active in the field and the teams are finding new mineral systems every five to six weeks.

Mitchell said: "We have more than 100 targets in-country.

"It's a country-wide play where very little work has been done and every time we go out we find something new.

"Typically, we find high-grade gold epithermal and in most cases, they are projects that are ready to be drilled."

Unique mining jurisdiction

Mitchell said the country was extremely well developed, had a transparent regulatory system, a mining code and excellent access infrastructure.

He said: "The fiscal regime is globally unique because there are no royalties, partly because the mining industry is just so small but mainly because the Samsungs, the LGs, the Hyundais of their industry generate the lion's share of the tax revenue.

"The mining industry is not even a rounding error in their national accounts."

Price: 0.1475

Market Cap: \$18.93 m

1 Year Share Price Graph



Share Information

Code: SAU

Listing: ASX

52 week High Low
0.28 0.086

Sector: Gold & silver

Website: www.southerngold.com.au

Company Synopsis:

High grade, high margin gold production driving organically funded industry-leading exploration in the search for 'world class' gold deposits.

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The country also pushes for economic activity in regional areas, which Southern Gold does by using a predominantly Korean workforce, supervised by expatriates.

Project funding

In early February Southern Gold received binding commitments for an institutional placement of more than 71.4 million shares at 14 cents per share to raise \$10 million, including an investment by Metal Tiger PLC (LON:MTR) valued at around \$3.3 million.

The placement is subject to shareholder approval, but Mitchell is confident it will go through.

He said: "We've taken technical experts out to site, we've given them a tour of South Korea, we've shown them exactly what we're facing here and they've seen that, with a relatively modest budget and team, we've achieved quite a lot - imagine what we could do if we were well funded.

"Our on the ground field teams would go from one or two to four, and our drilling would go from around 3,000-4,000 metres a year to about 15,000 metres a year.

"We've got ourselves funded, subject to shareholder approval, and we're going to have a very intense drill program over the next 12-18 months."

Further drilling is underway at the Beopseongpo and Deokon projects, land access has been granted at Neungju, the use of man-portable rigs is being investigated at Weolyu South and the company plans to commission a small-scale mine with partner Bluebird Merchant Ventures Ltd (LON:BMV) at the Kochang or Gubong projects in the next 12 months.

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