

Southern Gold Limited

13:25 23 Mar 2020

Southern Gold reveals restructured \$4 million placement

Southern Gold Limited (ASX:SAU) has confirmed the withdrawal of its previous \$10 million placement (announced 11 February) and has made a new offer to cornerstone investor Metal Tiger PLC (LON:MTR) and other institutional and sophisticated investors.

Southern Gold has now received binding commitments from investors in respect of a placement of 40 million shares in the company at 10 cents per share to raise \$4 million.

The decision was made considering the fallout from the COVID19 pandemic and other economic developments which have profoundly impacted the share market and broader business conditions, particularly in the past week.

"Supportive major shareholders"

Southern Gold managing director Simon Mitchell said: "We are in unprecedented markets - perhaps a one in 100-year event - and this has clearly had an impact on our ability to execute the original equity raising.

"However, it is times like these that good supportive major shareholders, a solid new cornerstone investor such as Metal Tiger PLC and the backing of an excellent broker in Ashanti Capital, have all contributed to pulling together \$4 million in the most difficult of markets."

The new placement is at a 16% discount to the 15-day volume weighted average price (VWAP) and will be completed in two tranches with the first tranche of \$2.168 million to be completed immediately.

The balance of the Metal Tiger investment (around \$1.7 million) and directors' subscriptions (\$0.13 million) in the second tranche (around \$1.83 million in total) is subject to shareholder approval.

Metal tiger board appointment

Metal tiger has supported the equity raising and has subscribed for 22,000,000 shares for \$2.2 million.

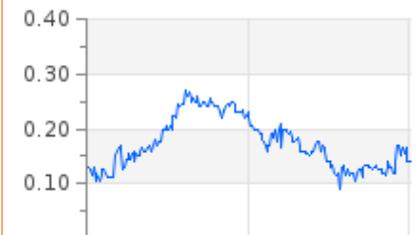
As part of the transaction originally outlined in February, Metal Tiger retains the right to nominate one director to the company for so long as Metal Tiger holds an interest in the company of at least 10%.

Metal tiger has nominated geologist Terry Grammar to join the Southern Gold board after approval of the second tranche.

Price: 0.14

Market Cap: \$17.97 m

1 Year Share Price Graph



June 2019 November 2019 May 2020

Share Information

Code: SAU

Listing: ASX

52 week	High	Low
	0.28	0.086

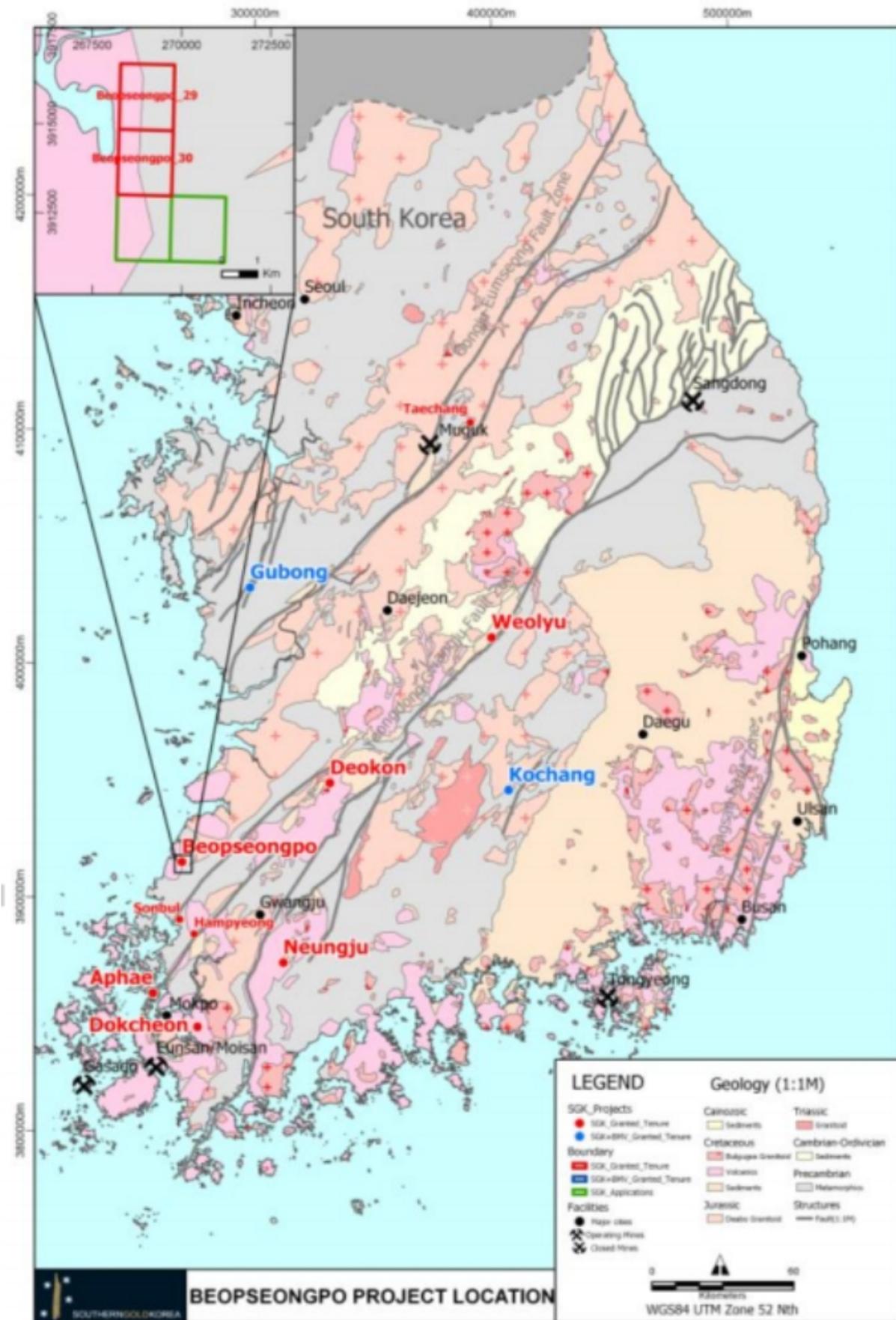
Sector: Gold & silver

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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Southern Gold prospects in South Korea

"Maintaining momentum"

Southern Gold's cash balance after completion of the first tranche is estimated to be about \$4 million and subsequent the second tranche (in early May) \$5.5 million.

This is expected to fund the company's activities for a minimum of 12 months and enable the completion of critical activities for its South Korean projects in field season 2020.

Mitchell said: "While we will be prudent with expenditure going forward, the raising enables Southern Gold to continue to maintain momentum in our field programmes and drilling, perhaps the most critical factor in a junior explorer's ability to survive downturns."

Multiple projects are planned to have diamond drilling programmes including some first pass scout programmes at new discovery areas such as Golden Horse and Daeam Valley.

Mitchell said: "We have a brilliant team in South Korea that has stepped up to the task and is executing the drilling at Beopseongpo where we are already seeing some excellent drill core come from the Hand of Faith target.

"We await the assays from this most recent work very eagerly!"

Rescheduled general meeting

The general meeting of shareholders which was scheduled for Thursday 26 March 2020 is now cancelled and the associated notice of meeting resolutions are withdrawn.

A new notice of meeting will be released shortly with the rescheduled general meeting likely to be held in early May.

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