# Gubong and Kochang JV Update

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Southern Gold Ltd ("Southern Gold" or "the Company") is in joint venture with London Stock Exchange (LSE) listed Bluebird Merchant Ventures PLC ("BMV") at the Gubong and Kochang (Geochang) projects in the Republic of Korea. Each party holds an equity interest of 50% in each joint venture (JVs) which is held by subsidiary companies in Singapore which hold the South Korean operating companies. BMV is the operator of each joint venture and is responsible for day to day management.

At the most recent JVs board meetings BMV submitted, as per the governing legal joint venture agreements (JVAs), a Programme and Budget for Financial Year 2020-21 and a formal submission of a Proposal to Redevelop. Southern Gold elected to not vote in favour of either submission and is now deemed to have offered for sale both of its joint venture interests to BMV. There is a clear process under the JVAs for this to occur but there is no guarantee that BMV will accept these offers or, if it did, that a price is agreed. In the latter case price would be determined through an independent expert valuation process.

Southern Gold elected not to proceed with the Proposal to Redevelop at this time for various reasons including:

- In the view of Southern Gold management there are likely to be timing issues around county government approvals, notwithstanding a 'Permit to Develop' has been secured for both projects; and
- COVID19 induced delays which, in the view of Southern Gold management, make a project development commencement date in the near term unlikely.

In addition, there is Southern Gold's very clear objective to release value for the assets by either sale or corporate restructure without continuing to have to fund ongoing joint venture expenditures other than care and maintenance in the near term.

If a sale to BMV does not proceed, Southern Gold has the option to consider a sale (whether partially or fully) of its 50% interest in the Singapore JV companies to third parties or the possibility of listing or vending these joint venture assets (only) onto another stock exchange such as the Standard Segment on the London Stock Exchange for example. Discussions with third parties have already commenced and Southern Gold has made some progress on several of these options.

Managing Director of Southern Gold, Mr Simon Mitchell, remarked:
*"While the core of Southern Gold's business is our 100% owned exploration portfolio and our exploration drilling activities in the Republic of Korea, nevertheless the joint venture interests in the Gubong and Kochang projects represent an opportunity to potentially release value for the Company. We can now initiate a process whereby we can test the BMV or other investor appetite for an interest in the two gold projects while continuing to focus on our discovery initiative through our intensive drill program."*

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 in South Korea.*