



SOUTHERN**GOLD**

Annual Report 2022/23

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Corporate Information

Southern Gold Ltd.

ACN 107 424 519

ABN 30 107 424 519

Directors

Michael McNeilly

Non-Executive Chairman

Robert Smillie

Managing Director

Peter Bamford

Non-Executive Director

Douglas Kirwin

Non-Executive Director

Beejay Kim

Non-Executive Director

Company Secretary

Ray Ridge

Corporate Governance Statement

Southern Gold's Corporate Governance Statement can be found at the Company's website:

southerngold.com.au/corporate-governance

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The Chairmans Letter to Shareholders

Dear Fellow Southern Gold Shareholders

It has been a transformative 12 months for Southern Gold Limited (ASX: SAU), and I am pleased to share with you the pivotal milestones that have shaped the company, advancing us towards an exciting future. With the acquisition of battery technology developer Iondrive Technologies, along with our commitment to critical minerals exploration in South Korea, we are dedicated to participating in a sustainable future.

Following thoughtful deliberation, the acquisition of Iondrive Technologies Pty Ltd (IDT) marked a substantial advancement for us with the demand for sustainable energy solutions continuing to grow. This acquisition presents an appealing opportunity within the expanding global energy storage market. Additionally, it adds a layer of diversity to our exploration business while building upon Southern Gold's existing foundation. We remain committed to progress and innovation, and this acquisition exemplifies our dedication to playing a significant role in sustainable energy's future.

IDT's partnership with the University of Adelaide is led two distinguished Laureate Professors and provides access to the impressive research facilities in the Advanced Materials division of the School of Chemical Engineering. I am also pleased to welcome Dr. JC Tan as IDT's General Manager. An international business strategist with extensive experience in business development and technology commercialisation across Australia, China, and the APAC region, he brings a proven record of successful deals within renewable industries.

The significance of our industry partnership with the University of Adelaide in ARC's Battery Recycling Training Centre cannot be understated. The collaboration comes with substantial government support, accelerating the advancement of our Battery Recycling solutions with a proportion of the contributed funding directed towards the commercialisation of our Direct Solvent Extraction (DES) battery recycling technology.

Mr. John Rock joined Southern Gold as a Non-Executive Director and brings extensive experience in leadership, entrepreneurship, and commercialisation. He has been involved with the IDT business from its inception. Furthermore, Mr. Jeff Ritoe has assumed the role of Strategic Advisor to IDT, adding invaluable insights from his 15 years in the energy sector. His wealth of experience in commercial agreements and strategic advisory work enhances our initiatives.

We are pleased with our exploration efforts in South Korea, particularly the promising potential for commercial deposits of rare earth elements (REE) and lithium. South Korea boasts a substantial manufacturing sector, with a focus on various industries including semiconductors, machinery, vehicles, and TVs, yet no mining of these important materials. Notably, China has recently imposed export bans on several critical raw materials, prompting the need for alternative sourcing.

Our balance sheet remains well funded to achieve our goals, following a capital raising of \$2 million in November 2022, another \$2.5 million in May 2023 and the agreement to sell the remainder of our shareholding in LSE listed Bluebird Merchant Ventures Limited post year end. I would like to thank our shareholders for your support, in particular those which participated in Southern Gold's capital raise, and I welcome new shareholders to our register.

I would also take this opportunity to thank our Board, management team and staff led by Managing Director, Robert Smillie. All have contributed to positioning Southern Gold Limited for an exciting phase in the next 12 months and beyond. With a busy period ahead for the Company, we look forward to further growing our business over the year ahead and look forward to you continuing to share the journey with us.

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I would also like to extend our heartfelt thanks to our former Chairman, Peter Bamford for his valuable contributions to the Company. Peter's dedication, insights, and commitment have been instrumental in guiding our organisation.

Yours sincerely

A handwritten signature in blue ink, reading "Michael McNeilly".

Michael McNeilly
Chairman

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Tenement Schedule

The following tenements are held by a 100% owned South Korean subsidiary, Southern Gold Korea Ltd, as at 15 September 2023.

Project Name	Tenement Info			Register Info		
	Korean	English	Block ID	No.	Type	Date of Granting
Hampyeong	나주	Naju	136	200970	Exploration	11/01/2018
Aphae	무안	Muan	99	201136	Exploration	26/03/2019
Deokon	전주	Jeonju	70	201041	Exploration	31/07/2018
	전주	Jeonju	80	201040	Exploration	31/07/2018
	전주	Jeonju	60	201218	Exploration	17/12/2019
Dokcheon	영암	Yeongam	116	201143	Exploration	12/04/2019
Janghwal	해남	Haenam	139	201302	Exploration	20/08/2021
Daedeok	충무	Chungmu	136	201414	Exploration	22/11/2022
	충무	Chungmu	131	201414	Exploration	18/05/2023
	삼천포	Chungmu	142	201439	Exploration	19/05/2023
Goseong	삼천포	Samcheonpo	2	201440	Exploration	03/01/2023
	삼천포	Samcheonpo	3	201422	Exploration	03/01/2023
	삼천포	Samcheonpo	12	201423	Exploration	03/01/2023
	충무	Samcheonpo	13	201424	Exploration	03/01/2023

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Directors' Report

The directors present their report of Southern Gold Limited (the Company or Southern Gold) and its controlled entities (Consolidated Group or Group) for the financial year ended 30 June 2023.

Principal Activities

The principal continuing activity of the group in the year was the exploration for gold, silver, and other economic mineral deposits.

Financial Results

The net result of operations for the group for the year was a loss after income tax of (\$8,044,850) (2022: loss of \$11,517,522).

Dividends

No dividends were declared in relation to the current financial year ended 30 June 2023, and the directors do not recommend the payment of dividends in respect of the financial year.

Review of Operations

The year ended 30 June 2023 was a pivotal year for Southern Gold with shareholder approval received on 28 June 2023 to proceed with the acquisition of battery technology company Iondrive Technologies Pty Ltd (IDT) and the South Korean exploration business expanding its portfolio to include Rare Earth Elements (REE) and Lithium projects.

Iondrive Technologies Pty Ltd (IDT) Proposed Acquisition

In May 2023, Southern Gold announced the proposed acquisition of 100% of the issued capital of IDT for \$1.2 million payable through the issue of Southern Gold fully paid ordinary shares, subject to shareholder approval and the successful completion of a capital raise of \$2 million. The acquisition was formally completed subsequent to the end of the financial year, on 4 July 2023.

Acquiring IDT was deemed strategic as it held the first right to acquire or enter the three exclusive world-wide licences across patent protected battery technologies developed by the University of Adelaide (the "University"). Subsequent to the announcement of the proposed acquisition, IDT progressed to formally exercise its right to exclusively license the three battery related technologies and appointed Dr JC Tan as its General Manager.

The three battery related technologies are detailed below:

Enhanced performance non-flammable lithium-ion batteries

Lithium-based batteries are currently the most efficient method to store energy on scale today and until better options reach the market, new developments are needed to improve the safety and longevity of lithium cells. Under this project, the University of Adelaide has developed three innovative technologies relating to the cathode, anode and electrolyte components of lithium-ion batteries. Together, these components create an improved battery system that has a very high energy density, long cycle life, and is safer due to being non-flammable.

Lithium battery recycling

The global push for improved battery recycling is increasing significantly as batteries are depleted and stockpiled, creating environmental issues. The University of Adelaide has developed an environmentally friendly, highly selective, re-useable deep eutectic solvent (DES) that can be used to extract lithium, manganese, nickel and cobalt from spent cathode material to produce precursor or cathode material for commercial purposes. Laboratory testing to date has achieved recoveries of over 90% for these metals. The application of the DES can significantly simplify the critical

metal recovery process, lower energy consumption and selectively separate each critical metal, and uses low-cost, and environmentally friendly leaching solvents that are re-usable multiple times before replenishment is required.

Aqueous based batteries

Aqueous batteries are much cheaper to produce than lithium-ion batteries due to the use of readily available inputs, albeit at a lower energy density than lithium-ion batteries. They also provide much longer cycle life, making them ideal for large scale grid energy storage. The historic technical challenge with water-based batteries has been to increase energy density while maintaining a water-based batteries' long cycle life. Applied research conducted by the University of Adelaide led to development of a water-based battery that uses proprietary technology involving the application of a patented novel layer on the cathode, a titanium compound-based anode, and a sodium chloride-based electrolyte. The performance of this new battery technology has provided highly promising results that have exceeded all known published research.

REE and Lithium Exploration

Southern Gold commissioned an independent and comprehensive desk-top prospectivity study assessing the exploration opportunities for lithium and REEs in South Korea with the view to complementing its existing in-country precious metals exploration program. The study was completed in September 2022 by international geology consulting group RSC Mining and Mineral Exploration Ltd, JORC-compliant experts in the field of critical minerals targeting and exploration, who adopted the internationally recognised "minerals system analysis" approach for this study.

The RSC study was highly successful in identifying areas that have positive potential to host lithium and REE deposits. The most promising areas were identified and ranked based on several key factors, including proximity to known deposits or occurrences, permissive host rocks, and anomalous values of pathfinder elements from regional stream sediment data, grab samples, and airborne radiometrics.

Southern Gold geologists and consultant Michael Gazley from international geology consulting group RSC completed reconnaissance site visits of priority REE and LCT Li target regions in November 2022 to assist in planning and prioritising fieldwork. These target regions were generated from a desktop prospectivity study completed in September by RSC, experts in critical minerals targeting and exploration. The study identified and ranked several targeted regions based on geology, geochemistry, geophysics, and proximity to known mineralisation and historical deposits.

After reconnaissance site visits in November 2022, regional exploration at the priority REE and LCT Li target regions commenced in December 2022, ahead of the scheduled post-winter start date of February 2023.

REE Projects

After preliminary reconnaissance fieldwork, Southern Gold submitted exploration licence applications over areas surrounding the two well-known and unmined REE deposits (see ASX release 8 March 2023).

The Chungju REE Project includes 25 exploration licence applications covering an area of 68.7km² and is adjacent to the well-documented Eorae San REE deposit, a NE–SW striking, ~2km long, faulted REE mineralised body held by a third party, which formed from an alkaline intrusion. Geological maps, produced by KIGAM and georeferenced by Southern Gold geologists, indicate the western extent of the Eorae San REE mineralisation extending into one of Southern Gold's licence applications.

The Jangnam REE Project includes 64 exploration licence applications covering an area of 174km², adjacent to the Hongcheon REE carbonatite deposit held by a third party. This includes 11 new highly prospective licence areas lodged in May 2023 by Southern Gold that borders the Hongcheon carbonatite deposit as well as along strike of the Hongcheon Fault.

The Jangnam REE Project application areas are just ~1 km north and ~1.7 km west of the Hongcheon REE carbonatite and cover the crustal-scale Hongcheon Fault, and accordingly are highly prospective for further REE discoveries along strike. The Hongcheon REE mineralised carbonatite dykes have up to 19.75% TREO in a rock sample collected by KIGAM at the southern outcrop. Anomalous thorium (up to 160 counts per second) were returned in the project area from government 1986 geophysical survey. detailed historical KIGAM reports obtained by Southern Gold are currently being interpreted to assist in further exploration planning.

Reconnaissance exploration across these two REE project areas commenced in early March 2023 with field support from RSC consulting group. Exploration activity comprised of stream sediment sampling, geological mapping and rock chip sampling. In addition, detailed historical KIGAM reports obtained by Southern Gold are currently being interpreted to assist in further exploration planning.

In June 2023, significant REE rock-chip results were returned from carbonatite outcrop over a 700m long zone within Southern Gold's Jangnam REE Project (**Figure 1**). Results returned up to 2.7% TREO with seven samples above 1% TREO and up to 22% MREO. This discovery was an extension of the Hongcheon REE carbonatite deposit that outcrops 800m to the northeast outside of Southern Gold's ground.

Additional rock-chip samples reported in August 2023 extended the discovery zone, revealing REE-enriched ironstones and fenite associated with carbonatite. Notably, carbonatite south of the Hongcheon deposit exhibited REE grades of 3.27% TREO. Regional exploration outlined a 21-km corridor with potential REE carbonatite mineralization and anomalous stream-sediment samples. REE-mineralized samples showed low levels of deleterious elements, enhancing beneficiation feasibility.

In addition, wide-scale fenitisation (Na wall-rock alteration and brecciation proximal to carbonatite) as well as ironstone, was mapped along a N-S extension length of ~700 m. Carbonatite float is present in the creeks between the steep hills in this area and is indicative of further subcropping REE mineralisation. Furthermore, the carbonatite samples assayed are comparable in mineralogy and texture to the Hongcheon orebody, and collectively the evidence indicates that that this new carbonatite discovery is a southern extension of the Hongcheon carbonatite. The area to the south of the alteration trend is subject to ongoing fieldwork. One expedited breccia sample (KRS511488) was collected from outcrop on a creek ~6 km south of Hongcheon along the Hongcheon Fault.

The Company is excited to have such a prospective discovery in a country that is a large importer of RRE and is actively focussed on securing and de-risking its REE supply chain.

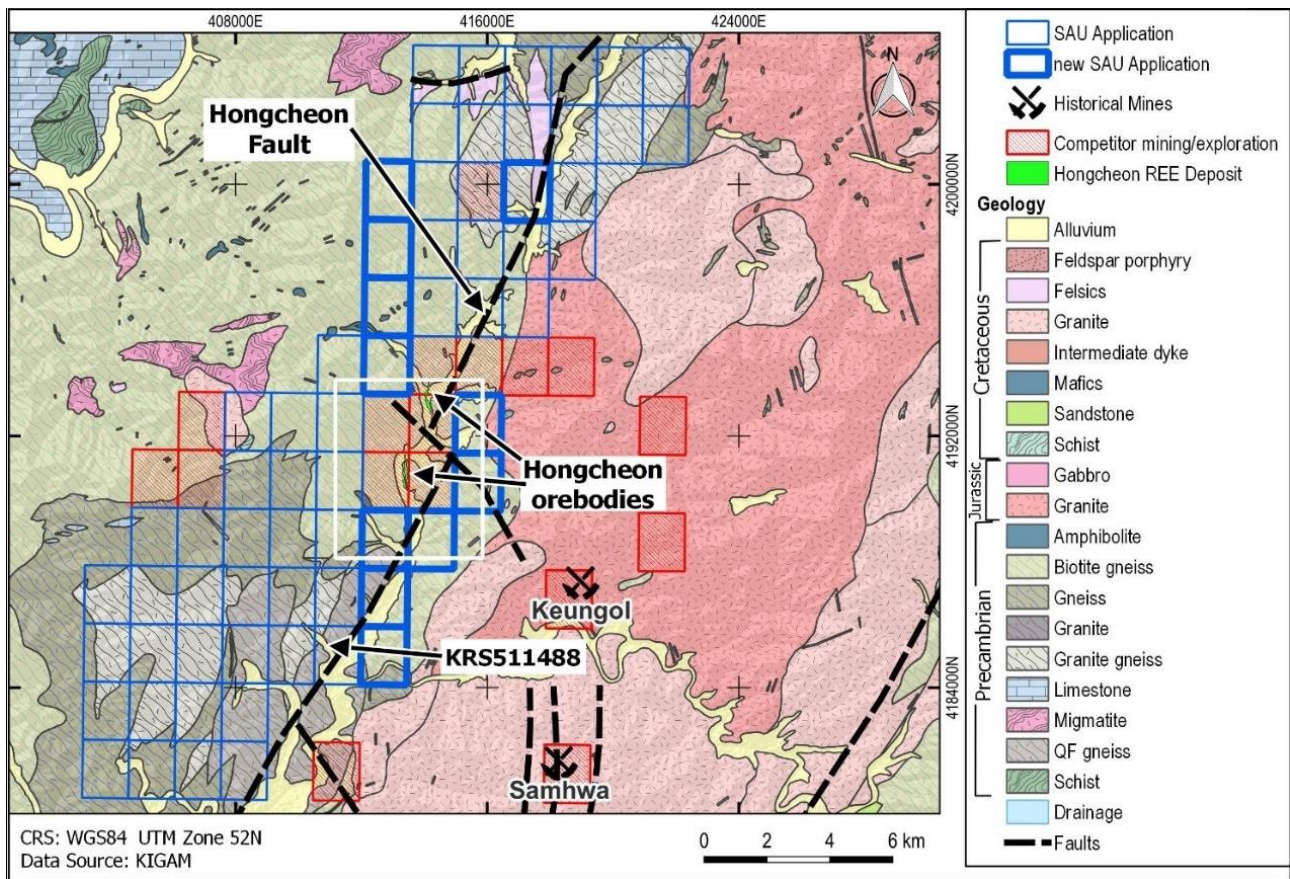


Figure 1: Map of SAU's South Korean Projects

Lithium Projects

In April 2023, Southern Gold applied for exploration licences over five project areas covering a total area of 454 km² with lithium anomalies. The Projects are at greenfields stage, with limited prior exploration and no drilling however prospective geology across the projects includes pegmatites and granites mapped by KIGAM.

The **Samguen Project** includes five exploration licences covering an area of 13.7km², in the northern region of Gyeongsangbuk-do. Geology comprises Precambrian metasediment and gneiss intruded by pegmatites, aplites and felsic dykes. This project area contains anomalous Li from the KIGAM stream sediment sampling survey with the highest value between 121 and 361 ppm Li. The project is 2km northwest of historical Boam Mine which produced Li from 1945– 1963.

The **Seobyeok Li Project** comprises of 36 exploration licence applications covering 98.8km², in northern Gyeongsangbuk-do. The application area comprises Precambrian schists, gneiss, and limestone, with pegmatites mapped by KIGAM located throughout the Southern Gold exploration licence applications. Stream sediment sampling from the historical KIGAM survey returned high values between 163 and 409 ppm Li. The project is ~10 km northeast of mapped Jurassic granite, which could be a potential source granite for the Li pegmatites.

The **Cheongsong Li Project** comprises 34 exploration licence applications that cover 94.4km², in the southern region of Gyeongsangbuk-do. The application area comprises Cretaceous and Jurassic granite and Cretaceous volcanics and sedimentary rocks. Stream-sediment sampling from the historical KIGAM survey returned values between 121 and 361 ppm Li. This project area lies about 7-9 km south to southwest of mapped Jurassic granite, which may be the potential source for Li pegmatites.

The **Yeongdong Li Project** comprises 26 exploration licence applications that cover 72.2km², in the southern region of Chungcheongbuk-do. The application area is situated on the crustal-scale, NNE trending, Gwangju strike-slip fault. The NW region of the Gwangju Fault is dominated by Cretaceous and Jurassic granite while the SW region is dominated by Precambrian gneiss. The NW region of the project area returned highest Li value between 178 and 574 ppm from historical stream-sediment sampling by KIGAM.

The **Buyeo Li Project** comprises 63 exploration licence applications cover 174.8km², in the southern region of Chungcheongnam-do. The geology of the application area is dominated by Jurassic Daebo granite and Precambrian gneiss and schist. Large-scale ENE-trending faults separate two plutons of Daebo granite, creating a potential structural pathway for the migration of melts and/or hydrothermal fluids. Elevated Li concentrations in the KIGAM stream-sediment survey occur in the western part of the application area.

There are currently no producing Li mines in South Korea despite South Korea being a major global player in Li battery manufacturing. In February this year, the Ministry of Trade, Industry and Energy released a new strategy to secure a stable supply of critical minerals, listing Li among the top 10 given that South Korea is heavily reliant on mineral imports to support its battery, electric vehicle and clean energy technology sectors. The strategy outlines new incentives to encourage participation by private companies in exploration and mining, including in research and development projects. Given the government and industry push for these critical elements, Southern Gold plans to advance their REE and Lithium projects to meet this demand.

Gold-Silver-Copper Exploration

During the year, Southern Gold shifted its exploration focus from project generation work in the Haenam, Jinan and Gyeongsang basins to more detailed exploration on higher priority projects to delineate drill targets planned for Q3 FY23. 25 new licence applications were lodged in September 2022 over the part of the historic Goseong copper-gold-silver mining district following the return of significant assay results (see ASX release dated 17 October 2022). Goseong mining district was South Korea's main copper producing region from 1915-1945 and 1970-1992 with some 11 small-scale producing underground mines. Historic production records are incomplete, and part of the mining district is held by other companies.

The 25 applications submitted covered approximately 70km² and are over 3 main historic mines comprising veins systems up to a metre wide and up to 800 metres long, as well as northern and southern licence extensions to the district acquired through reconnaissance exploration. Korea Institute of Geology and Mining (KIGAM) completed a drone aeromagnetic survey covering 17km² in the NW region of the project in December 2022, with results currently undergoing processing to assist in refining drill targets and to provide key structural and lithological information. A soil sampling program was completed over an area of extensive quartz-magnetitepyrite stockwork veining outcropping over an area of 450m by 150m before going under cover.

Jinan Basin

Diamond drilling commenced in February 2023 at the Deokon Au-Ag project, with four holes for 800m designed to test extensions at the Deokon Main Mine and Golden Surprise Trend (see ASX Release 23rd February 2023). A geophysical gravity survey completed by KIGAM was used to assist in the design the drill program.

Two holes for 500m were targeted at the Main Deokon Mine which was mined between 1958 and 1980 with an indicated minimum production of 37,706 oz of gold and 2,358,045 oz of silver. Underground sampling returned very high Au-Ag grades up to 59.3 g/t Au and 9,708 g/t Ag. The Main Mine reportedly comprises at least six sub-parallel quartz-sulphide veins, mined over a strike length of approximately 350 metres on nine production levels over some 240 vertical metres.

Diamond drillholes DKDD014 (187.4m) and DKDD015 (331.4m) were drilled in March and April 2023 to test SW and SE shoot extensions of the Main Deokon Mine. Both drillholes intersected the targeted main fault structure that hosts the Deokon Main Mine vein, marked by a sharp lithological change to a distinct bedded volcanoclastic unit in the footwall, however mineralised quartz lode extensions of the mine vein were not encountered in drilling.

Elevated silver and gold grades were returned in the hanging wall intercepts of DKDD015, including 1.1m @ 5.83 g/t Au and 27.6 g/t Ag, 1m @ 1.3 g/t Au and 5.5 g/t Ag, and 1m @ 0.2 g/t Au and 49.2 g/t Ag together with strong silica-illite-pyrite alteration and network veining downhole. These results highlight the extent and silver-rich nature of the Deokon epithermal system, and the geologic potential for Au-Ag mineralisation to be discovered along strike in the hanging wall, and in quartz lode shoots along the main structure. Detailed interpretation and review of drill core and assay results are in progress.

DKDD016 was completed at the Thorn-Nettle target for 204.2 metres on April 26. Multiple zones of strong pyrite replacement were logged in volcanoclastic and carbonaceous sediments, but no significant veining was intercepted, or significant assay results returned. Surface outcrops are high grade but narrow and pinch out. Future work at Deokon will focus on finding high-grade Au-Ag shoots along the Deokon Main Vein Zone.

Gyeongsang Basin

Detailed prospect-scale geological mapping was completed at Goseong by consultant Nick Tate, including within the area covered by the drone magnetic survey which contains the historic Goseong, Won-Geum and 150m East and West mine and workings. Locations of previously reported workings and quartz veins have subsequently been updated into a revised geological map (see ASX Release dated 28 November 2022).

Drilling commenced at the Goseong Cu-Au-Ag project with three diamond drill holes for 685.3m completed. A fourth planned diamond drill hole at Daedok target was not drilled due to early onset of the wet season. All assay results have been returned from the Goseong drill programme with wide zones of alteration and low-grade mineralisation intercepted in all three holes.

GSDD001 (175.4m) targeted the Goseong Vein beneath historical workings that were mined over 1.7km strike length on several levels. The target was intercepted as a polymictic breccia with quartz sulphide infill from 116m-118 and 122m-126m either side of an andesite dike, and strong alteration and zones of replacement or veins were logged in both the footwall and hanging wall.

GSDD002 (304.4m) was drilled at the Bupo target, targeting a co-incident magnetic and Au-Cu soil anomaly. Strong quartz-magnetite veining and alteration with pyrite (1%-5%)-epidote-chlorite overprint and minor chalcopyrite was logged associated with brecciated porphyry dikes intruding andesite volcanics.

GSDD003 (205.3m) was also drilled at the Bupo target from the same site as GSDD002 and offset to the north by about 330m downhole. The hole was logged entirely in feldspar rich porphyritic andesite with potassic feldspar alteration and albite-sericite-epidote-pyrite overprint. Veining was minor and increased at the top of and bottom of the hole. Pyrite with minor chalcopyrite was logged as disseminated aggregates throughout with chalcopyrite-molybdenite logged in veining near the end of hole.

Two additional exploration licences at Goseong, Chungmu 131 and 142, were converted to granted status.

Haenam Basin

Exploration at Dokcheon Au-Ag project in the Haenam Basin continued with work focussing in the central-western portion of the project area locating historic mine workings and veins. A soil sampling program was completed in the southern portion of the project area in December that contains previously reported anomalous gold results and

multiple-bladed to chalcedonic vein float and subcrop associated with silica-alunite altered rhyolite flow domes and historical clay mining pits.

Assay results from soil and rock chip sampling returned from the Dokcheon Au-Ag project were evaluated, and together with additional geologic mapping in the southern and northern part of the project, will be used to generate targets for drill testing.

Exploration was also carried out at the Aphae Au-Ag project, following a major geologic review of previous work conducted by Southern Gold and development of new geologic interpretations. Field work included geologic mapping, soil and rock chip sampling, with new targets for drill testing, potentially after drilling at Goseong, currently being generated by the team.

Corporate

Capital Raising

On 16 November 2022, the Southern Gold announced that it had received binding commitments from sophisticated and institutional investors in respect of a placement of 86,956,523 ordinary shares in the Company at \$0.023 per share to raise \$2 million. The Placement was completed in two tranches: Tranche 1 of the placement comprising 53,332,120 Ordinary Shares was completed on 21 November 2022, raising \$1.2 million in cash; and Tranche 2 was completed on 12 January 2023, following shareholder approval, through the issue of 33,624,403 Ordinary Shares, raising \$0.8 million in cash.

The Company conducted a further placement in June 2023 to raise a further \$2.5 million, with \$1.2 million directed towards funding IDT's commercialisation activities and the remainder of the funds going to exploration activities in South Korea. The placement raised gross proceeds of approximately \$2.5 million through the issue of 126 million fully paid ordinary shares at a price of \$0.02 cents per share, together with one unlisted option for every 2 shares subscribed. The options have an exercise price of \$0.027 and an expiry date of 30 December 2024. The Placement was managed by Prenzler Group, with participation by Southern Gold's two largest shareholders: Strata Investment Holdings Plc (previously Metal Tiger Plc) and Ilwella Pty Ltd.

Realising value for BMV Shares held

During the year ended 30 June 2023 and subsequent, the Company has sold and contracted to sell 149,750,000 of its 150,000,000 shares that it held in Bluebird Merchant Ventures Limited (BMV) at the start of the 2023 financial year. 1,000,000 BMV shares were sold during the year ended 30 June 2023, with the remainder sold or contracted to sell subsequent to year end (refer to Events Subsequent to Reporting Date below).

Changes in State of Affairs

During the financial year there was no significant change in the state of affairs of the Group other than that referred to in the Review of Operations, or in the financial statements or notes thereto.

Events Subsequent to Reporting Date

IDT acquisition completion

As announced on the ASX, on 4 July 2023 Southern Gold completed its acquisition of 100% of the issued capital of battery technology company Iondrive Technologies Pty Ltd (IDT). The Company completed its acquisition of IDT for consideration of \$1.2 million paid through the issue of SAU fully paid ordinary shares.

Board changes

In July 2023, Southern Gold announced the appointment of Mr Michael McNeilly as Chair of the Board effective immediately. The appointment follows the resignation of Mr Peter Bamford as Chair. Mr Bamford will continue as a Non-Executive Director until the next AGM.

The appointment of Mr McNeilly as Chair of the Board is an interim arrangement whilst the Company undertakes due process to identify a new Chair to lead the Company in its strategy to pursue opportunities presented by the global transition to clean energy, through its critical minerals exploration and its newly acquired batteries technology business.

Mr McNeilly has been a Non-Executive Director of Southern Gold since June 2020, and is the CEO and a Director of Southern Gold's largest shareholder Strata Investment Holdings Plc (ASX: SRT). Mr McNeilly has a deep understanding of the equity capital markets and has extensive experience in listed companies and is currently Non-Executive Director of ASX-listed Cobre Limited and sits on several private company boards within the SRT group. Mr Bamford joined the Southern Gold Board in 2018.

Mr John Rock was appointed as a Non-Executive Director of Southern Gold on 24 July 2023. Mr Rock brings extensive leadership, entrepreneurial and commercialisation experience to the Board and has been directly involved with the IDT business since its inception. As part of his engagement, Mr Rock has been granted 3,000,000 unlisted options with an exercise price of \$0.04 and an expiry date of 23 July 2026. The Options will vest following 12 months of service as a Director. The options were approved by shareholders at a General Meeting held on 28 June 2023.

Commercialisation Strategic Advisor

Mr Jeff Ritoe was appointed as a strategic advisor to IDT, for a period of 18 months. Mr Ritoe will assist with the global commercialisation strategy for IDT's battery related technologies and will leverage his established contacts in both the public and private sector, particularly in the EU and the US.

Mr Ritoe is an energy professional with more than 15 years of experience in negotiating commercial agreements, acquisitions and divestments in the energy industry. He has previous experience with French energy company ENGIE in multiple jurisdictions and roles, and currently is working with companies to expand their critical raw materials business activities through his company Number Three B.V. In addition to his commercial work within the lithium-ion battery supply chain, Mr Ritoe is strategic advisor to Dutch "think tank", The Hague Centre for Strategic Studies (HCSS), through which he advises government and non-government entities on building a European critical minerals supply chain.

As part of his engagement, the Company proposes to grant Mr Ritoe 10,000,000 unlisted options, subject to shareholder approval. The proposed options have been structured to retain and incentivise Mr Ritoe.

ARC Industrial Transformation Training Centre for Battery Recycling

On 15 August 2023, the Company announced that IDT became the key partner organisation in a newly awarded Australian Research Council (ARC) Industrial Transformation Training Centre for Battery Recycling in Adelaide, SA. The centre is a ground-breaking initiative, led by Professor Shizhang Qiao at The University of Adelaide, which aims to revolutionise Australia's battery and resources industry by establishing advanced manufacturing capabilities for recycling mixed battery materials, promoting second-life re use, and fostering a battery circular economy. IDT will contribute \$200,000 cash per year for five years which will be a catalyst for advancements in battery recycling technology and practices. In addition, IDT will offer in-kind contributions of \$100,000 per year, comprising support for research projects, hosting Higher Degree Research students, mentoring and training for researchers, and active participation in Centre committees and knowledge sharing activities.

Divestment of BMV Shares

Southern Gold sold 26,250,000 BMV shares on market between 14 July 2023 and 2 August 2023 for proceeds of £161,250 (approximately \$307,000), and on 22 August 2023 Southern Gold announced an agreement with UK based Catalyse Capital Ltd, to progressively sell 122,500,000 BMV shares through to 31 December 2023. Under that agreement, SAU has already sold 22,500,000 BMV shares late August 2023 for proceeds of £123,750 (approximately \$236,000), with the remaining 100,000,000 BMV shares are to be sold in four tranches of 25 million each, to be settled monthly from September to December 2023. Each of the four tranches will be priced at 75% of each month's VWAP for BMV shares traded on the LSE, with a floor price of £0.004 per share. As an example, if the pricing formula were applied to the last traded price for BMV shares on the LSE of £0.0075 per share on 26 September 2023 (being the last practicable date prior to finalisation of the Annual Report), then proceeds for the 100,000,000 BMV shares would be £562,500 (approximately \$1,069,600). As a minimum, at the floor price of £0.004 per share, proceeds would be £400,000 (approximately \$760,600).

Other than the above, there has not arisen any other matters or circumstances, since the end of the financial year which significantly affected or could affect the operations of the Group, the results of those operations, or the state of the Group in future years.

Environmental Regulation and Performance Statement

Southern Gold's wholly owned subsidiary in South Korea, Korea Metal Resources (previously Southern Gold Korea), carries out exploration activities. Exploration activity is principally regulated at the national level by the Ministry of Trade, Industry and Energy (MOTIE) which in turn manages mining and exploration affairs through the Mine Registration Office and the Mine Safety Office.

There have been no known environmental breaches attributed to the Group's exploration activities to date.

Options

At the date of this report, the unissued ordinary shares of Southern Gold Limited under option are as follows:

Issue Date	Date of Expiry	Fair Value at Grant Date \$	Exercise Price \$	Number under Option
09/09/2021	16/09/2025	\$0.02845	\$0.100	1,630,000
29/10/2021	31/10/2025	\$0.03259	\$0.120	3,700,000
27/01/2022	10/02/2026	\$0.02580	\$0.100	400,000
22/02/2022	22/02/2027	\$0.01213	\$0.050	550,000
30/06/2023	30/12/2024	\$0.00000	\$0.027	63,000,000
				69,280,000

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

For details of options issued to Directors and Executives as remuneration, refer to the Remuneration Report.

Performance Rights

Ausino Drilling Services Pty Ltd (ADS) holds 10 million performance rights at US\$0.11 per right for US\$1.1 million. The performance rights will vest if, and when, ADS provide drilling services, with 25% of the invoices for drilling services to be paid in Southern Gold shares. There are currently no immediate plans to utilise this facility.

The Managing Director, Mr Smillie, holds 5,000,000 performance rights. The performance rights vest for nil consideration in one tranche on the 9 May 2025, and have a minimum vesting condition that the 20-day weighted average share price on the vesting date must be greater than \$0.10. Where the share price is greater than \$0.10, then the recipient is vested with 1,000,000 ordinary shares plus 400,000 ordinary shares for each cent that the share price exceeds \$0.10, up to a maximum of 5,000,000 shares. The Managing Director must remain in the employment of the Company at the vesting date.

Directors

The following Directors of the Company at any time during the financial year, or at any time subsequent to the end of the financial year through to the date of this report, are as set out below:

Michael McNeilly (Non-Executive Chair, appointed Chair 31 July 2023)

Peter Bamford (Non-Executive Director, appointed Chair 27 October 2022, resigned as Chair 31 July 2023)

Robert Smillie (Managing Director)

Beejay Kim (Non-Executive Director)

Douglas Kirwin (Non-Executive Director)

John Rock (Non-Executive Director, appointed 24 July 2023)

Greg Boulton AM (retired as Non-Executive Director and Chair on 27 October 2022)

Details of Directors' qualifications, experience and special responsibilities of the existing Directors are as follows:

Michael McNeilly (Non-Executive Chair, appointed Chair 31 July 2023)
BA (Internal Economics)

Michael McNeilly is CEO, and Director of AIM/ASX dual listed natural resources investing company Metal Tiger Plc. Mr McNeilly has extensive experience in listed companies and is currently Non-Executive Director of ASX-listed Cobre Limited. He sits on several private company boards within the Metal Tiger group.

Past board appointments include MOD Resources Ltd (up to acquisition by Sandfire in November 2019), Metal Capital Ltd (until November 2018), Greatland Gold Plc (until October 2017), Arkle Resources Plc (until November 2019). Mr McNeilly also has a deep understanding of the equity capital markets having worked at broking house Arden Partners Plc and Allenby Capital Ltd where he was part of their corporate finance teams during 2011-2015.

Mr McNeilly studied Biology at Imperial College London and has a BA in International Economics at the American University of Paris. He is fluent in French.

Mr McNeilly currently holds 600,000 options in Southern Gold Limited.

Peter Bamford (Non-Executive Director, appointed Chair 27 October 2022, resigned as Chair 31 July 2023) (Chair of Audit Committee)

BSc (Eng) Mining, ARSM, MAICD, FAusIMM

Mr Bamford has 40 years' experience as mining engineer and corporate executive in the mining industry more recently specialising in gold. Following twelve years of operational roles at Mine Isa Mines and Metana/GMA his experience includes executive management roles covering merger and acquisitions, feasibility studies, fund raising and operations and has served as an executive and non-executive director on various ASX-listed companies. His responsibilities have included development, project oversight and operations for three new successful gold mines in Australia within the last twenty years. He also served for nine years on the WA Chamber of Minerals and Energy Executive Council as well as Chair of the Mines Security Service Committee overseeing security within the WA gold industry.

Mr Bamford currently holds 2,501,171 shares and 1,350,000 options in Southern Gold Limited.

Robert Smillie (Managing Director)

MBA, MSc, FSEG, MAusIMM

Robert Smillie was appointed Managing Director, effective from 9 May 2022. Mr Smillie has been Southern Gold's Exploration Manager in South Korea since 6 September 2021 and has demonstrated outstanding leadership in administration and team building of our Korean team while being based in South Korea.

Mr Smillie is an experienced management and exploration professional, with 32 years of experience, including significant epithermal gold exploration and is particularly familiar with Asia and South Korea. Mr Smillie holds a Master of Business Administration from Victoria University, New Zealand, and a Master of Science from Otago University majoring in Geology. Mr Smillie's previous senior roles include exploration and Country Management for companies such as Ok Tedi Mining in Papua New Guinea, the National Petroleum and Mining Authority in Timor-Leste and Calibre Mining in Papua New Guinea, the Solomon Islands and Vanuatu and Oceana Gold Ltd at projects in New Zealand and the Philippines.

Mr Smillie currently holds 2,000,000 shares, 5,000,000 performance rights and 1,000,000 options in Southern Gold Limited.

Beejay Kim (Non-Executive Director)

BA (Business Administration), MBA

Bong Joo (Beejay) Kim is a professional project manager who has had a long career with Samsung C&T Corporation and Hyundai Engineering and Construction Company over 30 years. As a senior executive for Samsung C&T, Mr Kim led projects in several countries and regions including the Middle East, Australia and South East Asia. This includes more recent positions of Vice President and Regional Representative of Saudi Arabia LLC and Head of MENA Regional Headquarters in the UAE for Samsung C&T. Mr Kim's work has been in leading construction of infrastructure in various countries, including 2 years in Australia where he set up Samsung C&T's Australian office and was heavily involved in several project tenders including the successful winning of a major iron ore infrastructure project in Western Australia. Mr Kim has formal qualifications in Business Administration, including leadership program's at UC Berkeley and Cornell University. He completed an MBA through Hyundai's Engineering and Construction company business school.

Mr Kim currently holds 800,000 shares and 1,000,000 options in Southern Gold Limited.

Douglas Kirwin (Non-Executive Director)

MSc, FSEG, FAIG, FAusIMM

Doug Kirwin is an Australian geologist with over 45 years of international experience. His exploration teams have been responsible for several well-known mineral discoveries which are now being mined, the most notable being the Hugo Dummett ore body at the giant Oyu Tolgoi gold copper deposit in Mongolia developed by Rio Tinto. He was executive vice president of Ivanhoe Mines from 1995 to 2012 during which time Mr Kirwin's team was responsible for the epithermal gold-silver discoveries in South Korea (Eunsan, Moisan and Gasado Island, all of which became mines) among others. Mr Kirwin has been keen to more actively explore South Korea ever since.

Besides Hugo Dummett and the South Korean discoveries, Mr Kirwin's exploration group was responsible for the discovery of the Merlin Mo-Re deposit in Australia, the Ulugtau Au project in Kyrgyz Republic and several gold discoveries such as Hill 217 in China and Kerta, Jelai and Seruyung in Indonesia.

Mr Kirwin is currently an independent consulting geologist. He has an MSc in mineral exploration from James Cook University where he is an adjunct professor of geology and was President of the Society of Economic Geologists in 2019.

Mr Kirwin currently holds 3,333,334 shares and 600,000 options in Southern Gold Limited.

John Rock (Non-Executive Director, appointed 24 July 2023)

BA (Arts)

John Rock was appointed Non-Executive Director, effective from 24 July 2023. His appointment coincides closely with Southern Gold's acquisition of Iondrive Technologies earlier in July. Mr Rock brings extensive leadership, entrepreneurial and commercialisation experience and has been directly involved with the IDT business since its inception.

Mr Rock has ongoing experience in the startup and commercialisation sector. He is a Co-founder and Director of OTB Ventures, a company with the specific mandate of finding, nurturing, and commercialising early-stage University technologies. In this role, he is responsible for sourcing and evaluating research and its potential commercial outcomes.

With a background in Business, Mr Rock has a broad skill base coupling management, strategy implementation and culture.

Mr Rock currently holds 5,916,667 shares and 3,375,00 options in Southern Gold Limited.

Company Secretary

The following person held the position of Company Secretary during the financial year:

Ray Ridge

BA (Acc), CA, GIA (cert)

With over 25 years experience, Mr Ridge has held senior management positions in finance, compliance and commerce across a range of industries, including previous appointments as General Manager Commercial & Operations with the Utilities, Government and Power Business Group of Parsons Brinckerhoff, CFO of the Merchandise Division of Elders Ltd and Senior Audit Manager at Arthur Andersen. Mr Ridge has recently held, or currently holds, Company Secretary roles at four other ASX listed companies.

Mr Ridge currently holds 1,000,000 shares and 600,000 options in Southern Gold Limited.

Remuneration Report (audited)

The remuneration policy is designed to align Key Management Personnel objectives with shareholder and business objectives by providing a fixed remuneration package to Non-executive Directors and time-based remuneration to Executive Directors. The Board of Southern Gold believes the policy to be appropriate and effective in attracting and retaining the best Directors and Executives to manage and direct the Group, as well as create goal congruence between Directors, Executives and shareholders.

The Company's policy for determining the nature and amounts of emoluments of board members and other Key Management Personnel of the Company is detailed below.

The Company's constitution specifies that the total amount of remuneration for Non-Executive Directors shall be fixed from time to time by a general meeting. The current maximum aggregate cash remuneration of Non-executive Directors has been set at \$300,000 per annum. Directors may apportion any amount up to this maximum amount amongst the Non-executive Directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors. The remuneration of the Managing Director is determined by the Non-executive Directors and approved by the Board as part of the terms and conditions of employment which are subject to review from time to time. The remuneration of other executive officers and employees is determined by the Managing Director subject to the approval of the Board.

Non-executive Director remuneration is by way of fees and statutory superannuation contributions where applicable. Directors do not participate in schemes designed for remuneration of executives and are not provided with retirement benefits. The Group currently has no performance-based remuneration component built into Non-executive Director packages.

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The Board is responsible for assessing relevant employment market conditions and achieving the overall, long-term objective of maximising shareholder value, through the retention of high quality personnel.

The Company has an Employee Share Option Plan approved by shareholders that enables the Board to offer eligible employees options to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, options to acquire ordinary fully paid shares may be offered to the Company's eligible employees at no cost unless otherwise determined by the Board in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success and profitability for the Company and to maximise the long-term performance of the Company.

The employment conditions of the Managing Director are formalised in a contract of employment. The base salary as set out in the employment contract is reviewed annually. The Managing Director's contract may be terminated at any time by mutual agreement. The Company may terminate the contract without notice in instances of serious misconduct.

Mr Ridge is not employed by the Company. His services are provided in his capacity as a consultant to act as Company Secretary of, and provide accounting services to, Southern Gold.

During the financial year there were no remuneration consultants engaged by the Company.

Managing Director's Remuneration

The Managing Director has an annual salary of \$320,000, inclusive of superannuation. Following the shareholder approval on 12 January 2023, the Company granted the Managing Director 5,000,000 non-transferrable performance rights to vest and convert into fully paid ordinary shares in one tranche on 9 May 2025, subject to service and share price conditions.

The Company provides accommodation in South Korea for the Managing Director, together with health insurance and two return flights to New Zealand per annum. There is no formal relationship between the board policy for remuneration of Key Management Personnel and the Company's performance for the last five years.

Shares issued on exercise of remuneration options

No shares were issued to Directors or other Key Management Personnel as a result of the exercise of remuneration options during the financial year.

Directors' and other Key Management Personnel interests in shares and options

Directors' and other Key Management Personnel relevant interests in shares and options of the Company are disclosed in section (d) of the Remuneration Report and in Note 4 of the Financial Report.

Shares and Options granted as remuneration

Following the shareholder approval on 12 January 2023, the Company granted the Managing Director 5,000,000 non-transferrable performance rights to vest and convert into fully paid ordinary shares in one tranche on 9 May 2025 subject to continued employment. The number of performance rights that convert into ordinary shares, for nil consideration, is based on the 20-day weighted average SAU share price immediately prior to 9 May 2025. Where that weighted average share price is greater than \$0.10, then the performance rights convert into 1,000,000 shares plus 400,000 shares for each cent that the weighted average share price exceeds \$0.10, up to a maximum of 5,000,000 shares. Any unvested performance rights expire 9 May 2025.

Other than the performance rights, as noted above, no other securities were issued to key management personnel as remuneration in the year ended 30 June 2023.

Shares and options granted and held by Directors & Key Management Personnel are disclosed in section (c). All options granted have vested and no options were exercised by Directors & Key Management Personnel in the financial year.

Remuneration of Directors and Key Management Personnel

This report details the nature and amount of remuneration for each Key Management Person of Southern Gold Limited.

(a) Directors and Key Management Personnel

The names and positions held by Directors and Key Management Personnel of the Group during or since the end of the financial year are:

Directors	Position
M McNeilly	Chairman – Non-Executive
R Smillie	Managing Director – Executive
P Bamford	Director – Non-Executive
D Kirwin	Director – Non-Executive
J Rock	Director – Non-Executive
B Kim	Director – Non-Executive
G Boulton	Chairman – Non-Executive (retired 27 October 2022)
Key Management Personnel	Position
R Ridge	Company Secretary & Chief Financial Officer

(b) Remuneration Directors and Key Management Personnel

2023	Short Term Benefits				Share Based Payments (performance rights)	Post Employment	Total	Remuneration as share based
	Primary Benefits	Directors' Fees	Salary and Leave	Cash Bonus		Consulting fees		
	\$	\$	\$	\$	\$	\$	\$	%
Directors								
M McNeilly ¹	48,000	-	-	-	-	-	48,000	0%
G C Boulton ²	32,000	-	-	-	-	-	32,000	0%
R Smillie ³	-	320,000	-	-	2,252	2,562	324,814	1%
P Bamford ⁴	43,439	-	-	-	-	4,561	48,000	0%
D Kirwin ⁶	48,000	-	-	-	-	-	48,000	0%
B Kim	48,000	-	-	-	-	-	48,000	0%
Other KMP								
R Ridge	-	-	-	133,573	-	-	133,573	0%
	219,439	320,000	-	133,573	2,252	7,123	682,387	0%

¹ Appointed Chair 31 July 2023.

² Retired 27 October 2022.

³ Following the shareholder approval on 12 January 2023, 5,000,000 non-transferrable performance rights were granted to Mr Smillie under the Board proposed long term incentive that aligns with shareholder interest, in respect to growth in share price, to incentivise/retain the Managing Director. These performance rights convert into ordinary shares for nil consideration in one tranche based on the 20-day weighted average SAU share price prior to 9 May 2025, subject to continued employment. Where that weighted average share price is greater than \$0.10, then the performance rights convert into 1,000,000 shares plus 400,000 shares for each cent that the weighted average share price exceeds \$0.10, up to a maximum of 5,000,000 shares. Any unvested performance rights expire 9 May 2025. The performance rights were valued at \$0.027 per right using the Monte Carlo method and are being expensed over the vesting period to 9 May 2025, with \$2,252 expensed 30 June 2023, and \$4,877 and \$4,171 to be expensed 30 June 2024 and 30 June 2025 respectively.

⁴ Appointed Chair 27 October 2022, resigned as Chair 31 July 2023.

Remuneration Directors and Key Management Personnel

2022	Short Term Benefits				Share Based Payments (options)	Post Employment	Total	Remuneration as share based
	Primary Benefits	Directors' Fees	Salary and Leave	Cash Bonus ¹		Consulting fees		
	\$	\$	\$	\$	\$	\$	\$	%
Directors								
G C Boulton ⁶	96,000	-	-	23,300	29,331	-	148,631	20%
S Mitchell ¹	-	197,796	20,000	-	-	11,200	228,996	0%
R Smillie ^{2,7}	-	239,138	-	-	21,338	2,634	263,110	8%
P Bamford ⁶	43,636	-	-	16,800	19,554	4,364	84,354	23%
D Kirwin ⁶	48,000	-	-	-	19,554	-	67,554	29%
M McNeilly ⁶	48,000	-	-	-	19,554	-	67,554	29%
B Kim ^{3,6}	8,000	227,618	-	-	32,590	2,632	270,840	12%
Other KMP								
R Ridge ⁴	-	-	-	15,351	-	-	15,351	0%
D L Hill ^{5,8}	-	-	-	7,318	2,845	-	10,163	28%
	243,636	664,552	20,000	62,769	144,766	20,830	1,156,553	13%

¹ Resigned 29 October 2021. Short term benefits for the period include a salary of \$92,000 for four months of service, \$13,796 of annual leave paid upon cessation of employment, an agreed termination payment of \$92,000 and a \$20,000 cash bonus. The bonus was the final amount paid in relation to the 2021 annual bonus which was determined by the Board in July 2021.

² Appointed as Exploration Manager on 6 September 2021 and appointed Managing Director on 9 May 2022. Remuneration in the above table for Mr R Smillie includes the period as Exploration Manager and Managing Director, as both are considered KMP roles.

³ Resigned as an Executive on 30 April and remains as a Non-executive Director. Short term benefits for Mr Kim include his Executive salary of \$167,575 through to 30 April 2022, unused annual leave paid of \$15,978 and \$44,064 severance pay as required by South Korean legislation.

⁴ Appointed 19 May 2022.

⁵ Resigned 19 May 2022.

⁶ Following shareholder approval on 29 October 2021, 3,700,000 unlisted Options were granted to the Directors as follows: 900,000 to Mr Boulton, 1,000,000 to Mr Kim, and 600,000 each to Messrs Bamford, Kirwin, and McNeilly. The options have an exercise price of \$0.12, and expire on 31 October 2025. These options were valued at \$0.03259 per option using the Black-Scholes method.

⁷ 750,000 unlisted options were granted to Mr Smillie on 17 September 2021 under the Company's Employee Share Option Plan, following his appointment as Exploration Manager. The options vest immediately, have an exercise price of \$0.10, and expire on 16 September 2025. These options were valued at \$0.02845 per option using the Black-Scholes method.

⁸ 100,000 unlisted options were granted under the Company's Employee Share Option Plan on 17 September 2021 to Mr Hill. The options vest immediately, have an exercise price of \$0.10, and expire on 16 September 2025. These options were valued at \$0.02845 per option using the Black-Scholes method.

(c) Securities Held by Directors and Key Management Personnel

The number of ordinary shares held by Directors and Key Management Personnel in Southern Gold Limited during the financial year is as follows:

30 June 2023	Balance at beginning of year	Acquired/ (disposed) on market	Participation in Placement ²	Participation in Placement ³	Disposed (other) ¹	Balance at end of year
M McNeilly	-	-	-	-	-	-
R Smillie	500,000	-	1,000,000	500,000	-	2,000,000
P Bamford	406,667	594,504	-	1,500,000	-	2,501,171
D Kirwin	333,334	-	3,000,000	-	-	3,333,334
B Kim	300,000	-	500,000	-	-	800,000
G C Boulton AM ¹	3,778,256	-	-	-	(3,778,256)	-
R Ridge	-	-	-	1,000,000	-	1,000,000
	5,318,257	594,504	4,500,000	3,000,000	(3,778,256)	9,634,505

¹ Balance at the date of retirement, 27 October 2022.

² Shares issued on 21 November 2022 at \$0.023 per share on the same terms as other places, following shareholder approval.

³ Shares issued on 30 June 2023 at \$0.020 per share on the same terms as other places, following shareholder approval. The placement included one unlisted option for every two shares subscribed.

The number of unlisted options over ordinary shares held by Directors and Key Management Personnel in Southern Gold Limited during the year is as follows:

30 June 2023	Balance at beginning of year	Options granted ²	Balance at end of year	Disposed (other) ¹	Vested and exercisable
D McNeilly	600,000	-	600,000	-	600,000
R Smillie	750,000	250,000	1,000,000	-	1,000,000
P Bamford	600,000	750,000	1,350,000	-	1,350,000
D Kirwin	600,000	-	600,000	-	600,000
B Kim	1,000,000	-	1,000,000	-	1,000,000
G C Boulton AM ¹	900,000	-	900,000	(900,000)	-
R Ridge	100,000	500,000	600,000	-	600,000
	4,550,000	1,500,000	6,050,000	(900,000)	5,150,000

¹ Balance at the date of retirement, 27 October 2022.

² Options granted on 30 June 2023 pursuant to a placement on the basis of one option for every two shares subscribed, on the same terms as other places, following shareholder approval. Exercise price of \$0.027, expiring 30 December 2024.

As at 30 June 2023, Mr Smillie also holds 5,000,000 performance rights, granted on the date of the shareholder approval, 12 January 2023. These performance rights have a nil exercise price and expire 9 May 2025. The performance rights vest in one tranche on the 9 May 2025, and have a minimum vesting condition that the 20-day weighted average share price on the vesting date must be greater than \$0.10. Where the share price is greater than \$0.10, then the recipient is vested with 1,000,000 ordinary shares plus 400,000 ordinary shares for each cent that the share price exceeds \$0.10, up to a maximum of 5,000,000 shares. The Managing Director must remain in the employment of the Company at the vesting date.

The above balances of securities as at 30 June 2023, may differ from the holdings disclosed in the Directors Report, as the Directors Report provides each Directors' shareholdings as at the date of the Directors report.

(d) Service agreements

Remuneration and other items of employment for the Managing Director, Mr Robert Smillie, are formalised in a service agreement approved by the Board. The major provisions are as follows:

- As Managing Director, Mr Smillie receives an annual salary of \$320,000, inclusive of any superannuation.
- A long-term incentive consisting of 5,000,000 non-transferrable performance rights to vest in one tranche on 9 May 2025 depending on service and share price conditions noted above.
- Termination without notice in the event that Mr Smillie
 - is guilty of serious or wilful misconduct; or
 - fails to remedy a breach of the Agreement within 14 days of receipt of notice to do so.
- Termination without cause by either party with the provision of maximum three calendar months' notice or by agreement in writing by the parties.

The Company entered into a service agreement with an entity associated with Mr Ridge on 19 February 2015 to provide financial services. On 19 May 2022 Mr Ridge was appointed as Company Secretary. The contract is subject to a one-month termination without cause.

(e) Post-employment/retirement and termination benefits

There were no post-employment retirement and termination benefits paid or payable to Directors or Key Management Personnel, other than as disclosed elsewhere in the Remuneration Report.

(f) Amounts payable to Directors and Key Management related entities

	2023	2022
	\$	\$
Payable to Bamford Superannuation fund (an entity associated with Peter Bamford)	-	365
Payable to Douglas Kirwin	4,000	4,000
Payable to Michael McNeilly	4,000	4,000
Payable to Beejay Kim	4,000	4,000
Payable to Ray Ridge	39,010	22,428
	51,010	44,017

(g) Voting at 2022 AGM

Southern Gold Limited received 94.71% of 'yes' votes on its remuneration report for the 2022 financial year. The Company did not receive any specific feedback at the AGM on its remuneration report.

End of Remuneration Report

Meetings of Directors

The Company held 12 meetings of Directors (including committees of Directors) during the financial year. Attendances by each Director during the year were as follows:

	Director Meetings		Audit Committee Meetings	
	Number of Meetings Eligible to Attend	Number of Meetings Attended	Number of Meetings Eligible to Attend	Number of Meetings Attended
M McNeilly	10	9	-	-
R Smillie	10	10	-	-
P Bamford	10	10	2	2
B Kim	10	8	1	1
D Kirwin	10	8	-	-
G C Boulton AM ¹	4	4	1	1

¹ Retired 27 October 2022.

Non-audit services

The Board of Directors is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services, as set out below, did not compromise the audit independence requirement of the Corporations Act 2001.

All non-audit services have been reviewed by the Board to ensure they do not adversely affect the integrity and objectivity of the auditor.

The nature of the services provided do not compromise the general principle relating to auditor independence as set out in the APES 110 Code of Ethics for Professional Accountants (including independence standards) set by the Accounting Professional and Ethical Standards Board.

Non-audit services paid and/or payable to the external auditors during the year ended 30 June 2023 were \$2,500 (2022: \$2,800).

Indemnification and insurance of officers

Indemnification

The Company is required to indemnify the Directors and other officers of the Group against any liabilities incurred by the Directors and officers that may arise from their position as Directors and officers of the Group. No costs were incurred during the year pursuant to this indemnity.

The Group has entered into deeds of indemnity with each Director whereby, to the extent permitted by the Corporations Act 2001, the Group agreed to indemnify each Director against loss and liability as an officer of the Group, including all liability in defending any relevant proceedings.

Insurance Premiums

Since the end of the previous year the Group has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses' insurance contracts.

The terms of the policies prohibit disclosure of details of the amount of insurance cover, the nature thereof and the premium paid.

Proceedings on behalf of the Company

No person has applied to the Court for leave to bring proceedings on behalf of the Group or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Group was not a party to any such proceedings during the year.

Auditor of the Company

The auditor of the Group for the financial year was Grant Thornton Audit Pty Ltd.

Auditor's Independence Declaration

The auditor's independence declaration as required by section 307C of the Corporations Act 2001 for the year ended 30 June 2023 is set out immediately following the end of the Directors' report.

The report of Directors, incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors:



R Smillie
Managing Director



M McNeilly
Chairman

Dated at Adelaide, this 28th day of September 2023.

For personal use only

Auditor's Independence Declaration

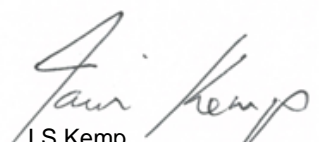
To the Directors of Southern Gold Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Southern Gold Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- a a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 28 September 2023

Statement of Profit or Loss and Other Comprehensive Income for the Year ended 30 June 2023

Consolidated

	Note	2023 \$	2022 \$
Interest income		30,390	2,155
Unrealised foreign exchange gain		-	2,781
Realised foreign exchange loss		(12,836)	(1,636)
Other income		16,289	4,524
Foreign exchange gain on BMV receivable	2	-	538,452
Loss on realisation of BMV shares received	2	-	(2,992,222)
Loss on sale of BMV shares	2	(11,349)	(815,656)
Loss on discount to fair value	2	-	(481,864)
Equity accounted share of loss	2	(287,162)	(279,042)
Impairment expense	2	(3,479,343)	(2,022,462)
Transaction costs (divestment of joint ventures)	2	-	(2,028)
Exploration impairment	10	-	(1,700,460)
Exploration expenses		(2,341,186)	(1,695,460)
Salaries and wages		(676,107)	(800,804)
Directors fees		(219,439)	(245,818)
Interest expense		(1,950)	(3,504)
Shareholder relations		(212,555)	(176,365)
Other consulting expenses		(207,172)	(168,036)
Other administrative expenses		(511,857)	(379,387)
Depreciation		(119,654)	(116,016)
Loss on sale of plant and equipment		(1,995)	-
Share based payments - options	22	(6,672)	(184,674)
Share based payments – performance rights	22	(2,252)	-
Profit/(Loss) before income tax		(8,044,850)	(11,517,522)
Income tax (expense)/benefit attributable to profit/(loss) from ordinary activities	3	-	-
Net Profit/(Loss) for the year		(8,044,850)	(11,517,522)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation		13,035	(111,893)
<i>Items that may not be reclassified to profit or loss:</i>			
Fair value increment on financial assets - FVTOCI	2	-	(1,498,833)
Total comprehensive income		(8,031,815)	(13,128,248)
Earnings Per Share			
Basic (cents per share) – Profit/(Loss)	24	(3.08)	(5.40)
Diluted (cents per share) – Profit/(Loss)	24	(3.08)	(5.40)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 30 June 2023

Consolidated

	Note	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	5	4,212,502	4,560,622
Receivables	6	668,216	263,210
Other assets	7	95,551	96,303
Held for sale assets	8	1,756,071	922,703
TOTAL CURRENT ASSETS		6,732,340	5,842,838
NON-CURRENT ASSETS			
Right of use asset	9	33,130	49,350
Exploration and evaluation expenditure	10	1,694,804	993,973
Plant and equipment	11	145,000	188,044
Investments accounted for using the equity method	12	-	5,554,576
TOTAL NON-CURRENT ASSETS		1,872,934	6,785,943
TOTAL ASSETS		8,605,274	12,628,781
CURRENT LIABILITIES			
Trade and other payables	13	627,666	424,390
Provisions	14	274,946	175,808
Lease liability	15	23,376	50,490
Liability directly associated with held for sale assets	8	-	481,864
TOTAL CURRENT LIABILITIES		925,988	1,132,552
NON-CURRENT LIABILITIES			
Provisions	14	8,197	12,020
Lease liability	15	10,147	-
TOTAL NON-CURRENT LIABILITIES		18,344	12,020
TOTAL LIABILITIES		944,332	1,144,572
NET ASSETS		7,660,942	11,484,209
EQUITY			
Issued capital	16	62,211,401	58,011,777
Reserves	29	(1,490,946)	(1,334,411)
Retained losses		(53,059,513)	(45,193,157)
TOTAL EQUITY		7,660,942	11,484,209

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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Statement of Changes in Equity for the Year ended 30 June 2023

	Issued Capital \$	Retained Losses \$	FVTOCI Reserve \$	Share- Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Total \$
Balance at 30 June 2021	58,011,777	(34,480,637)	15,437	976,099	(94,893)	24,427,783
Profit or loss	-	(11,517,522)	-	-	-	(11,517,522)
Other comprehensive income	-	-	(1,498,833)	-	(111,893)	(1,610,726)
Total comprehensive income	-	(11,517,522)	(1,498,833)	-	(111,893)	(13,128,248)
Issue of share capital	-	-	-	-	-	-
Options lapsed	-	805,002	-	(805,002)	-	-
Fair value of options issued	-	-	-	184,674	-	184,674
Costs associated with the issue of shares	-	-	-	-	-	-
Total transactions with owners	-	805,002	-	(620,328)	-	184,674
Balance at 30 June 2022	58,011,777	(45,193,157)	(1,483,396)	355,771	(206,786)	11,484,209
Profit or loss	-	(8,044,850)	-	-	-	(8,044,850)
Other comprehensive income	-	-	-	-	13,035	13,035
Total comprehensive income	-	(8,044,850)	-	-	13,035	(8,031,815)
Issue of share capital	4,520,000	-	-	-	-	4,520,000
Options lapsed	-	178,494	-	(178,494)	-	-
Fair value of options issued	-	-	-	6,672	-	6,672
Share based expense related to performance rights	-	-	-	2,252	-	2,252
Costs associated with the issue of shares	(320,376)	-	-	-	-	(320,376)
Total transactions with owners	4,199,624	178,494	-	(169,570)	-	4,208,548
Balance at 30 June 2023	62,211,401	(53,059,513)	(1,483,396)	186,201	(193,751)	7,660,942

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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Statement of Cash Flows for the Year ended 30 June 2023

Consolidated

	Note	2023 \$	2022 \$
Cash flows relating to operating activities			
Interest received		30,390	2,155
Other income		16,289	4,524
Payments to suppliers and employees		(4,182,303)	(3,426,194)
Interest paid		(1,950)	(3,504)
Net operating cash inflows/(outflows) (Note (a))		(4,137,574)	(3,423,019)
Cash flows relating to investing activities			
Payments for mining tenements, exploration and evaluation expenditure		(576,729)	(210,171)
Proceeds from sale of investments		448,654	434,394
Payments to acquire other non-current assets		(318,103)	-
Payments for plant and equipment		(86,459)	(160,929)
Proceeds from the sale of plant and equipment		1,545	-
Net investing cash inflows/(outflows)		(531,092)	63,294
Cash flows relating to financing activities			
Proceeds from share issues		4,520,000	-
Payments for share issue costs		(143,168)	-
Repayment of lease liability	9(iii)	(63,739)	(70,313)
Net financing cash inflows/(outflows)		4,313,093	(70,313)
Net increase/(decrease) in cash		(355,573)	(3,430,038)
Net foreign exchange difference		7,453	(8,392)
Cash at beginning of financial year	5	4,560,622	7,999,052
Cash at end of financial year	5	4,212,502	4,560,622

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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Statement of Cash Flows (Continued)

for the Year ended 30 June 2022

Consolidated

	2023	2022
	\$	\$
Note (a): Reconciliation of net loss from ordinary activities to net cash flow from operating activities		
Profit/(Loss) from ordinary activities after income tax	(8,044,850)	(11,517,522)
Adjustments to reconcile profit before tax to net cash flows		
Share based payments	8,924	184,674
Depreciation	119,654	116,016
Unrealised foreign exchange gain	-	(2,781)
Exploration written off	-	1,700,460
Loss on sale of plant & equipment	1,995	-
BMV share transactions net loss (Note 2)	3,777,854	6,054,822
Realised foreign exchange loss on sale of BMV shares	12,836	1,636
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(153,446)	(76,099)
(Increase)/decrease in other financial assets	1,710	(4,735)
Increase/(decrease) in trade and other payables	45,904	150,525
Increase/(decrease) in provisions	91,845	(30,015)
Net operating cash flows	(4,137,574)	(3,423,019)

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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Notes to the Financial Statements for the Financial Year Ended 30 June 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Southern Gold Limited and controlled entities ('Consolidated Group' or 'Group').

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial report has been prepared under the assumption that the Group operates on a going concern basis.

The financial report covers the consolidated group of Southern Gold Limited, a listed public company incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards. Southern Gold Limited is a for-profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the Consolidated Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

These financial statements have been prepared on an accruals basis and are based on the historical cost convention where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies set out below have been consistently applied to all years presented.

Two comparative periods are presented for the statement of financial position when the Group:

- Applies an accounting policy retrospectively,
- Makes a retrospective restatement of items in its financial statements, or
- Reclassifies items in the financial statements

The Group has determined that only one comparative period for the statement of financial position was required for the current reporting period as the application of the new accounting standards have had no material impact on the previously presented primary financial statements that were presented in the prior year financial statements.

Changes in accounting policies and accounting policies applied for the first time

The accounting policies adopted by the group are consistent with those of the previous financial year.

Adoption of New and Revised Accounting Standards (issued but not yet effective)

At the date of authorisation of the financial statements, the Group has not applied any new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective, as they will not have a material impact on the financial statements of the Group.

a. Principles of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2023. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

b. Income Tax

The income tax expense / (benefit) for the year comprises current income tax expense / (income) and deferred income tax expense / (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted at reporting date.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax (expense)/benefit is charged or credited directly to equity instead of the profit and loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Southern Gold Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2006. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

c. Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on a cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment 10–33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

d. Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided from when exploration commences and are included in the costs of that stage.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

e. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

- amortised cost
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset, and

- the contractual cash flow characteristics of the financial asset. All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets.

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

f. Impairment of Non-Financial Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Profit or Loss.

g. Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Group's share of post-acquisition reserves of its associates.

Where there has been a change recognised directly in an associate's equity, the Group recognises its share of any changes and discloses this in the statement of profit or loss and other comprehensive income. The reporting dates and the associates accounting policies in the associated companies are amended as necessary to conform with the Group.

h. Held for Sale Assets

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell.

However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any profit or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations.

i. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to report date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. The cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

Share based payments

The Company has an Employee Share Option Plan where employees may be provided with options to acquire shares in the Company. The fair value of the options are measured at grant date and recognised as an expense over the vesting period with a corresponding increase in equity. Where market based vesting conditions are present, a Monte Carlo pricing model was used to calculate the fair value of options granted. The Black Scholes pricing model is used in all other instances.

j. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Onerous provisions are recognised by the Group for its obligation to deliver goods and services under an existing contract and measuring that obligation to reflect the cost of the goods or services it must deliver.

k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

l. Income

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

m. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n. Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the group during the period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

o. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

p. Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Estimates and judgements – Impairment of Exploration and Evaluation Assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of exploration and evaluation assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

Estimates and judgements – Valuation of unlisted options & performance rights

A key area of judgement, for the year ended 30 June 2023, relates to the calculation of the market value of the performance rights issued to the Managing Director as a long-term incentive and unlisted options issued to employees under the Company's employee share option plan. The market value of the performance rights was assessed using the Monte Carlo method and the options were assessed using the Black-Scholes method. A key assumption in these calculations is the Company's future share price volatility. Future volatility was based on the historic daily price movements of the Company's ASX listed shares for the 48 months immediately prior to the relevant valuation date for each of the option series. For further information in relation to the performance rights and options issued, refer to Note 22.

Estimates and judgements – Investment in BMV

As at 30 June 2023, the Group holds an investment in BMV, being 149,000,000 BMV Shares, represents 22.8% of the issued capital of BMV, and as such, under Accounting Standard AASB128 Investments in Associates and Joint Ventures the Group is required to equity account for its interest in the financial result of BMV for the period through to 30 June 2023.

At reporting date, the Group assesses all non-financial assets for indicators of impairment. As the fair value of the BMV Shares are readily observable (being quoted on the London Stock Exchange (LSE)), the Group has recognised an impairment expense of \$5,716,069 calculated by reference to the \$1,756,071 estimated fair value of the 149,000,000 BMV Shares based on 75% of value of the LSE closing price on 30 June 2023 of £0.00825 and the GBP:AUD exchange rate of 0.5250 on that same date. The 75% valuation reflects an estimated discount from the market price that would be required to sell large parcels of shares, based on feedback from market participants. For further information in relation to the investment in BMV, refer Note 12.

q. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

r. Parent Entity

The financial information of the parent entity, Southern Gold Limited, disclosed at note 26, has been prepared on the same basis, using the same accounting policies as the consolidated financial statements, other than investments in controlled entities which are carried at cost, less any provision for impairment.

s. Foreign Currency Transactions and Balances

i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise, the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

t. Leases

The Company as Lessee

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a term of 12 months or less) and leases of low-value assets are recognised as operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Company as Lessor

As the Company has no contracts as a lessor, the provisions of AASB 16 relating accounting for lease contracts as a lessor are not applicable.

The financial report was authorised for issue on 28th September 2023 by the Board of Directors.

	2023	2022
	\$	\$
2. BMV SHARE TRANSACTIONS NET LOSS		
Foreign exchange gain on BMV receivable	-	538,452
Loss on realisation of BMV shares received	-	(2,992,222)
Loss on sale of BMV shares	(11,349)	(815,656)
Loss on discount to fair value	-	(481,864)
Equity accounted share of loss	(287,162)	(279,042)
Impairment expense	(3,479,343)	(2,022,462)
Transaction costs (divestment of joint ventures)	-	(2,028)
	(3,777,854)	(6,054,822)

BMV Background

Southern Gold Ltd, through its wholly owned Singaporean subsidiary, International Gold Private Limited (IGPL), held a 50% equity interest in two incorporated joint ventures, Gubong Project Chusik Hoesa and Kochang Project Chusik Hoesa, in the Republic of Korea. The other 50% being held by London Stock Exchange ("LSE") listed BMV, (ticker BMV:LN). On 28 June 2021, following a disagreement in relation to BMV's decision to mine for each project, Southern Gold and BMV executed a definitive agreement (Completion Agreement) to settle the matter through the sale of IGPL's 50% interest in the two joint ventures to BMV for consideration of US\$10,000,000 (AU\$13,870,947) to be settled through 50 million BMV shares and a further 150,000,000 BMV shares or US\$7,500,000 cash (at BMV's option). Southern Gold received 50,000,000 BMV shares on 29 June 2021.

Transactions in the year ended 30 June 2022

BMV chose to issue Southern Gold with 150,000,000 BMV shares on 22 December 2021. Southern Gold recognised the 150,000,000 BMV shares at \$7,522,288 (refer Note 12), being the closing price of £0.0270 (\$0.05) for BMV Shares traded on the LSE on 22 December 2021, resulting net loss of A\$2,453,769 disclosed in the Statement of Profit or Loss and Other Comprehensive Income as follows:

- **\$538,452** Foreign exchange gain on BMV receivable being the change in the AUD value of the US\$7,500,000 receivable between 30 June 2021 and the date of settlement on 22 December 2021; and
- **(\$2,992,222)** Loss on the value of BMV shares received being the difference between fair value of the BMV shares received compared to the AUD value of US\$7,500,000 cash receivable at the date of settlement on 22 December 2021.

With the resulting balance of 200,000,000 BMV Ordinary Shares at that time representing 32% of the issued capital of BMV, the financial asset was reclassified to an investment in an associate, subject to equity accounting, from 22 December 2021 (refer Note 12).

Fair value decrement on financial assets – FVTOCI \$1,498,833

Immediately prior to reclassification to an equity accounted investment, the initial 50,000,000 BMV Shares were revalued to a fair value of \$2,507,430, being valued at the closing price of £0.0270 (\$0.0501) for BMV Shares traded on the LSE on 22 December 2021. The resulting revaluation decrement of \$1,498,833 was recognised through Other Comprehensive Income, as the Group made an irrevocable election at 30 June 2021 to recognise its initial holding of 50,000,000 BMV shares, as a financial asset fair valued through Other Comprehensive Income (FVTOCI).

On 13 April 2022, Southern Gold agreed to sell 50,000,000 BMV shares at a discounted rate of £0.01 per share, to assist in BMV negotiating a funding package to accelerate its move to production. Total sale proceeds were £500,000 or \$876,118, using the exchange rate of 0.5707 at 12 April 2022, being the date prior to executing the sale agreement. The sale occurred in two instalments of 25,000,000 BMV Shares, each for £250,000. The total sale proceeds of \$876,118 result in a loss of \$1,631,312 compared to the carrying value of the 50,000,000 BMV Shares of \$2,507,430 at that time. The total loss of \$1,631,312 was disclosed in the Statement of Profit or Loss as follows:

- **\$815,656** loss on sale of the first tranche of 25,000,000 shares, being the difference between carrying value at the date of the agreement of \$1,253,715 and sales proceeds of £250,000 or \$438,059 using the exchange rate of 0.5707 at 12 April 2022;
- \$333,792 impairment expense on revaluation of the remaining 25,000,000 shares to fair value at date of executing the sale agreement on 13 April 2022, based on the previous day's closing price of BMV shares traded on the LSE of £0.0210 and a GBP:AUD exchange rate of 0.5707; and
- **\$481,864** loss on discount to fair value relating to the second tranche of 25,000,000 BMV shares yet to be completed at 30 June 2022, being the difference of the fair value of these shares at the date of the sale agreement and the agreed price of £0.01 per share (refer Note 8).

As part of the transaction, the Group agreed to a twelve-month standstill clause on the remaining 150,000,000 shares, which ceased on 11 April 2023.

As previously reported, equity accounting was not possible for the year ended 30 June 2022, as the 30 June 2022 financial statements for BMV were not available at that time. However, the financial statements of BMV through to 30 June 2022 did subsequently become publicly available, which allowed the Group to subsequently calculate its 23.5% share of loss for the period ended 30 June 2022 of \$279,042 (refer Note 12 for further details).

The total impairment expense of **\$2,022,462** comprised the \$1,688,670 impairment expense on the 150,000,000 BMV Shares held at 30 June 2022 (explained below) and the \$333,792 impairment expense recognised on the 25,000,000 BMV shares on the date of execution of the sale agreement (explained above).

An impairment expense of **\$1,688,670** was recognised against the \$7,243,246 carrying value of the remaining 150,000,000 BMV shares at 30 June 2022 (refer Note 12). The impairment expense was calculated by reference to the \$5,554,576 fair value of these shares based on the LSE closing price on 30 June 2022 of £0.0210 and the GBP:AUD exchange rate of 0.5671 on that same date.

Transactions in the year ended 30 June 2023

Following the completion of Southern Gold's escrow conditions on 11 April 2023, SAU sold 1,000,000 million BMV shares on market with an initial value at acquisition of \$50,148 (refer Note 12), reducing the total number of BMV shares held to 149,000,000 as at 30 June 2023. Consideration received was \$21,091, being £0.01105 per share with a GBP:AUD exchange rate of 0.5239 on the date of the transaction. A loss on sale of \$11,349 was recognised, with \$9,742 already having been recognised as an impairment expense.

SAU's equity accounted share of BMV's loss for the year ended 30 June 2023 was (\$287,162), based on SAU's average ownership interest of 22.8% during that year and BMV's reported loss of US\$848,113 converted at the USD:AUD average exchange rate of 0.6734 for that year (refer Note 12).

The carrying value of investment of the remaining 149,000,000 million BMV shares of \$1,756,071, as at 30 June 2023 (refer Notes 12 and 8), was determined as 75% of the market traded value of BMV shares based on the LSE closing price of £0.00825 and the GBP:AUD exchange rate of 0.5250 on that date. This resulted in an impairment expense of \$3,479,343. The discount of 75% of the market traded value reflects the Company's assessed discount required to sell such a large proportion of the issued capital of BMV in a reasonable timeframe.

Transaction subsequent to 30 June 2023

Between 14 July 2023 and 2 August 2023, Southern Gold sold 26,250,000 BMV Shares on market for an average price of £0.0061 for total proceeds of £161,250 (approximately \$307,000).

On 22 August 2023 Southern Gold announced an agreement with UK based Catalyse Capital Ltd, to progressively sell 122,500,000 BMV shares through to 31 December 2023. Under the agreement, SAU sold 22,500,000 BMV shares at £0.0055 per share with settlement of £123,750 (approximately \$236,000) occurring late August 2023.

The remaining 100 million are to be sold in four tranches of 25 million each, to be settled monthly from September to December 2023. Each of the four tranches will be priced at 75% of each month's VWAP for BMV shares traded on the LSE, with a floor price of £0.004 per share. As an example, if the pricing formula were

applied to the last traded price for BMV shares on the LSE of £0.0075 per share on 26 September 2023 (being the last practicable date prior to finalisation of the Annual Report), then proceeds for the 100,000,000 BMV shares would be £562,500 (approximately \$1,069,600). As a minimum, at the floor price of £0.004 per share, proceeds would be £400,000 (approximately \$760,600).

	2023	2022
	\$	\$
3. INCOME TAX EXPENSE		
The components of tax benefit comprise:		
Research and development tax concession	-	-
Tax (expense)/benefit	-	-
Income tax (expense)/benefit attributable to loss from ordinary activities	-	-
a) The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax attributable to operating loss as follows:		
Income tax (expense)/benefit at 25% (2022: 25%) of operating loss	2,011,213	2,879,381
Tax effect of capital raising costs	-	-
Tax effect of Share-based payments expensed	(2,231)	46,169
Tax effect of non-assessable income	-	-
Tax effect of non-deductible expenses	(1,767,611)	(2,551,793)
Timing differences and tax losses not brought to account	(321,465)	(373,757)
Income tax (expense)/ benefit attributable to loss from ordinary activities	-	-
b) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur		
Operating Losses	-	-
c) Income tax losses		
Total deferred tax asset arising from carried forward tax losses not recognised as meeting probable criteria		
Gross income tax losses	25,683,357	24,404,146
Capital tax losses	11,404,135	11,404,135
Total tax losses	37,087,492	35,808,281
Tax Losses at 25% (2022: 25%)	9,271,873	8,952,070

A deferred tax asset is only recognised for the carry forward of unused tax losses to the extent that it is considered probable that future taxable profit will be available against which the unused tax losses can be utilised.

The taxation benefits of tax losses and timing differences not brought to account will only be obtained if:

- assessable income is derived of a nature and amount sufficient to enable the benefit from the deductions to be realised;
- conditions for deductibility imposed by the law are complied with; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

	2023	2022
	\$	\$

4. KEY MANAGEMENT PERSONNEL REMUNERATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the group's key management personnel for the year ended 30 June 2023. The totals of remuneration paid to key management personnel during the year are as follows:

Short term employee benefits	673,012	898,957
Post-employment benefits	7,123	20,830
Termination benefits	-	92,000
Share-based payments	2,252	144,766
	682,387	1,156,553

5. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	4,212,502	4,560,622
	4,212,502	4,560,622

6. RECEIVABLES

Current		
GST receivable	95,631	31,182
Lease and credit card bonds	254,483	232,028
londrive Technologies Pty Ltd ¹	318,102	-
Current receivables	668,216	263,210

¹ Short term 3 month interest free loan provided to londrive Technologies Pty Ltd.

Receivables impairment

Receivables considered past due and/or impaired is nil (2022: nil). There has been no provision recognised in relation to the expected credit loss model, based on outstanding balances at balance date.

7. OTHER ASSETS

Current		
Prepayments	95,551	96,303
	95,551	96,303

8. HELD FOR SALE ASSETS

Shares held in BMV

Fair value of asset	1,756,071	922,703
Provision for discount to fair value	-	(481,864)
Total closing balance	1,756,071	440,839

The Board of Southern Gold made a decision to sell the remaining 149,000,000 BMV shares within the next 12 months, the carrying value of \$1,756,071 at 30 June 2023 has been reclassified from an investment accounted for using the equity method (refer Note 12) to a Held for sale asset.

30 June 2022

In the prior year ended 30 June 2022, Southern Gold agreed to sell 50,000,000 of the 200,000,000 BMV shares held at that time, at a discounted price of £0.01 per share. The total consideration of £500,000 was transacted in

two equal tranches. The first tranche of 25,000,000 BMV Shares was completed prior to 30 June 2022 (refer Note 2), with the second tranche of 25,000,000 BMV Shares for £250,000 (A\$440,839) yet to be settled at 30 June 2022. This consideration of A\$440,839 is presented above as \$922,703 fair market value of the second tranche of 25,000,000 BMV shares at \$0.0368 per share (being based on the LSE closing price of the BMV shares of £0.0210 on the day prior to execution of the sale agreement on 13 April 2022, at the exchange rate on that date of 0.5707) less a provision for the contracted price, being a discount to fair value of \$481,864.

9. RIGHT OF USE ASSET

The Group's Right of use assets comprise the leased office in Korea, a building to house exploration equipment in Korea and accommodation for staff in Korea where this is provided as part of their remuneration package.

Options to extend or terminate

One of the Company's leases contains an option to extend. The extension option is only exercisable by the Company. The extension option is included in the calculation of the lease liability and right to use asset only to the extent management are reasonably certain to exercise that option.

Variable lease payments

The Group does not have any variable lease payments.

	2023 \$	2022 \$
<i>(i) AASB 16 related amounts recognised in the Statement of Financial Position</i>		
Leased buildings	46,772	145,986
Less: accumulated depreciation	(13,642)	(96,636)
Right of Use Asset	33,130	49,350
Movements in the Carrying Amount		
Opening balance	49,350	123,998
New operating leases	46,593	-
Depreciation expense	(62,902)	(71,961)
FX on opening balance	89	(2,687)
	33,130	49,350
<i>(ii) AASB 16 related amounts recognised in the Statement of Comprehensive Income/(Loss)</i>		
Depreciation charge related to right of use asset	(62,902)	(71,961) -
Interest expense on lease liabilities	(1,950)	(3,504) -
Short term lease expense (included in Other administration expenses)	(27,170)	(33,755) -
<i>(iii) Total Full Year cash out flows for leases</i>	(63,739)	(70,313) -

	2023	2022
	\$	\$

10. EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest:

Exploration and evaluation phase	1,694,804	993,973
The ultimate recoupment of costs carried forward for exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of respective areas.		
(i) Reconciliation		
A reconciliation of the carrying amount of exploration and evaluation phase expenditure is set out below:		
Costs brought forward	993,973	2,644,068
Net foreign exchange translation differences	23,775	(96,341)
Expenditure incurred during the year	677,056	146,706
Impairment expense	-	(1,700,460)
	1,694,804	993,973

Following the annual review of the Group's tenements, the Directors have determined that no impairment expense is required as at 30 June 2023.

In the year ended 30 June 2022, an impairment expense of \$1,700,460 was recognised related to the Beopseongpo and Neungju tenements, which were allowed to expire following the annual review of the Group's tenements.

11. PLANT AND EQUIPMENT

Plant and equipment at cost	456,007	673,989
Less: Accumulated depreciation	(311,007)	(485,945)
	145,000	188,044
Opening written down value	188,044	73,372
Additions	13,969	160,929
Net foreign currency exchange differences	3,279	(2,202)
Disposals	(3,541)	-
Depreciation	(56,751)	(44,055)
Closing written down value	145,000	188,044

	2023	2022
	\$	\$
12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Investment in BMV		
Initial value of Investment on acquisition	7,522,288	7,522,288
Disposals	(50,148)	-
Equity accounted share of loss	(287,162)	(279,042)
Exchange differences on foreign currency translation	21,425	136
Equity accounted value of the investment	7,206,403	7,243,382
Accumulated impairment of Investment (through Statement of Profit or Loss)	(5,428,907)	(1,688,670)
Accumulated impairment of Investment (through Other Comprehensive Income)	(21,425)	(136)
Fair value of the Investment	1,756,071	5,554,576
Transfer to Held for Sale Asset (Note 8)	(1,756,071)	-
	-	5,554,576

a) Investment in BMV

The holding of 150,000,000 BMV Shares at 30 June 2022, represented 23.5% of the issued capital of BMV at that time.

Following the completion of Southern Gold's escrow conditions on 12 April 2023, SAU sold 1,000,000 million BMV shares on market with an initial value at acquisition of \$50,148, reducing the total number of BMV shares held to 149,000,000 as at 30 June 2023 (refer Note 2).

As at 30 June 2023, Southern Gold's 149,000,000 BMV shares represented 21.6% of the issued capital of BMV. With this interest being remaining in excess of the 20% threshold for the application of equity accounting under Accounting Standard AASB128 Investments in Associates and Joint Ventures, the interest in BMV continues to be subject to equity accounting.

SAU's equity accounted share of BMV's loss for the year ended 30 June 2023 was (\$287,162), based on SAU's average ownership interest of 22.8% during that year and BMV's reported loss of US\$848,113 converted at the USD:AUD average exchange rate of 0.6734 for that year. As part of the equity accounting, Southern Gold also recognised \$21,425 in other comprehensive income section of the Company's Profit and Loss Statement, being its share of the foreign currency translation gain recorded by BMV.

As previously reported, equity accounting was not possible for the year ended 30 June 2022, as the 30 June 2022 financial statements for BMV were not available at that time. However, the financial statements of BMV through to 30 June 2022 did subsequently become publicly available, which allowed the Group to subsequently calculate its share of loss for the period ended 30 June 2022. For the six months ended 30 June 2022, BMV reported a loss of US\$853,955 (A\$1,186,866), with Southern Gold's 23.5% ownership interest at that time equating to an equity accounted share of BMV's loss of \$279,042. Comparatives in the above table have been amended to retrospectively reflect the \$279,042 share of BMV's loss for the period through to 30 June 2022 with the impairment expense reduced by the same \$279,042 to \$1,688,670. The total expensed through the Statement of Profit or Loss for the period ending 30 June 2022 of \$1,967,712 remains unchanged.

This leaves a carrying value of \$7,206,403 (2022: \$7,522,288) as the equity accounted value of the investment.

The carrying value of the investment was adjusted to the assessed fair value of BMV shares of \$1,756,071 (2022: \$5,554,576) by reference to the last traded price of BMV shares on the LSE at 30 June (refer Note 2).

The Board of Southern Gold made a decision to sell the remaining BMV shares within the next 12 months, therefore the carrying value of \$1,756,071 at 30 June 2023 has been classified to a Held for Sale Asset (refer Note 8).

b) Summarised financial information for Bluebird Merchant Ventures Ltd

Set out below is the summarised unaudited financial information for Bluebird Merchant Ventures Ltd (BMV) as at 30 June 2023. The disclosed information reflects the amounts presented in the financial statements of BMV, in accordance with Australian Accounting Standards. The following summarised financial information reflects the adjustments made by SAU when applying the equity method, including adjustments for any differences in accounting policies between two entities.

Consolidated statement of financial position

	2023 ¹ \$ (Unaudited)	2022 ² \$ (Unaudited)
CURRENT ASSETS		
Cash and cash equivalents	771,014	164,292
Trade and other receivables	4,500	10,519
TOTAL CURRENT ASSETS	775,514	174,811
NON-CURRENT ASSETS		
Mines under development	29,426,920	27,541,782
TOTAL NON-CURRENT ASSETS	29,426,920	27,541,782
TOTAL ASSETS	30,202,434	27,716,593
CURRENT LIABILITIES		
Trade and other payables	(211,460)	(443,471)
Other financial liabilities	(524,651)	(1,194,102)
Derivative financial liabilities	(400,827)	(662,042)
TOTAL CURRENT LIABILITIES	(1,136,938)	(2,299,615)
TOTAL LIABILITIES	(1,136,938)	(2,299,615)
NET ASSETS	29,065,496	25,416,978

Consolidated statement of financial performance

Administrative expenses	(1,110,270)	(922,191)
Operating loss	(1,110,270)	(922,191)
Finance expense	(149,179)	(264,695)
(Loss)/profit before taxation	(1,259,449)	(1,186,886)
Income tax expense	-	-
(Loss)/profit for the year	(1,259,449)	(1,186,886)
Exchange difference on translating foreign companies	93,966	580
Total comprehensive income for the year	(1,165,483)	(1,186,306)
<i>SAU's Average ownership % over the year</i>	<i>22.80%</i>	<i>23.51%</i>
SAU's Equity accounted share of total comprehensive income for the period	(265,737)	(278,906)

¹ For the full year ended 30 June 2023. ² For the six months ended 30 June 2022.

	2023 \$	2022 \$
13. TRADE AND OTHER PAYABLES		
Trade payables	344,768	168,766
Sundry payables and accruals	231,888	211,607
Amount payable to Directors and Key Management related entities ¹	51,010	44,017
	627,666	424,390

¹ Payable to Bamford Superannuation fund (an entity associated with Peter Bamford) \$Nil (2022: \$365)

Payable to Douglas Kirwin \$4,000 (2022: \$4,000)

Payable to Michael McNeilly \$4,000 (2022: \$4,000)

Payable to Beejay Kim \$4,000 (\$2022: \$4,000)

Payable to Ray Ridge \$39,010 (\$2022: \$22,428)

14. PROVISIONS

The aggregate provisions recognised in and included in the financial statements is as follows:

Current Employee entitlements provision	274,946	175,808
Non-Current Employee entitlements provision	8,197	12,020
Total Employee entitlement provisions	283,143	187,828

15. LEASE LIABILITY

Current Lease liability	23,376	50,490
Non-Current Lease liability	10,147	-
	33,523	50,490

16. ISSUED CAPITAL

(a) Ordinary Shares

Issued share capital:		62,211,401		58,011,777
426,285,279 fully paid ordinary shares (2022: 213,328,756)				
Movement in issued shares for the year:		2023		2022
	No.	\$	No.	\$
Balance at beginning of 2020 financial year	213,328,756	58,011,777	213,328,756	58,011,777
Placement of shares (21 Nov 2022)	53,332,120	1,226,639	-	-
Placement of shares (12 Jan 2023)	33,624,403	773,361	-	-
Placement of shares (30 Jun 2023)	126,000,000	2,520,000	-	-
Net costs associated with the issue of shares	-	(320,376)	-	-
Balance at end of financial year	426,285,279	62,211,401	213,328,756	58,011,777

On 16 November 2022, the Southern Gold announced that it had received binding commitments from sophisticated and institutional investors in respect of a placement of 86,956,523 ordinary shares in the Company at \$0.023 per share to raise \$2 million. The placement was conducted in two tranches:

- Tranche 1 being 53,332,120 shares, pursuant to available share placement capacity, issued 21 November 2022, together raising approximately \$1.2 million before costs; and
- Tranche 2 being 33,624,403 shares issued following shareholder approval on 12 January 2023, raising approximately \$0.8 million.

On 30 June 2023, the Company completed a further placement of 126,000,000 shares at \$0.02 per share, raising approximately \$2.5 million before costs. The placement included one unlisted option for every two shares subscribed (exercisable at \$0.027 per option, expiring 30 December 2024). Funds are to be directed towards commercialisation activities within Iondrive Technologies Pty Ltd (pending acquisition, completed 4 July 2023 – refer Note 28) and exploration activities in South Korea.

The net costs associated with the issue of shares in the year ended 30 June 2023 were \$320,376.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

(b) Options on Issue

At 30 June 2023, there were 69,280,000 unlisted options outstanding (30 June 2022: 52,044,100), comprising

- 6,280,000 options held by employees, directors and service providers. Refer Note 22 for further detail and;
- 63,000,000 options held by participants in the \$2.5m placement completed on 30 June 2023, as noted above. These options were issued following shareholder approval, on the basis of 1 option for every 2 shares subscribed and expire 30 December 2024.

(c) Capital Management

The capital of the Group is managed by assessing the financial risks and adjusting the capital structure in response to changes in these risks and in the market. The responses include the management of dividends to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital during the year.

The amounts managed as capital by the Group for the reporting periods under review are as follows:

	2023 \$	2022 \$
Debt	-	-
Cash	4,212,502	4,560,622
Net cash (debt)	4,212,502	4,560,622
Equity	7,682,367	11,484,209
Net debt to equity ratio	0%	0%

17. REMUNERATION OF AUDITORS

The auditor of Southern Gold Limited is Grant Thornton Audit Pty Ltd.

	2023 \$	2022 \$
Amounts received or due and receivable by Grant Thornton for:		
An audit or review of the financial report of the entity and any other entity of the group	47,819	49,147
Taxation and other services	2,500	2,800
	50,319	51,947

18. RELATED PARTY AND KEY MANAGEMENT DISCLOSURES

The terms and conditions of the transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

a) Equity Interests

Equity Interests in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 25.

b) Transactions within wholly owned group

The wholly owned group includes:

- The ultimate parent entity in the wholly-owned group; and
- The wholly-owned controlled entities.

The ultimate parent entity in the wholly owned group is Southern Gold Limited.

During the financial year, Southern Gold Limited provided accounting and administrative services at no cost to the controlled entities and the advancement of interest free loans.

c) Related party balances

Amounts receivable from and payable to Directors and Key Management Personnel and their related entities at report date arising from these transactions were as follows:

	2023	2022
	\$	\$
Current payables		
Amounts payable to Directors and Key Management Personnel related entities (refer Note 13 for further detail).	51,010	44,017
	51,010	44,017

There were no amounts receivable from related parties.

d) Remuneration of Key Management Personnel (see summary in Note 4)

19. JOINT OPERATIONS

The consolidated entity had interests in unincorporated joint operations at 30 June as follows:

	Interest 2023	Interest 2022
Southern Gold (Asia) Joint Venture (SG Asia)	15%	15%

Under the terms of the sale of Southern Gold's former subsidiary, SG Asia, Southern Gold retains a 15% free carried interest in an unincorporated Joint venture with SG Asia based on selected tenements held by SG Asia that were re-granted by the Cambodian authorities until the completion of a positive definitive feasibility study, together with a 2% gross sales royalty on all products sold from the tenements until US\$11 million is received, then reverting to a 1% gross sales royalty.

20. COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

a) Exploration Expenditure Commitments

The South Korean tenements have minimum exploration activity requirements, rather than minimum expenditure requirements, and includes metrics such as meters drilled and number of assays undertaken.

21. FINANCIAL INSTRUMENTS

Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and accounts payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in Note 1, are as follows:

	2023 \$	2022 \$
Financial Assets		
Cash and cash equivalents	4,212,502	4,560,622
Current receivables	572,585	232,028
	4,785,087	4,792,650
Financial Liabilities		
Trade and other payables	578,951	402,374
	578,951	402,374

(i) *Treasury Risk Management*

The Board of the Consolidated Group meets on a regular basis. Matters considered at the Board meetings include material currency and interest rate exposure, and treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) *Financial Risks*

The main risks that the Group is exposed to through its financial instruments are liquidity risk, credit risk, share price risk, exchange rate risk and interest rate risk.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Consolidated Group manages liquidity risk by monitoring forecast cash flows.

As at 30 June 2023, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

30 June 2023	Rate	Current		Non-current	
		Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Borrowings		-	-	-	-
Trade and other payables		578,951	-	-	-
Leases	5.8%	11,519	11,857	10,147	-
Total		590,470	11,857	10,147	-

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows:

30 June 2022	Rate	Current		Non-current	
		Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Borrowings		-	-	-	-
Trade and other payables		402,374	-	-	-
Leases	4.9%	36,415	14,075	-	-
Total		438,789	14,075	-	-

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at report date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Refer Note 6 for further detail.

No receivables are considered past due and/or impaired at report date.

BMV Share price risk

At 30 June 2023, the Group holds 149,000,000 BMV Shares at an assessed fair value of \$1,756,071 (refer Notes 2 and 12), calculated at 75% of the closing price of BMV shares of £0.00825 pence on the London Stock Exchange and a GBP:AUD exchange rate of 0.5250 on that date. The value of this investment is impacted by future fluctuations in the price of BMV Shares traded on the London Stock Exchange.

A 10% increase (decrease) in the BMV Share price from £0.00825 would increase (decrease) the value of the BMV Shares held by \$175,607, at the 30 June 2023 AUD:GBP exchange rate.

Refer Note 28, events subsequent to 30 June 2023, relating to the sale of 26,250,000 BMV shares and an agreement to sell a further 122,500,000 BMV shares.

Exchange rate risk - GBP

Further to the above, the 149,000,000 BMV Shares held at 30 June 2023 is also impacted by fluctuations in the GBP:AUD exchange rate.

As noted above, the mark to market value of the BMV Shares is \$1,756,071 as at 30 June 2023. A 10% increase in the GBP:AUD exchange rate from 0.5250 would decrease the value of the BMV Shares held by \$159,643. Conversely, a 10% decrease in the GBP:AUD exchange rate would increase the value of the BMV Shares held by \$195,119.

Exchange rate risk - KRW

The Southern Gold Group incurs expenditure in Korean Won (KRW) in relation to its activities in the Republic of South Korea, while it raises capital, and holds cash, predominantly in AUD to fund those activities. The KRW denominated cash expenditure in the year ended 30 June 2023 was KRW 3,453,130,091 or AU \$3,878,701 translated at the average KRW:AUD exchange for the year of 890.28. A 10% increase in the KRW:AUD exchange rate from 890.28 would decrease the AUD required to fund that same KRW denominated expenditure by \$352,609. Conversely, a 10% decrease in the KRW:AUD exchange rate would increase the AUD required to fund that same KRW denominated expenditure by \$430,967.

Interest rate risk

The Group's exposure to interest rate risk, being the risk, that a financial instrument's value will fluctuate as a result of changes in market interest rates, is contained in the following table which details the exposure to interest rate risk at the reporting date. All other financial assets and liabilities are non-interest bearing.

2023	Interest Bearing	Non-interest Bearing	Total	Floating interest rate	Fixed interest rate
Financial assets					
Cash and deposits	4,212,502	-	4,212,502	1.9%	-
Receivables	-	572,585	572,585	-	-
Less: Payables	-	(578,951)	(578,951)	-	-
Less: Leases	(33,523)	-	(33,523)	5.8%	-
Less: Borrowings	-	-	-	-	-
Net financial assets	4,178,979	(6,366)	4,172,613		

2022	Interest Bearing	Non-interest Bearing	Total	Floating interest rate	Fixed interest rate
Financial assets					
Cash and deposits	4,560,622	-	4,560,622	0.1%	-
Receivables	-	232,028	232,028	-	-
Less: Payables	-	(402,374)	(402,374)	-	-
Less: Leases	(50,490)	-	(50,490)	4.9%	-
Less: Borrowings	-	-	-	-	-
Net financial assets	4,510,132	(170,346)	4,339,786		

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. At 30 June 2023, none of group cash deposits are fixed (2022: nil).

The Company has not performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date as a change in interest rates by 10% is not considered to have a material impact on profit and equity.

(iii) Net fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

22. SHARE BASED PAYMENTS

Shares

No costs have been recognised as a share-based payments expense, relating to shares issued to directors, employees or service providers, in the year ended 30 June 2023 (2022: Nil).

Options – Directors and Employees

The Group has an ownership-based compensation plan for employees. In accordance with the provisions of the Employee Share Option Plan, as approved by shareholders at an Annual General Meeting, Directors may issue options to purchase shares in the Company to employees at an issue price determined by the market price of ordinary shares at the time the option is granted. No Directors participate in the Employee Share

Option Plan. Options to Directors are separately approved by shareholders prior to being issued.

In accordance with the terms of the Employee Share Option Plan, options vest at grant date and may be exercised at any time from the date of their issue to the date of their expiry. Share options are not listed, carry no rights to dividends and no voting rights.

A total of \$6,672 was recognised as a share-based payments expense, relating to options issued to directors and employees, in the year ended 30 June 2023 (2022: \$184,674). For further details refer to the table below.

The following share-based payment arrangements were in existence at 30 June 2023:

Options – Series	No.	Grant Date	Expiry Date	Exercise Price	Fair value at grant date
Employee Share Option Plan					
Sep-2021 ¹	1,630,000	17/09/2021	16/09/2025	\$0.10	\$0.0285
Jan-2022 ²	400,000	11/02/2022	10/02/2026	\$0.10	\$0.0258
Dec-2022 ³	550,000	22/02/2023	22/02/2027	\$0.05	\$0.01213
Director Options					
Oct-2021 ⁴	3,700,000	2/11/2021	31/10/2025	\$0.12	\$0.0326

- 1,890,000 unlisted options were granted to employees on 17 September 2021, under the Company's shareholder approved Employee Share Option Plan. 750,000 of the options were granted to Mr Smillie as Exploration Manager (prior to his appointment as Managing Director on 9 May 2022). All options vested immediately and are exercisable at \$0.10 at any time through to the expiry date of 16 September 2025. The \$53,771 fair value of the options was calculated, using the Black Scholes valuation method, using a volatility of 74% and an interest rate of 0.43% (the five-year Australian Government bond rate). 30,000 options lapsed due to cessation of employment prior to 30 June 2021. Further 230,000 options lapsed due to cessation of employment prior to 30 June 2023.
- 400,000 unlisted options were granted to an employee on 11 February 2022, under the Company's shareholder approved Employee Share Option Plan. The options vested immediately and are exercisable at \$0.10 at any time through to the expiry date of 10 February 2026. The \$10,320 fair value of the options was calculated, using the Black Scholes valuation method, using a volatility of 74%, an interest rate of 1.47% (the five-year Australian Government bond rate) and an underlying share price the day prior to Board approval of \$0.059.
- 550,000 unlisted options were granted to an employee on 22 February 2023, under the Company's shareholder approved Employee Share Option Plan. The options vested immediately and are exercisable at \$0.05 at any time through to the expiry date of 22 February 2027. The \$6,672 fair value of the options was calculated, using the Black Scholes valuation method, using a volatility of 74%, an interest rate of 3.13% (the five-year Australian Government bond rate) and an underlying share price the day prior to Board approval of \$0.025.
- 3,700,000 options were issued to the Directors on 2 November 2021, following shareholder approval on 29 October 2021. The options vested immediately, and are exercisable at \$0.12 at any time through to the expiry date of 31 October 2025. The \$120,583 fair value of the options was calculated, using the Black Scholes valuation method, using a volatility of 74%, an interest rate of 1.26% (the five-year Australian Government bond rate) and an underlying share price the day prior to shareholder approval of \$0.074.

Historical volatility has been used as the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Other than the above, there were no other options granted to Key Management Personnel.

The following reconciles the outstanding share options granted as share based payments at the beginning and end of the financial year:

Options granted as share based payments	2023		2022	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of financial year	9,544,100	\$0.134	9,204,100	\$0.213
Granted during the financial year (i)	550,000	\$0.050	5,990,000	\$0.112
Exercised during the financial year	-	-	-	-
Lapsed/cancelled during the financial year (iii)	(3,814,100)	\$0.167	(5,650,000)	\$0.239
Balance at end of the financial year (iii)	6,280,000	\$0.107	9,544,100	\$0.134

(i) *Options granted*

550,000 options, relating to share-based payments, were granted in the year ended 30 June 2023 (2022: 5,990,000) under the Employee Share Option Plan.

(ii) *Options lapsed*

Share based payments relating to 3,814,100 options lapsed during the year ended 30 June 2023.

(iii) *Options outstanding at end of the financial year*

6,280,000 options, relating to share-based payments, are outstanding at the end of the financial year and had an average exercise price of \$0.107 (2022: \$0.134) and a weighted average remaining contractual life of 891 days (2022: 798 days).

Performance Rights – Managing Director

Following the shareholder approval on 12 January 2023, 5,000,000 non-transferrable performance rights were granted to Mr Smillie under the Board proposed long term incentive that aligns with shareholder interest, in respect to growth in share price, to incentivise/retain the Managing Director. These performance rights have a nil exercise price and expire 9 May 2025. The performance rights vest in one tranche on the 9 May 2025, and have a minimum vesting condition that the 20-day weighted average share price on the vesting date must be greater than \$0.10. Where the share price is greater than \$0.10, then the recipient is vested with 1,000,000 ordinary shares plus 400,000 ordinary shares for each cent that the share price exceeds \$0.10, up to a maximum of 5,000,000 shares. The Managing Director must remain in the employment of the Company at the vesting date.

The performance rights were valued using a Monte Carlo simulation. This valuation method simulated the share price at the vesting date and the 20-day average share price up to the vesting date, and calculated the number of shares likely to be issued to the recipient. The number of shares to be issued is then valued using the simulated share price at the vesting date, which is then discounted to a present value, and the average of all results is provided as the total value of shares to be vested/issued to the recipient. The performance rights were valued at \$11,301 or \$0.00226 per performance right; \$2,252 of which expensed to share-based payments 30 June 2023. Other relevant inputs into the valuation model included:

- Consideration: nil
- exercise price: nil;
- grant date: 12 January 2023;
- expiry date: 9 May 2025;
- share price at the grant date: \$0.027;
- expected volatility of the Company's shares: 60.875%
- risk-free interest rate: 3.16%;

The share price volatility of 60.875% is based on the Company's historical share price movements over the last 2 years and it is expected that this volatility will not change significantly over the life of the performance rights.

Performance Rights – Service Provider

Ausino Drilling Services Pty Ltd (ADS) holds 10 million performance rights at US\$0.11 per right for US\$1.1 million. The performance rights will vest if, and when, ADS provide drilling services, with 25% of the invoices for drilling services to be paid in Southern Gold shares.

23. OPERATING SEGMENTS

Segment Information

Identification of reportable segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Board have concluded that at this time, there are no separately identifiable operating segments. The Group operates in one industry segment being the exploration for precious metals and operates in one geographic segment being the Republic of Korea (South Korea).

24. EARNINGS PER SHARE

	2023	2022
	Cents per share	Cents per share
Basic (cents per share) – Profit/(Loss)	(3.08)	(5.40)
Basic and Dilutive Earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
	\$	\$
Net Profit / (Loss) for the year	(8,044,850)	(11,517,522)
Earnings used in the calculation of basic and diluted earnings per share agrees directly to net profit/(loss) in the statement of financial performance.		
	No.	No.
Weighted average number of ordinary shares – for Basic EPS	261,188,818	213,328,756
Weighted average number of ordinary shares – for Diluted EPS	261,188,818	213,328,756

25. CONTROLLED ENTITIES CONSOLIDATED

Name of Entity	Country of Incorporation	Ownership Interest	
		2023	2022
		%	%
Parent Entity			
Southern Gold Limited	Australia		
Controlled Entities			
Challenger West Holdings Pty Ltd	Australia	100%	100%
CMH Resources Pty Ltd	Australia	100%	100%
Gawler Arc Holdings Pty Ltd	Australia	100%	100%
Southern Mining Pty Ltd	Australia	100%	100%
Inferus Resources Pty Ltd ¹	Australia	100%	100%
New Southern Mining Pty Ltd	Australia	100%	100%
International Gold Private Limited	Singapore	100%	100%
Korea Metal Resources Ltd. ²	South Korea	100%	100%

¹ All shares in Inferus Resources Pty Ltd are held by Southern Mining Pty Ltd.

² All shares in Korea Metal Resources Ltd are held by International Gold Private Limited. Korea Metal Resources Ltd changed its name during the year ended 30 June 2022, the previous name being Southern Gold Korea Ltd.

26. SOUTHERN GOLD LIMITED COMPANY INFORMATION

	2023 \$	2022 \$
Assets		
Current assets	4,033,877	4,303,764
Non-current assets	4,860,007	7,397,082
Total assets	8,893,884	11,700,846
Liabilities		
Current liabilities	1,224,744	183,732
Non-current liabilities	8,197	32,907
Total liabilities	1,232,941	216,639
Net Assets	7,660,943	11,484,207
Equity		
Issued capital	62,211,401	58,011,777
Retained earnings	(54,736,658)	(46,883,341)
Foreign Currency Translation Reserve	-	-
Share based payments reserve	186,200	355,771
	7,660,943	11,484,207
Financial Performance		
Profit/(loss) for the year	(8,031,811)	(13,128,248)
Other comprehensive income	-	-
Total comprehensive income	(8,031,811)	(13,128,248)
Guarantees in relation to the debts of subsidiaries	-	-

27. GOING CONCERN BASIS OF ACCOUNTING

The financial report has been prepared on the basis of a going concern.

The consolidated Group incurred a net loss after tax from continuing operations of \$8,044,850 for the year ended 30 June 2023, and a net cash outflow of \$4,668,666 from operating and investing activities. As at 30 June 2023, the consolidated Group has a cash position of \$4,212,502. These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The Directors believe that it is appropriate to prepare the financial statements on the going concern basis. The Group raised sufficient capital during the year to allow activities to progress its exploration activities. The Group's ability to continue as a going concern is contingent on raising additional capital and/or the successful exploration and subsequent exploitation of its areas of interest through sale or development.

If additional capital is not obtained or successful exploration performed, the going concern basis may not be appropriate, with the result that the group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the interim financial report. No allowance for such circumstances has been made in the financial report.

28. EVENTS SUBSEQUENT TO REPORTING DATE**a) Acquisition of Iondrive Technologies Pty Ltd**

As announced on the ASX on 4 of July 2023, Southern Gold completed its acquisition of 100% of the issued capital of battery technology company Iondrive Technologies Pty Ltd (IDT). Southern Gold completed its acquisition of IDT for consideration of \$1.2 million paid through the issue of SAU fully paid ordinary shares.

b) Sale of BMV shares

Between 14 July 2023 and 2 August 2023, Southern Gold sold 26,250,000 BMV Shares on market for an average price of £0.0061 for total proceeds of £161,250 (approximately \$307,000).

On 22 August 2023 Southern Gold announced an agreement with UK based Catalyse Capital Ltd, to progressively sell 122,500,000 BMV shares through to 31 December 2023. Under the agreement, SAU sold 22,500,000 BMV shares at £0.0055 per share with settlement of £123,750 (approximately \$236,000) occurring late August 2023.

The remaining 100 million are to be sold in four tranches of 25 million each, to be settled monthly from September to December 2023. Each of the four tranches will be priced at 75% of each month's VWAP for BMV shares traded on the LSE, with a floor price of £0.004 per share. As an example, if the pricing formula were applied to the last traded price for BMV shares on the LSE of £0.0075 per share on 26 September 2023 (being the last practicable date prior to finalisation of the Annual Report), then proceeds for the 100,000,000 BMV shares would be £562,500 (approximately \$1,069,600). As a minimum, at the floor price of £0.004 per share, proceeds would be £400,000 (approximately \$760,600).

c) Board changes

In July 2023, Southern Gold announced the appointment of Mr Michael McNeilly as Chair of the Board effective immediately. The appointment follows the resignation of Mr Peter Bamford as Chair. Mr Bamford will continue as a Non-Executive Director until the next AGM.

Mr John Rock was appointed as a Non-Executive Director of Southern Gold on 24 July 2023. Mr Rock brings extensive leadership, entrepreneurial and commercialisation experience to the Board and has been directly involved with the IDT business since its inception. As part of his engagement, Mr Rock has been granted 3,000,000 unlisted options with an exercise price of \$0.04 and an expiry date of 23 July 2026. The Options will vest following 12 months of service as a Director. The options were approved by shareholders at a General Meeting held on 28 June 2023.

d) Commercialisation Strategic Advisor

Mr Jeff Ritoe was appointed as a strategic advisor to IDT, for a period of 18 months. Mr Ritoe will assist with the global commercialisation strategy for IDT's battery related technologies and will leverage his established contacts in both the public and private sector, particularly in the EU and the US. Mr Ritoe is an energy professional with more than 15 years of experience in negotiating commercial agreements, acquisitions and divestments in the energy industry. As part of his engagement, the Company proposes to grant Mr Ritoe 10,000,000 unlisted options, subject to shareholder approval. The proposed options have been structured to retain and incentivise Mr Ritoe.

e) ARC Industrial Transformation Training Centre for Battery Recycling

On 15 August 2023, the Company announced that IDT became the key partner organisation in a newly awarded Australian Research Council (ARC) Industrial Transformation Training Centre for Battery Recycling in Adelaide, SA. The centre is a ground-breaking initiative, led by Professor Shizhang Qiao at The University of Adelaide, which aims to revolutionise Australia's battery and resources industry by establishing advanced manufacturing capabilities for recycling mixed battery materials, promoting second-life re use, and fostering a battery circular economy. IDT will contribute \$200,000 cash per year for five years which will be a catalyst for advancements in battery recycling technology and practices. In addition, IDT will offer in-kind contributions of \$100,000 per year, comprising support for research projects, hosting Higher Degree Research students, mentoring and training for researchers, and active participation in Centre committees and knowledge sharing activities.

Other than the above, there has not arisen any other matters or circumstances, since the end of the financial year which significantly affected or could affect the operations of the Group, the results of those operations, or the state of the Group in future years.

29. RESERVES

The share-based payments reserve records items recognised as expenses on valuation of options issued to employees or other service providers (refer Note 22).

The foreign currency translation reserve records foreign currency exchange differences arising on translation

of a foreign controlled subsidiary.

The FVTOCI reserve records the cumulative change in the fair value of financial assets recognised through Other Comprehensive Income. The financial asset comprised the 50,000,000 shares held in LSE listed BMV at 30 June 2021. The fair value of the investment in BMV was determined based on quoted market prices in an active market (Level 1). Refer Note 2. At 30 June 2022 the now 150,000,000 BMV Shares held are classified as an equity accounted investment.

30. REGISTERED OFFICE AND PRINCIPAL OFFICE

The registered and principal office of the Company and its controlled entities is:

6 The Parade, Norwood, South Australia, 5067

ABN 30 107 424 519

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Directors' Declaration

The Directors of Southern Gold Limited declare that:

- a) the financial statements and notes are in accordance with the *Corporations Act 2001*, and:
- i.) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Consolidated Group; and
 - ii.) comply with Accounting Standards; and
 - iii.) Southern Gold Limited complies with International Financial Reporting Standards as described in Note 1; and
- b) the Chief Executive Officer and Chief Financial Officer have declared that:
- i) The financial records of the Company for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;
 - ii) The financial statements and notes for the financial year comply with the Accounting Standards; and
 - iii) The financial statements and notes for the financial year give a true and fair view;
- c) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors

Dated at Adelaide this 28th day of September 2023.



R Smillie
Managing Director



M McNeilly
Chairman

Independent Auditor's Report

To the Members of Southern Gold Limited

Report on the audit of the financial report

Qualified Opinion

We have audited the financial report of Southern Gold Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, except for the effects of the matters described below in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for qualified opinion

The Group's investment in its associate, Bluebird Merchant Ventures Limited, is carried at \$1,756,071 on the consolidated statement of financial position as at 30 June 2023. The disclosures in Note 12 are based on publicly available unaudited financial information of Bluebird Merchant Ventures Limited. We have been unable to obtain appropriate audit evidence to support the accuracy of these disclosures. As such the allocation between "Equity accounted share of loss" of \$287,162 and the impairment expense of \$3,479,343 (Note 2) may not be accurate. Our audit report has been qualified as a result of this limitation of scope.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going concern

We draw attention to Note 27 in the financial statements, which indicates that the Group incurred a loss of \$8,044,850 for the year ended 30 June 2023 and net cash outflows from operating and investing activities of \$4,668,666. As stated in Note 27, these events or conditions, along with other matters as set forth in Note 27, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty related to Going Concern* and the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Exploration and evaluation assets – Note 10</p> <p>At 30 June 2023 the carrying value of exploration and evaluation expenditure was \$1,694,804.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Reviewing management's area of interest considerations against AASB 6; • Conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6, including; <ul style="list-style-type: none"> – Tracing projects to exploration licenses and statutory registers to determine whether a right of tenure existed; – Enquiring management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including reviewing management's budgeted expenditure;

Key audit matter**How our audit addressed the key audit matter****Exploration and evaluation assets – Note 10**

This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.

- Understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;
 - Evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and
- Reviewing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Southern Gold Limited, for the year ended 30 June 2023 complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 28 September 2023

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Shareholders Information

Shareholder Information

The shareholder information set out below was applicable as at 26 August 2023.

1. Substantial Equity Holders

The following individual shareholders have a relevant interest of 5% or more in the total ordinary shares on issue as at 26 August 2023, as disclosed in the most recent substantial shareholder notices.

Name of Shareholders	Date of Notification	Notified Number of Shares Held	Notified Percentage of Shares on Issue
ILWELLA PTY LTD	07/07/23	72,978,070	15.01
STRATA INVESTMENT HOLDINGS PLC	17/08/23	81,402,696	16.74

2. Number of Shareholders

The number of Ordinary Shares on issue at 26 August 2023 is 486,285,279 held by 1,442 shareholders.

3. Distribution of Equity Securities

Ordinary Shares

Distribution of holdings:	Number of Holders
1 - 1,000	136
1,001 - 5,000	348
5,001 - 10,000	210
10,001 - 100,000	497
100,001 - and over	251
	1,442

Number of holders of less than a marketable parcel of \$500 954

Unlisted Options (various exercise prices and expiry dates)

Distribution of holdings:	Number of Holders
1 - 1,000	-
1,001 - 5,000	-
5,001 - 10,000	-
10,001 - 100,000	10
100,001 - and over	58
	68

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4. Twenty Largest Shareholders

The names of the twenty largest holders of fully paid ordinary shares comprise:

Name	Number Held	Percentage of Issued Shares
1 HSBC CUSTODY NOMINEES	120,092,281	24.7
2 METAL TIGER PLC	44,833,696	9.2
3 STRATA INVESTMENT HOLDINGS PLC	36,569,000	7.5
4 MS CHUNYAN NIU	23,276,737	4.8
5 MRS LIESL RENATA CHAN	19,596,667	4.0
6 JAF CAPITAL PTY LTD	13,213,500	2.7
7 SCINTILLA STRATEGIC INVESTMENTS LIMITED	10,260,000	2.1
8 FOLEY PTY LTD	7,500,000	1.5
9 POINTCIANA PTY LTD	7,216,667	1.5
10 THE TRUSTEE FOR LJT AUSTRALIA TRUST	6,500,001	1.3
11 POTEZNA GROMADKA LTD	5,904,185	1.2
12 JOHN ROCK - ROCK FAMILY TRUST	5,166,667	1.1
13 HYUNSEUNG CHO	5,000,000	1.0
14 SILKTREE INVESTMENTS PTY LTD	5,000,000	1.0
15 AUKERA CAPITAL PTY LTD	4,900,000	1.0
16 BNP PARIBAS NOMINEES PTY LTD	4,779,454	1.0
17 HS SUPERANNUATION PTY LTD	4,720,817	1.0
18 EDLOU INVESTMENTS PTY LIMITED	4,673,913	1.0
19 G BOULTON PTY LTD	4,278,256	0.9
20 BNP PARIBAS NOMS PTY LTD	3,698,905	0.8
	337,180,746	69.3

5. Unquoted Equity Securities

Class: **Unlisted Options** (various exercise prices and expiry dates)
 Number on issue: 89,280,000
 Number of holders: 68

There are no option holders with greater than 20% of options on issue.

Class: **Performance Rights**
 Number on issue: 15,000,000
 Number of holders: 2

1. Ausino Drilling Services Pty Ltd (ADS) are contracted to provide drilling services into South Korea to the value of US\$4.4 million. ADS holds 10 million performance rights at US\$0.11 per right for US\$1.1 million. The performance rights will vest as ADS provides the drilling services, with 25% of the invoices for drilling services provided to be paid in Southern Gold shares.
2. Mr Robert Smillie holds 5 million performance rights expiring 9 May 2025. The Performance Rights have a minimum vesting condition that the 20-day weighted average share price at on the vesting date (9 May 2025) must be greater than \$0.10. Where the share price is greater than \$0.10, then the recipient is vested with 1,000,000 shares plus 400,000 shares for each cent that the share price exceeds \$0.10, up to a maximum of 5,000,000 shares.