

Agreement to Sell BMV Shares

Southern Gold Limited (ASX: SAU) ('Southern Gold' or the 'Company') is pleased to announce that it has executed a binding agreement with UK based Catalyse Capital Ltd, to progressively sell its remaining BMV shareholding of 122.5 million shares through to 31 December 2023.

Under the agreement, SAU will sell 22.5 million BMV shares at 0.55p per share with settlement to occur on 28 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 of 25 million shares will be priced at 75% of each month's VWAP for BMV shares traded on the LSE, with a floor price of 0.4 pence. The VWAP will exclude any transactions made pursuant to the agreement.

The agreement will raise total cash proceeds of a minimum £0.52 million (approximately A\$1.04 million), if each of the four tranches of 25 million shares were traded at the floor price of 0.4 pence. The last LSE traded price of BMV shares on 21 August 2023 was 0.63 pence. Using this last traded price as an indicative monthly VWAP, the four tranches of 25 million would be traded at 0.473 pence, providing total proceeds of £0.60 million (approximately A\$1.19 million). This is indicative only and the actual VWAP for each month will differ from this price.

Southern Gold's existing shareholding of 122.5 million shares represents 17.8% of the issued capital of BMV. This agreement with Catalyse Capital Ltd, an existing large shareholder in BMV, removes a significant 'overhang' in the trading of BMV shares on the LSE. The variable VWAP pricing for 100 million of the shares allows Southern Gold to benefit from any potential increase in the BMV share price that may occur from the removal this 'overhang'.

Over the last two months, Southern Gold had already sold 26.25 million BMV shares on the LSE, raising cash proceeds of £0.16 million (approximately A\$0.32 million).

The Company reported a cash position of \$4.2 million at 30 June 2023 and expects to lodge a Research & Development Tax Incentive claim of approximately \$0.3 million before the end of September 2023. The proceeds from the sale of the BMV shares, will further extend the Company's cash runway to progress the commercialisation of its next generation battery technologies, critical minerals exploration in South Korea and general working capital requirements.

The SAU Board and management wishes BMV well with their plans to advance their projects in South Korea and the Philippines.

Authorised for release by the Chair of Southern Gold Limited.

Further Information

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Southern Gold Limited: Company Profile

Southern Gold is a successful mineral exploration and battery technology commercialisation group listed on the Australian Securities Exchange (under ASX ticker “SAU”). The mineral exploration business includes 100% interest in a substantial portfolio of REE, Li and precious metals exploration projects in South Korea. Backed by a first-class technical team, Southern Gold’s aim is to find world-class deposits in a jurisdiction that has seen very little modern exploration. The technology commercialisation business holds three exclusive world-wide licences comprising the next generation battery technologies comprising 1) an enhanced performance non-flammable lithium-ion based battery, 2) a low-cost, environmentally sustainable method for recycling lithium batteries, and 3) a low-cost, high cycle life water-based battery.