



SOUTHERNGOLD

Southern Gold Limited

ACN 107 424 519

**Positioned for Uranium
growth in South Australia**

Company Update April 2006

SOUTHERN GOLD

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ACN 107 424 519

ASX Code :

SAU

Current Share Price:

~\$0.35

Shares on Offer:

~46 million

Options on Offer (20c)

~20 million

Market Capitalisation

~\$16 million

Top 20 Shareholders

~40%

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Southern Gold (SAU)

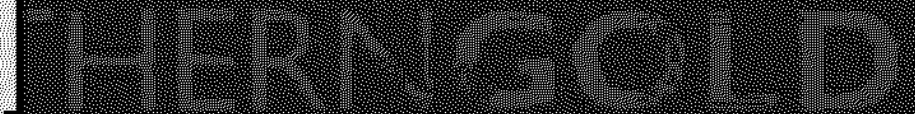
Growth and Upside

1. Sought-after prospective ground
2. Relationships with Uranium Internationals
3. Valuable Uranium Business





■ Exploration Licences





Gawler Craton's Re-emergence as a Premier Cu Au U Province

Technical Developments

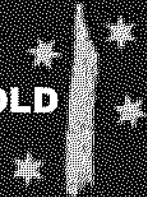
- Prominent Hill & Carrapateena IOCGU discoveries
 - New IOCGU target models (corridors & gravity)
 - New IOCGU target areas (e.g. SW Craton)
- U palaeochannels (poorly explored & warehoused since 1983 by 3 Mine Policy) now better defined by improved remote sensing
- High quality Govt data & funding support (Adelaide exploration hub)

Political Developments

- Federal Liberal driving expansion of the uranium industry
- SA State support for U industry & overturn of Labor policy
- Federal Labor debating change to a supportive uranium policy

Commercial Developments

- Commodity prices
- BHPB takeover of Olympic Dam & Expansion
- Mega Uranium takeover of Hindmarsh (SAU JV partner)
- Toro IPO

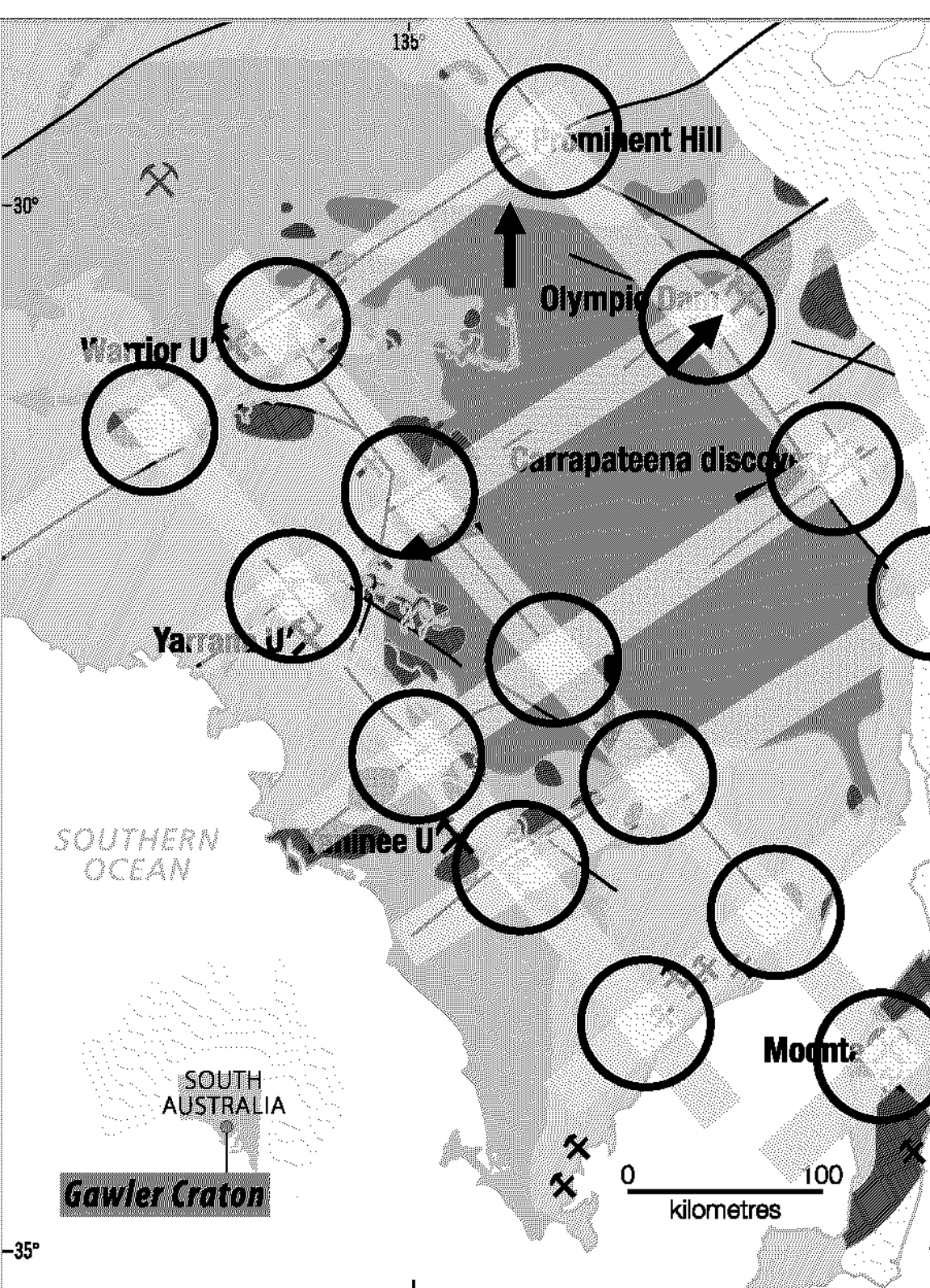


Uranium Exploration – Gawler Craton

*One of the world's leading Uranium provinces
(>30% World Uranium Resources)*

10,000 km² of key tenure with multiple targets

- **IOCGU : Iron Oxide Copper Gold Uranium targets**
e.g. Olympic Dam – world's largest uranium resource
 - +50 preliminary gravity targets applying new targeting concepts from recent discoveries
- **300km of major uranium palaeochannels** (100km not JVd)
 - Exploration hiatus since 1983
 - Preliminary targets at bends, bars and junctions with downstream U indications



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New discovery opportunities IRON OXIDE COPPER GOLD URANIUM DEPOSITS

NEW TARGETING CONCEPTS

Subvolcanic margins to GRV

Northwest corridors

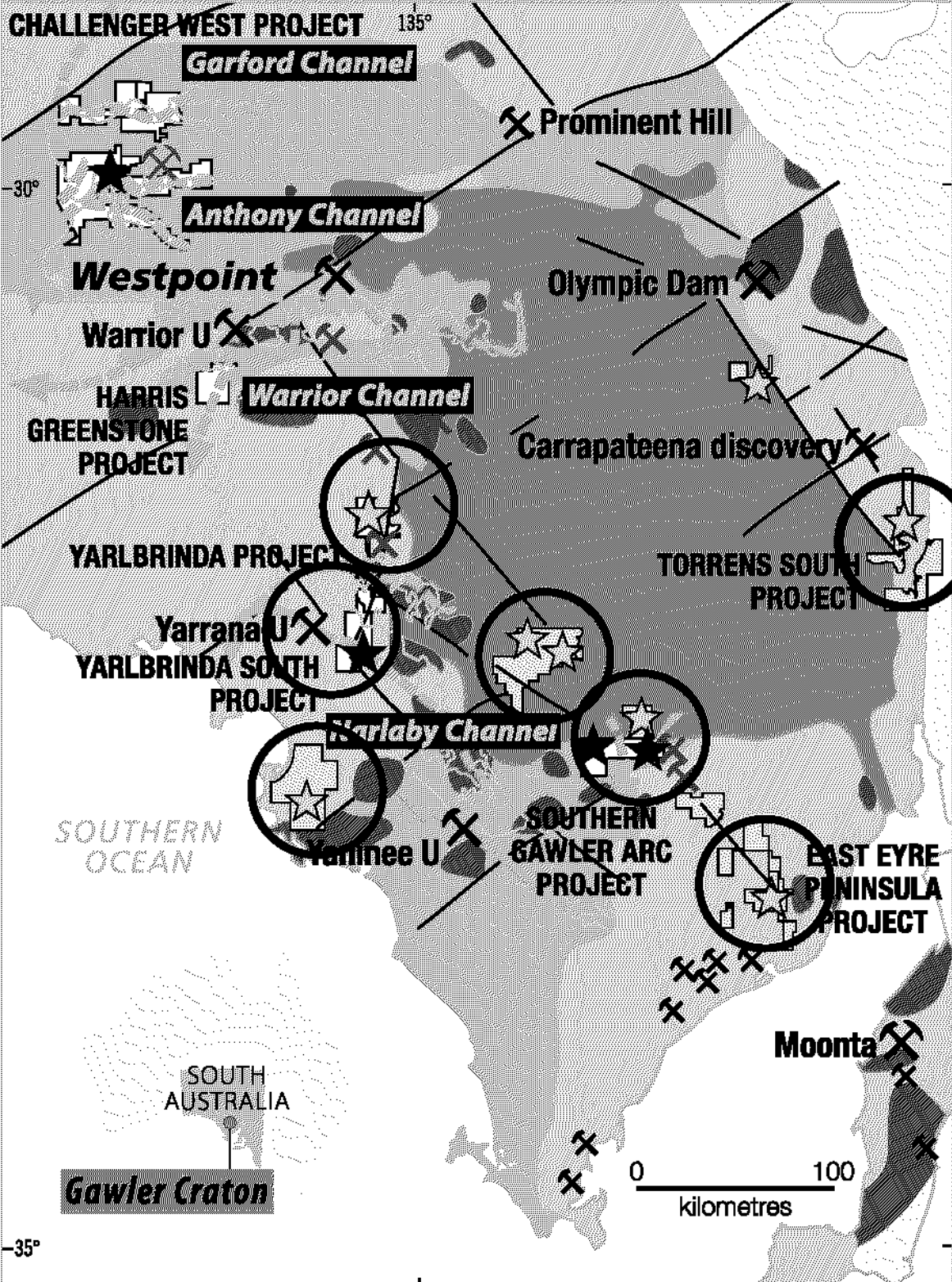
Northeast corridors

Corridor intersections

Mineral deposit centres

Subtle gravity only signatures

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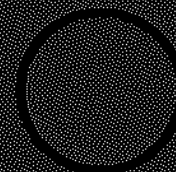
ACQUIRING NEW TENEMENTS & GRAVITY TARGETS



Exploration licences



New EL Applications



Over 7 new
deposit centres



With new gravity
targets

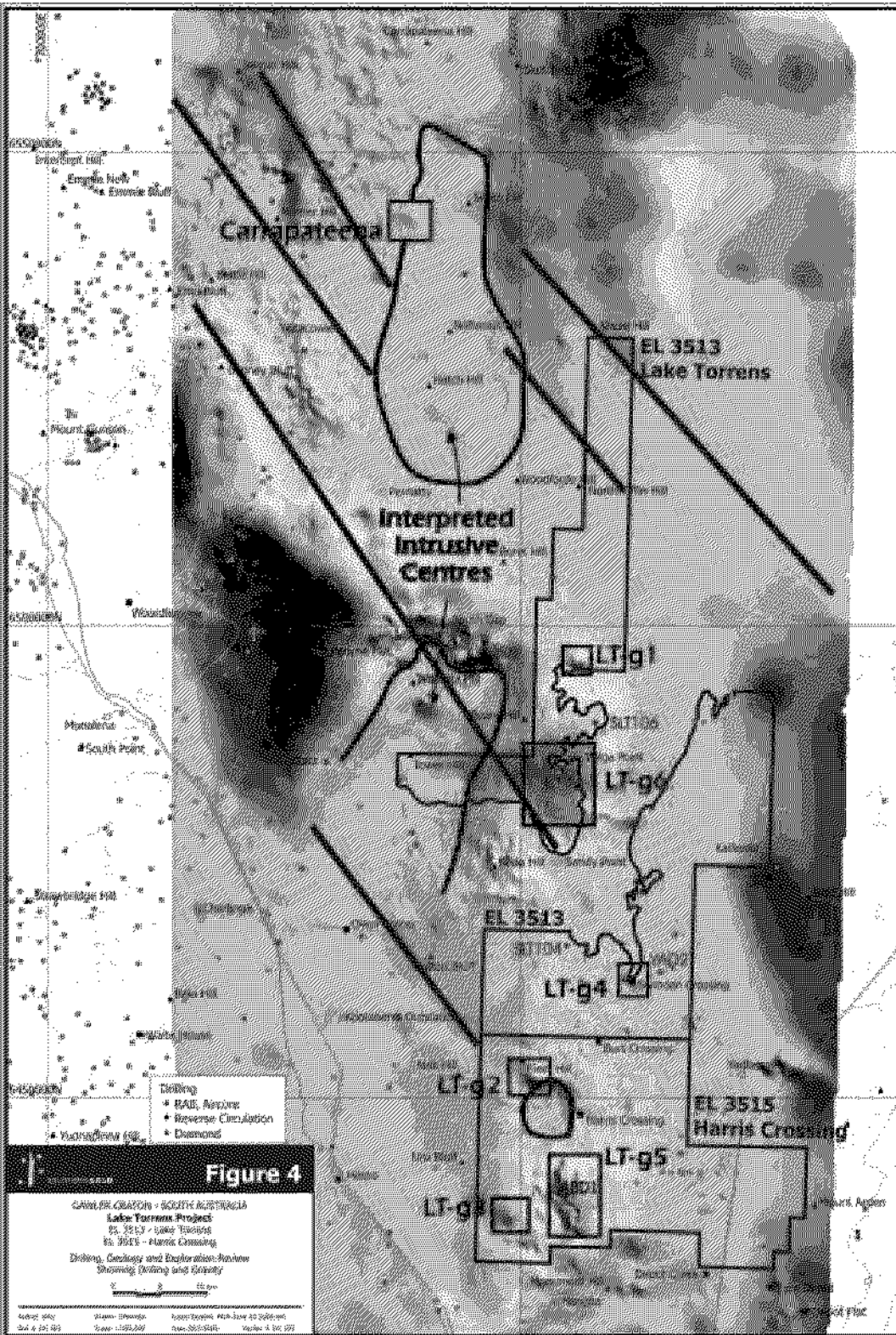
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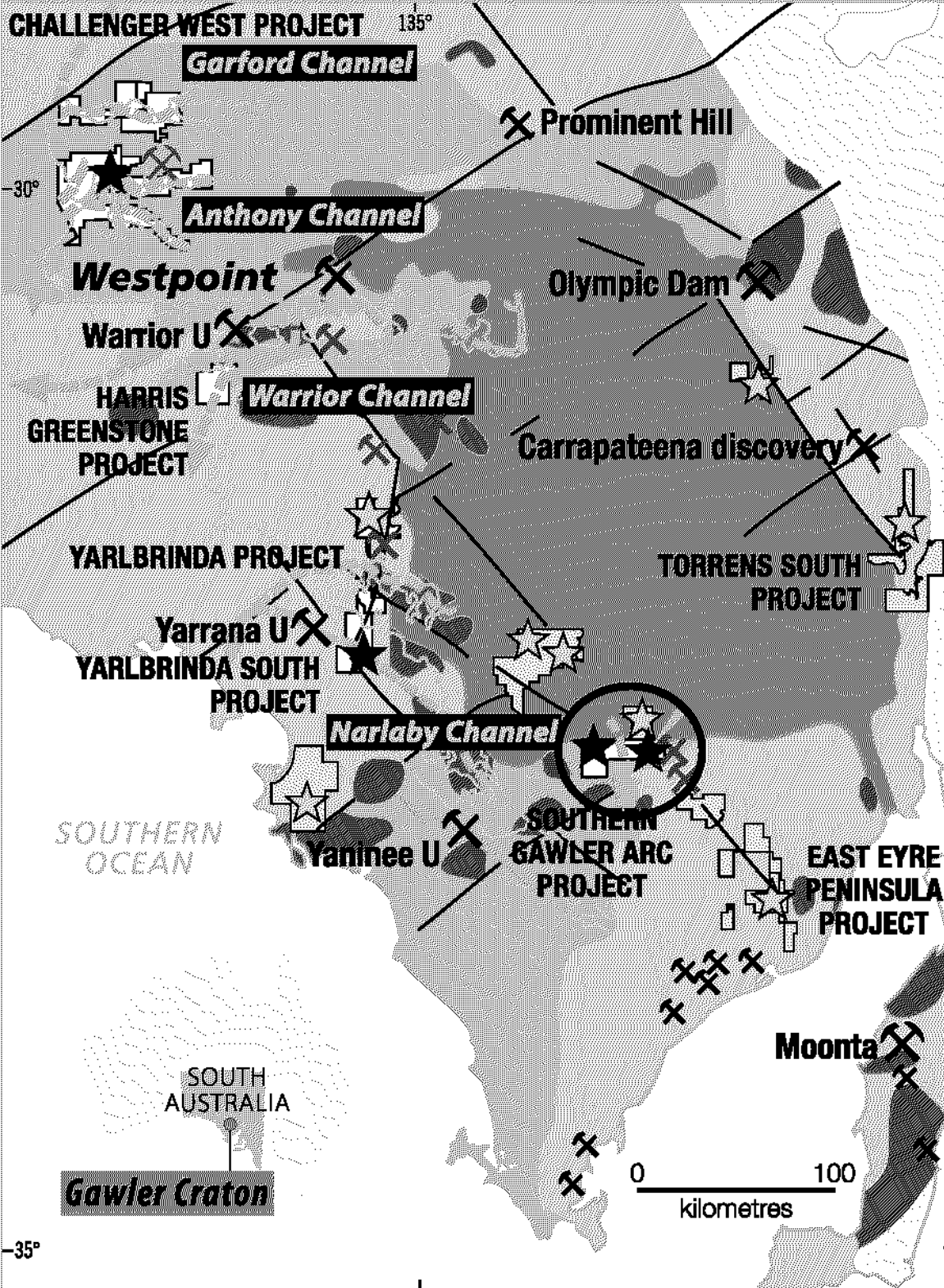
Carrapateena

- small low-amplitude gravity target

Southern Gold position

- New Exploration Licences
- Covers a number of Gravity Targets similar to nearby Carrapateena
- Example of number of projects in the pipeline to develop into drill ready targets





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Southern Gawler Arc Project



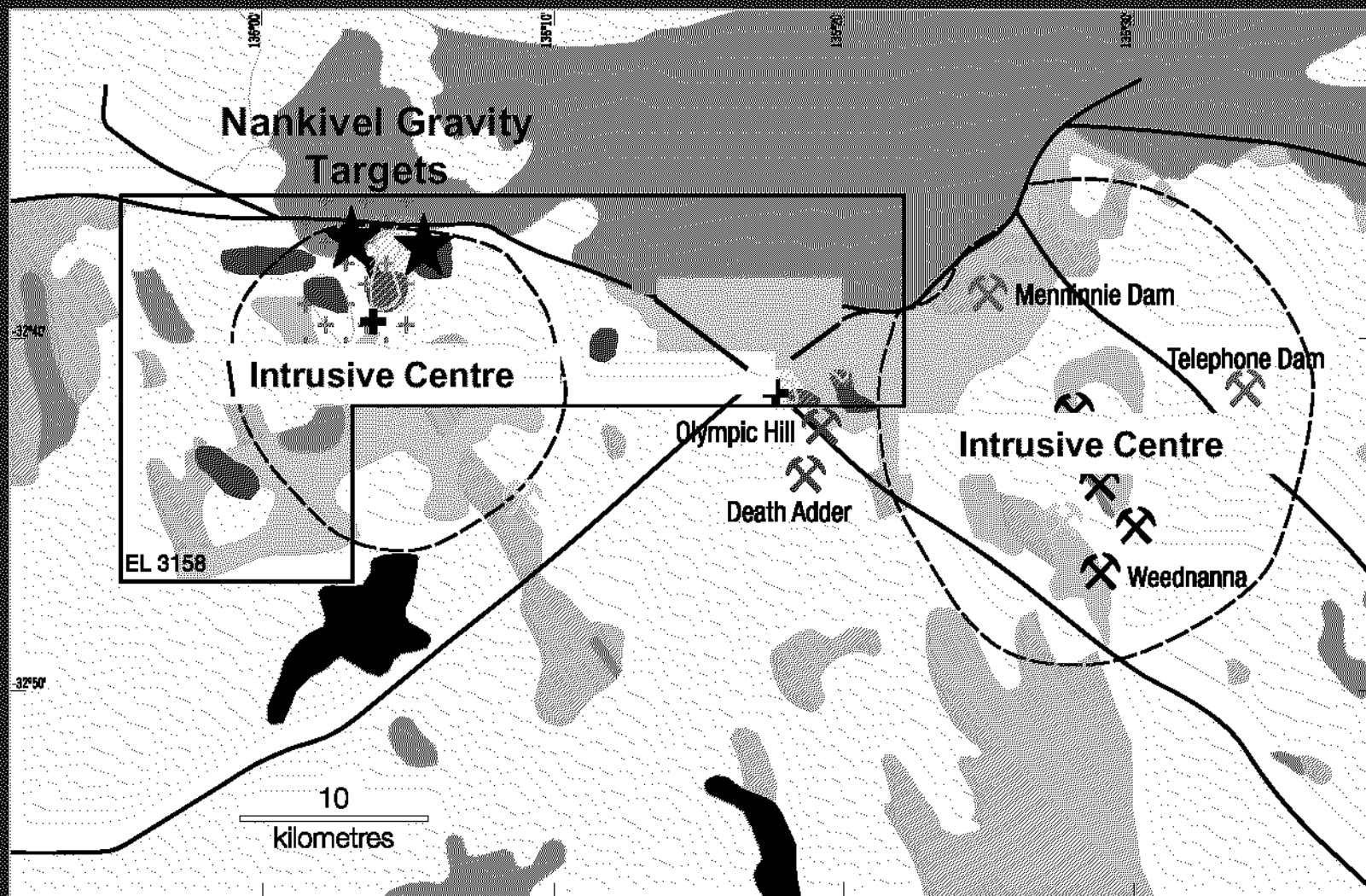
Exploration licences



New EL Applications

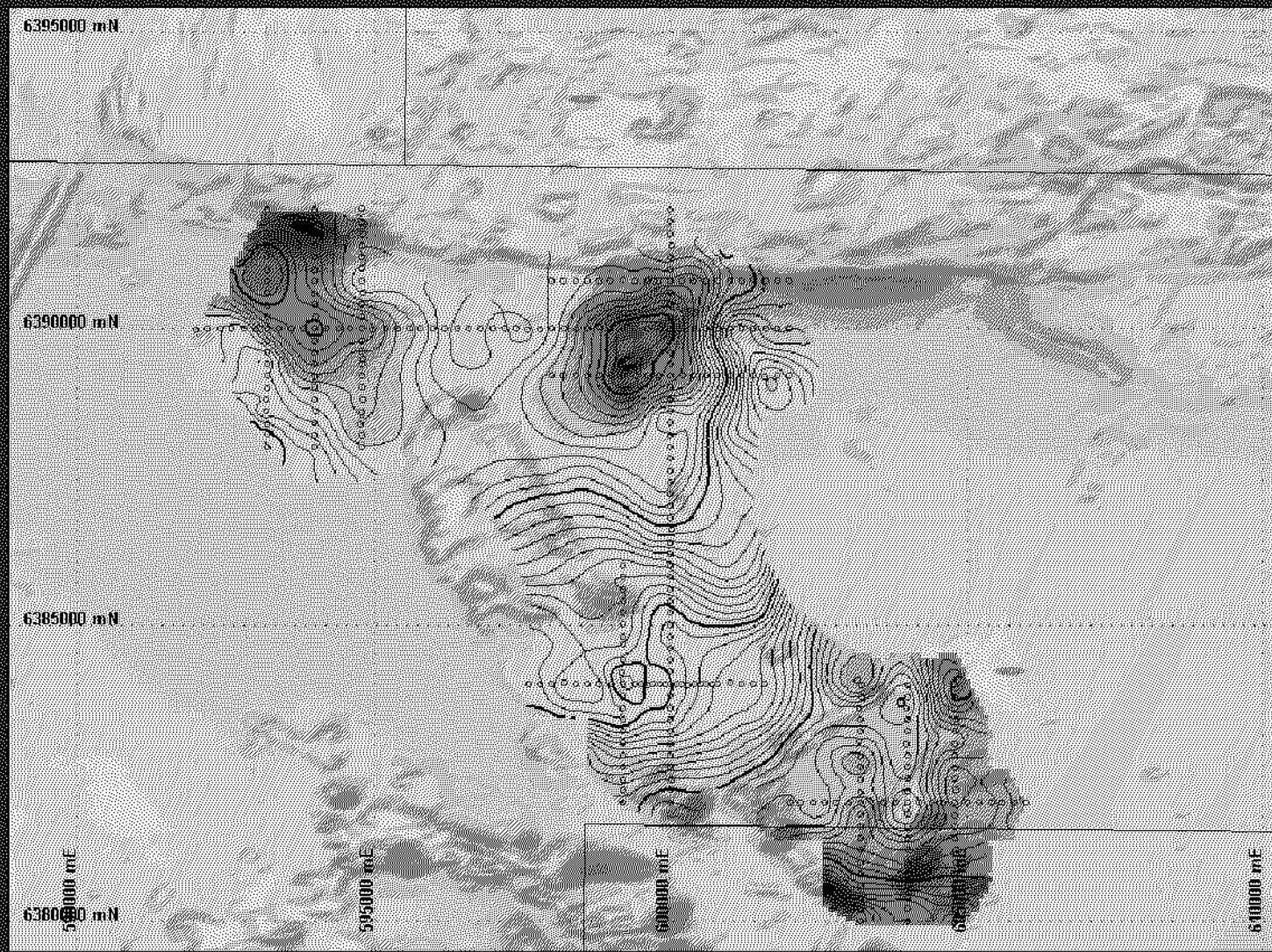
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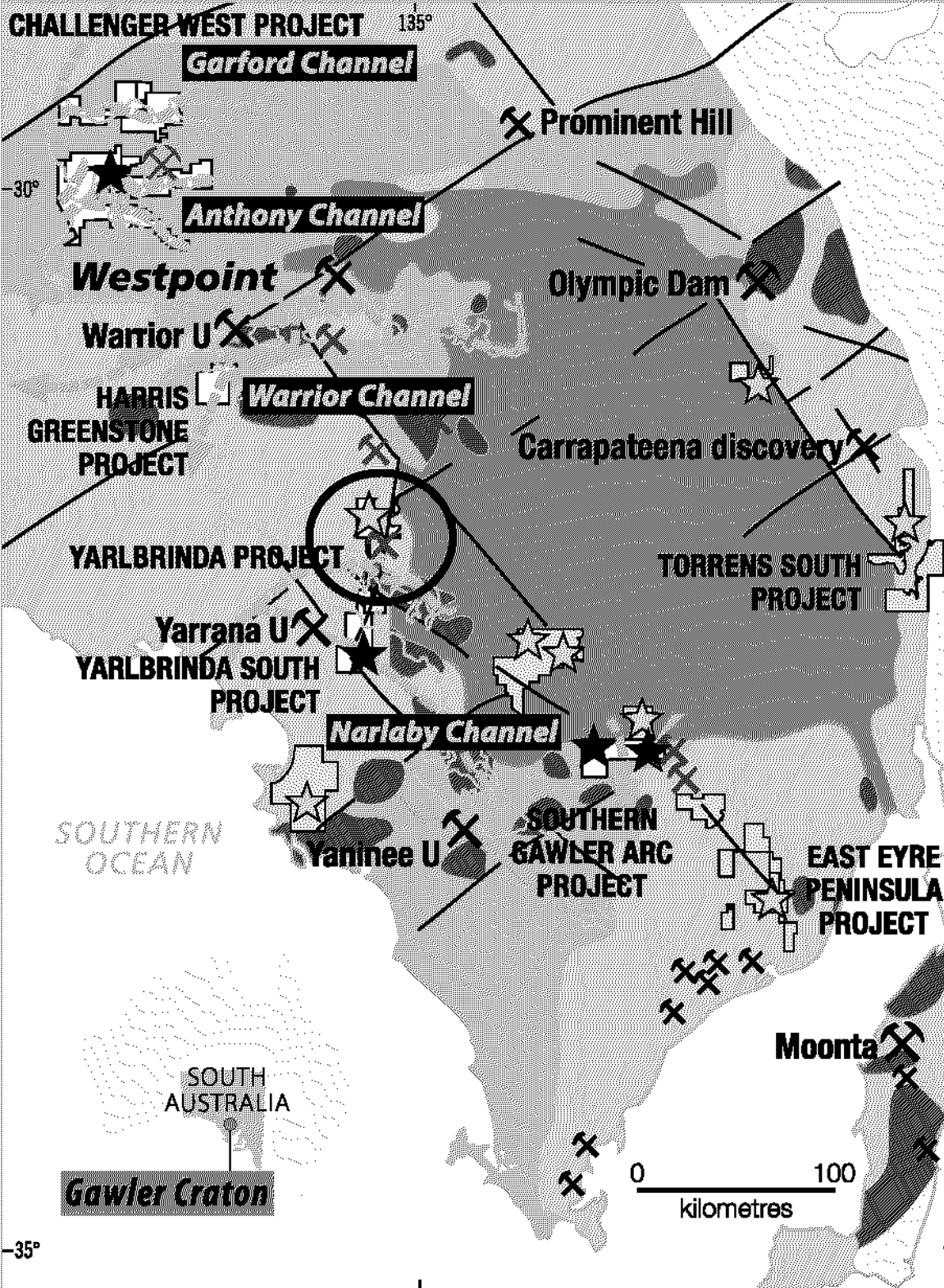
Nankivel Gravity Targets – Southern Gawler Arc





Nankivel Gravity Targets – Southern Gawler Arc





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Yarlbrinda Project

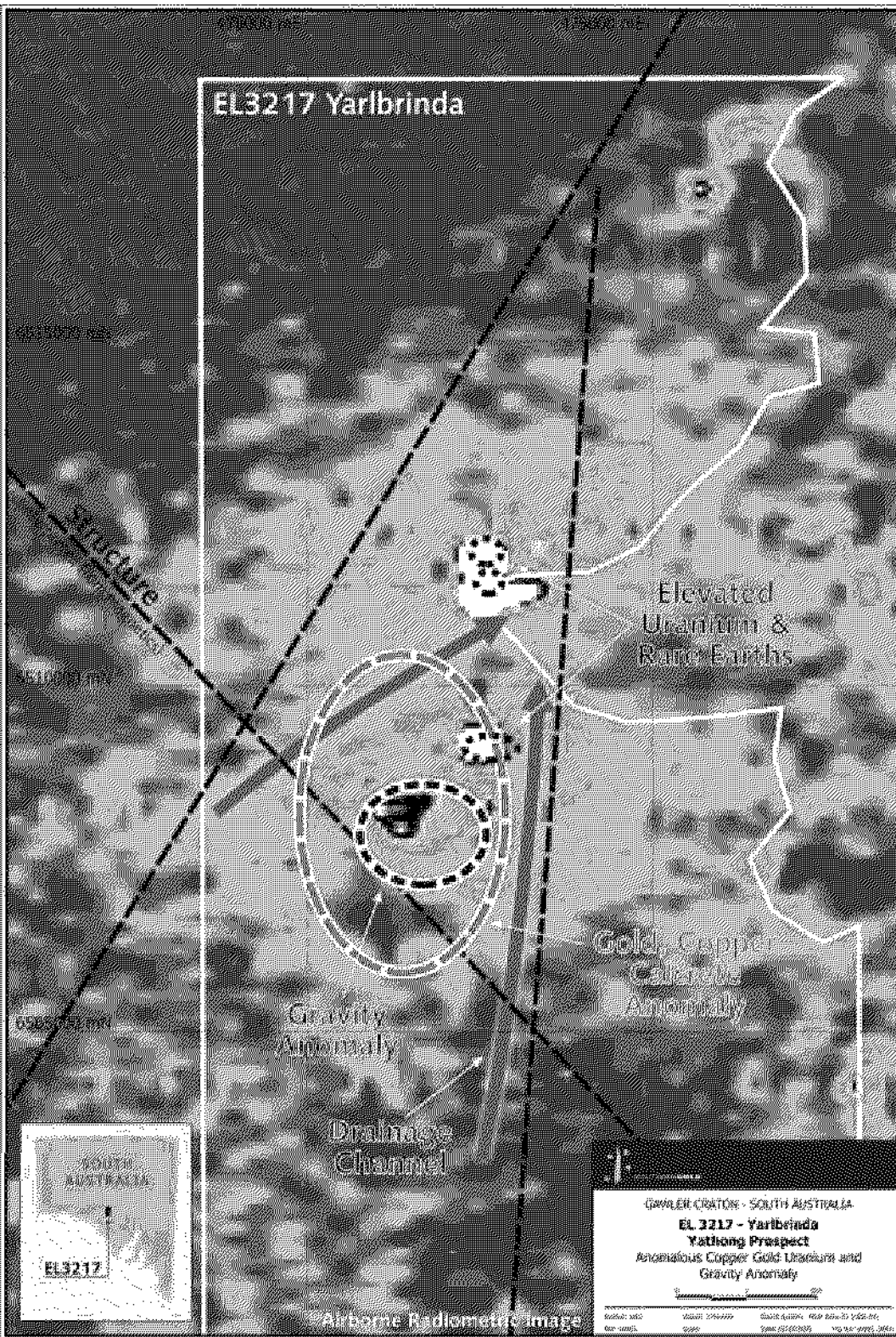
Exploration licences

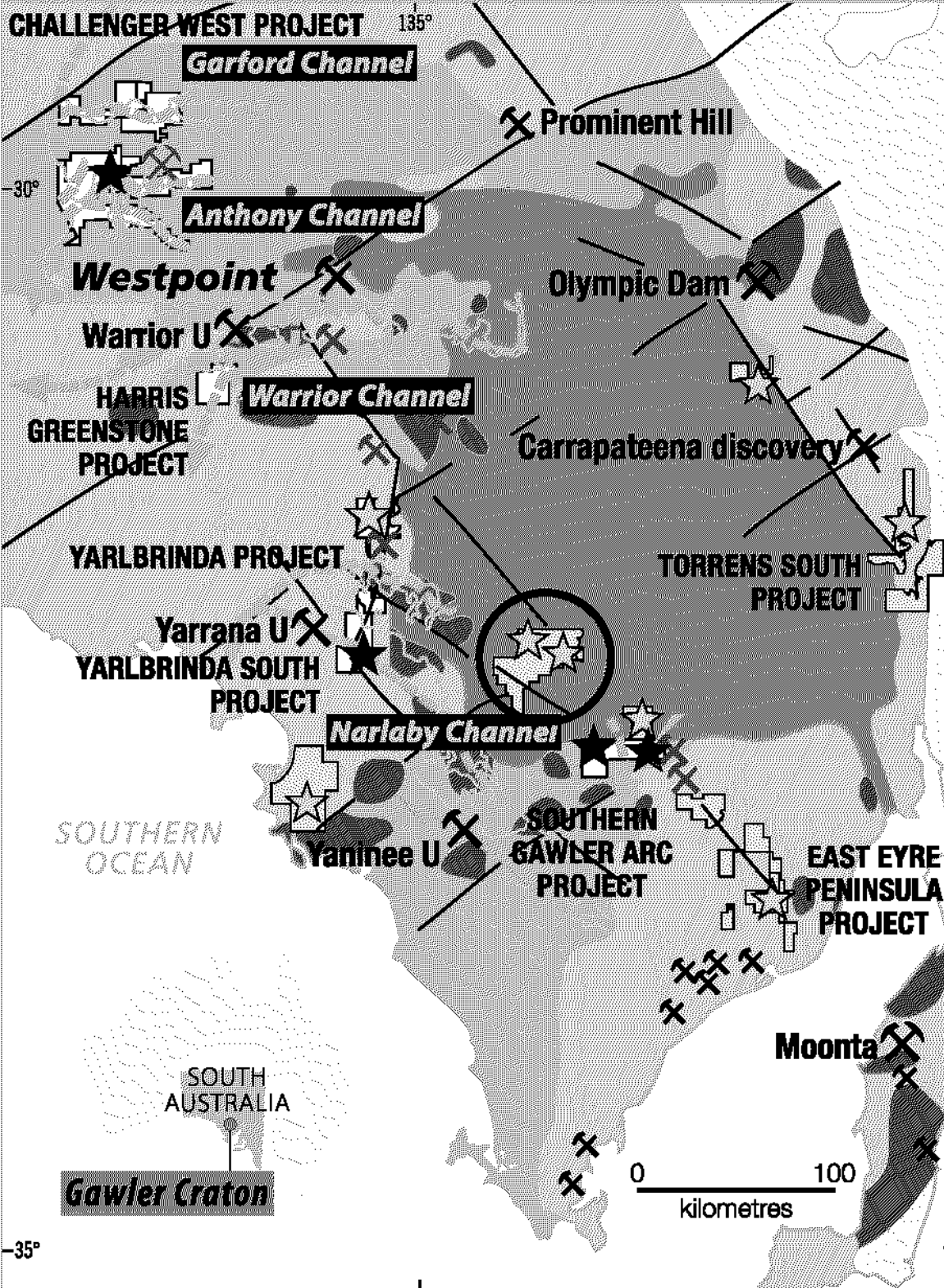
New EL Applications

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Yathong Prospect EL 3217 Yarlbirinda

- Regionally high radiometrics
- Elevated rare earths and uranium
- Gold and copper in calcrete
- Gravity anomaly coincident with magnetic IOCGU target
- Detailed gravity surveys just completed





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ACQUIRING NEW TENEMENTS & GRAVITY TARGETS

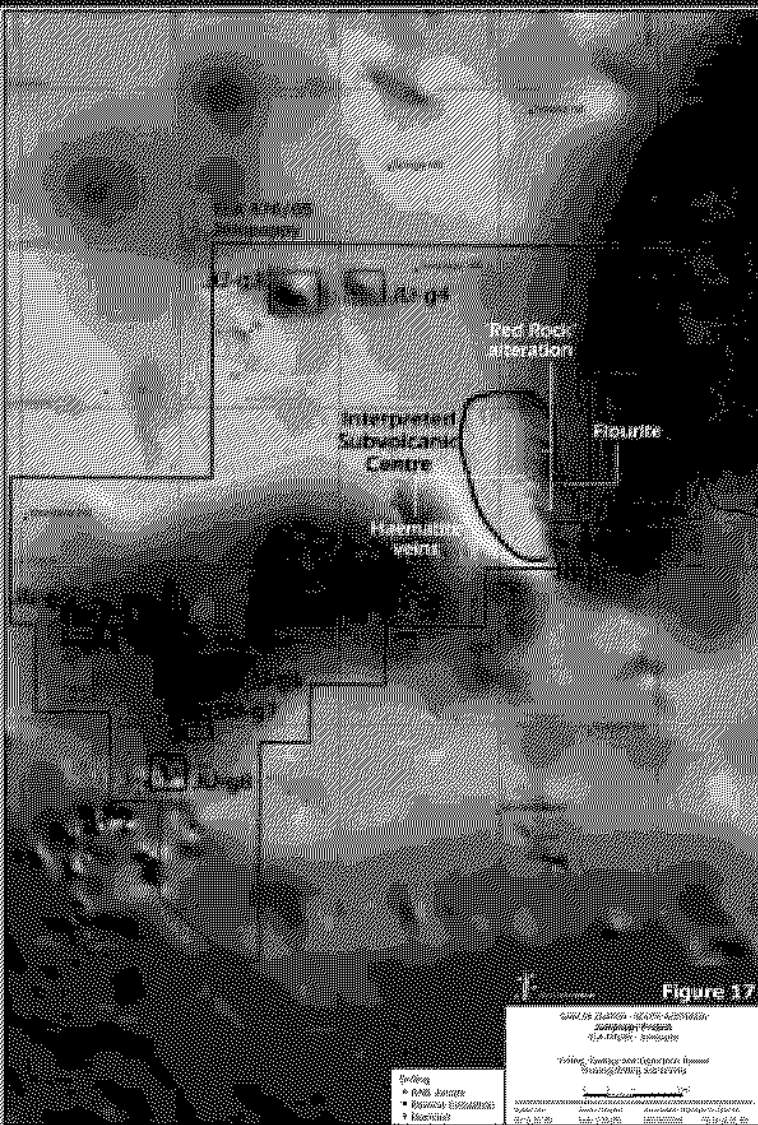


Exploration licences

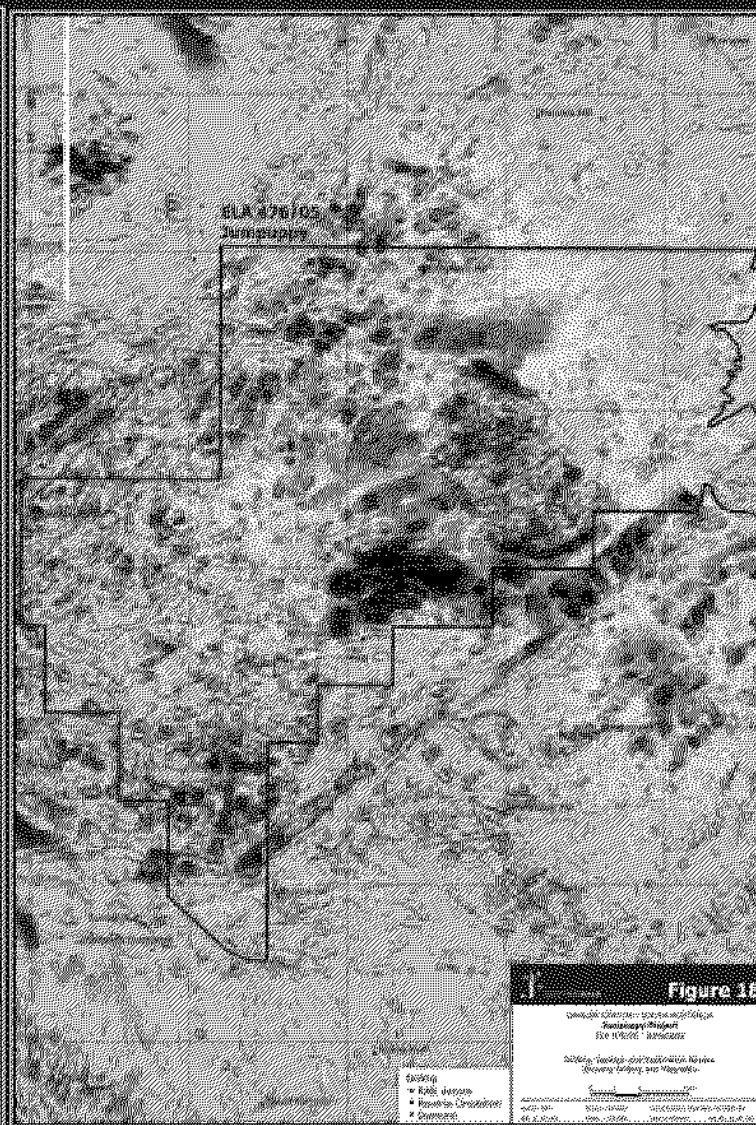


New EL Applications

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Jumpuppy Gravity Image



Jumpuppy Magnetic Image

New Jumpuppy Project

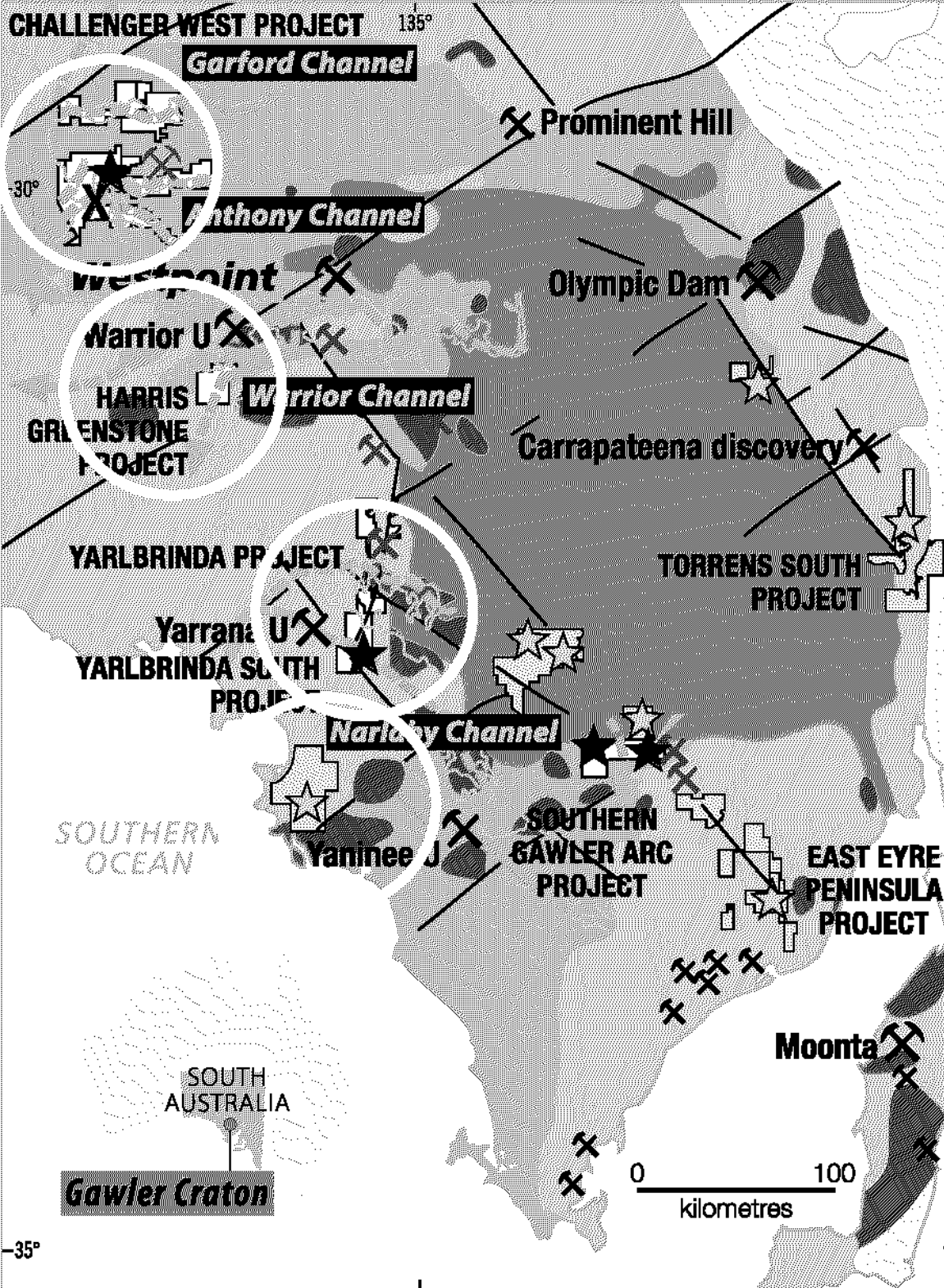
Interpreted volcanic vent within the GRV

Surrounded by gravity highs

Drilling identified:

- Red-Rock alteration
- Fluorite and haematite veins

Ideal IOCGU Targets



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URANIUM PALAEOCHANNEL TARGETS

Exploration licences

Palaeochannels

Uranium Occurrences

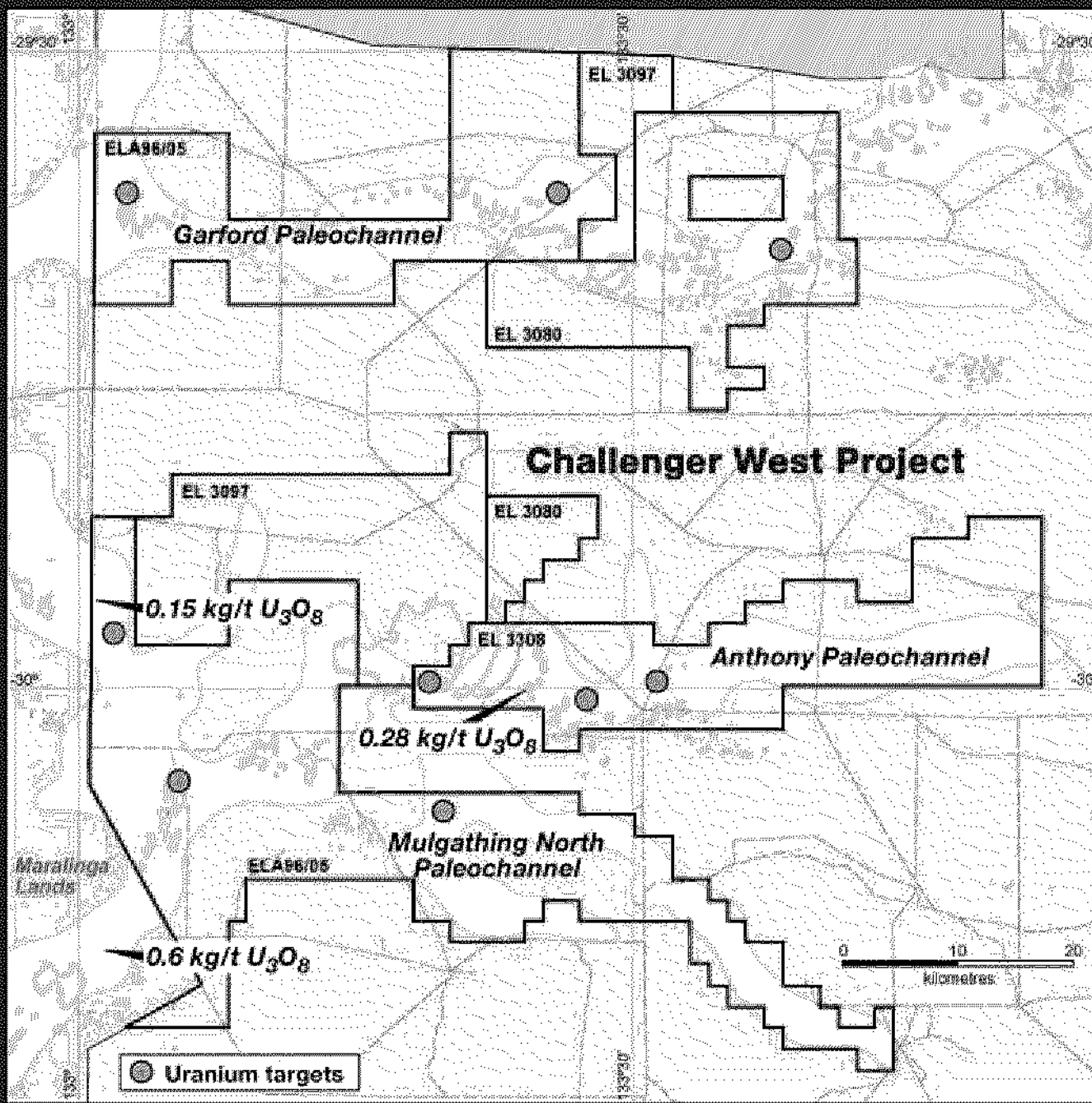
Palaeochannel Uranium Projects

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Challenger West Palaeochannel Uranium

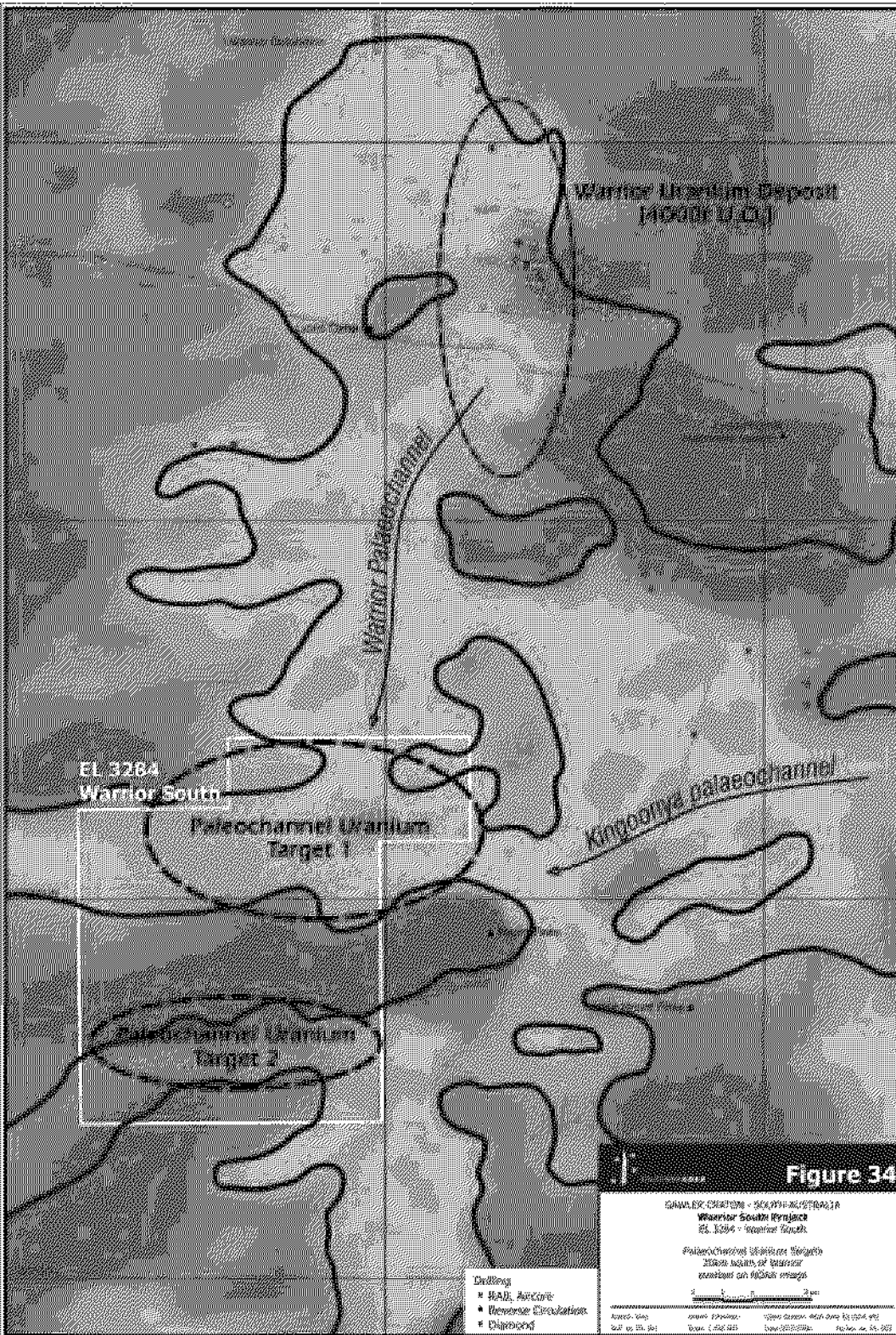
- Extensive palaeochannel coverage
- Uranium mineralisation identified prior to 1983
- Good access and uranium roll-front deposits
- Hindmarsh Uranium JV
- 12,000 metres of drilling for uranium started last month





EL 3284 Warrior Palaeochannel

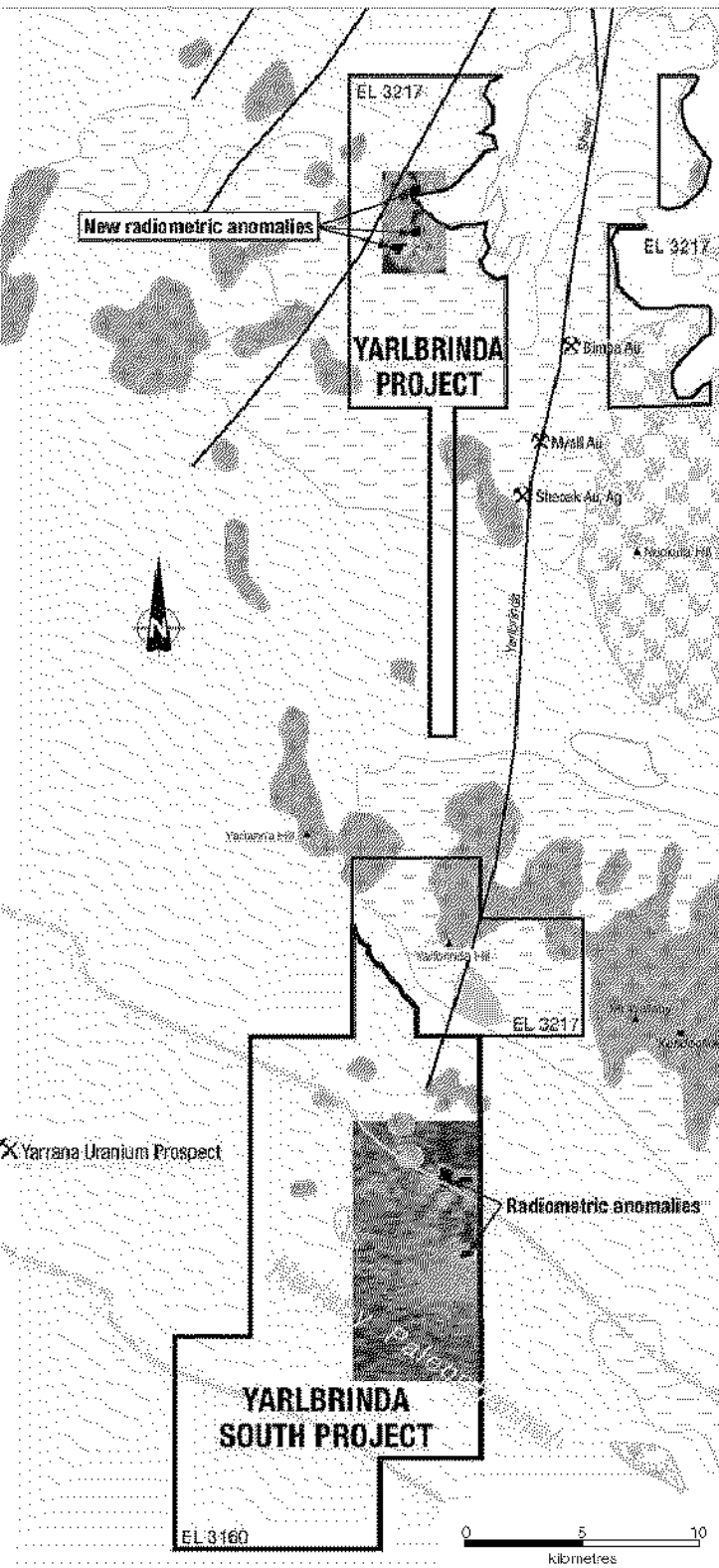
- 20km south of 4,000t U_3O_8
- Intersection of Warrior and Malbooma Palaeochannels
- Ideal position for enrichment of uranium
- Two large uranium targets currently untested





Yarlbrinda South

- **Narlaby Palaeochannel hosts Yarranna U deposit**
- **U sourced from nearby “hot” Hiltaba Granites**
- **Ground gravity, radiometric and geochemical surveys completed**
- **Airborne EM Surveys recently completed in January**
- **Uranium drilling planned during next quarter**



SAU - Uranium Strategy for 2006

- 1. Continue active exploration and current drilling of uranium projects**
- 2. Attract major partner into SAU's uranium business**
- 3. Achieve maximum value for our uranium business and Southern Gold shareholders**

SAU value and upside

- SAU ~ \$2.5 million in cash
 - SAU ~ \$16 million market cap
 - SAU - strong ground holding, exploration and business expertise and well positioned for growth
- = continued upside revaluation of SAU**