SOUTHERNGOLD

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SOUTHERN GOLD LIMITED
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ASX ANNOUNCEMENT

11 November 2010

SOUTHERN GOLD TO RAISE UP TO $4.5 MILLION

Placement

Southern Gold Limited (ASX Code: SAU) (**Southern Gold**) (**SAU**) is pleased to announce it has resolved to raise up to $3,005,600 through a placement of up to 44,200,000 fully paid ordinary shares at an issue price of 6.8 cents per share to sophisticated and professional investors (**Placement**). Hartleys Limited is Broker to the Offer.

The Placement will occur in two tranches. Tranche 1, comprising up to 27,000,000 shares, will be accommodated within Southern Gold's available 15% capacity under Listing Rule 7.1, and will be issued and allotted on or about Friday 19 November 2010. The issue and allotment of tranche 2, comprising up to 17,200,000 shares, is subject to Shareholder approval at a general meeting to be held on or around Monday 20 December 2010.

Share Purchase Plan

Southern Gold is also pleased to advise that its shareholders will be invited to participate in a Share Purchase Plan (**SPP**) at the same price as the Placement to raise up to $1.5 million through the issue of up to a maximum of 22,058,824 shares. The SPP will provide existing shareholders registered on 10 November 2010 with the opportunity to subscribe for up to $15,000 of shares at a subscription price of 6.8 cents per share.

The issue price of the new shares represents a discount of 10% to the volume weighted average price of Southern Gold shares during the last 5 trading days up to, and including, 10 November 2010 (being the last day before the SPP was announced).

The SPP is expected to open on 18 November 2010 and close on 3 December 2010. Full details of the SPP will be set out in the Offer Memorandum expected to be sent to shareholders and lodged with the Australian Securities Exchange (**ASX**) on 17 November 2010.

Purpose of the Fundraising

The proceeds from the Placement and SPP will be applied primarily to progress exploration work at Southern Gold's Bulong South Project to increase the size and classification of the existing Cannon resource and to identify new mineralisation at the Bulong South Project's regional targets. In addition, a smaller amount of funds will be used to continue exploration at the Challenger JV Project in South Australia and the Company's tenements in Cambodia. Proposed work programmes include but are not limited to:

- **Bulong South, Western Australia:** Drilling commenced in November at Bulong South with a drill programme of 8,000 metres to focus on extensions to the current resource, where Southern Gold has recently defined an initial Indicated and Inferred resource of 79,100oz @ 3.1g/t gold (463,000 tonnes @ 2.8g/t gold for 42,100 oz of gold Indicated and 341,000 tonnes @ 3.4 g/t gold for 37,100 oz of gold Inferred - please refer to the September 2010 Quarterly Activities Report for more information) and to progress near (within 1km) deposit drilling. Drilling programmes targeting high priority geochemical anomalies within 5km of the Cannon Gold deposit are expected to commence in early 2011.

- **Challenger, South Australia:** Southern Gold is in Joint Venture with Dominion Mining Limited on an area surrounding Dominion's 1Moz Challenger Gold Mine. There are 37 targets identified and high grade multiple gold shoots identified near the Challenger mine from previous drilling. Follow up work to prioritise these targets and calcrete anomalies to the south will be completed and the most robust targets will be drill tested in the first half of 2011.

- **Cambodia:** Complementary to its drilling and trenching programmes, funded by Japan Oil Gas and Metals National Corporation (which has recently committed to its third year of the Joint Venture in the Kratie South Project, with the third phase of the programme expected to reach US$1.2million and drilling to commence in late November 2011), Southern Gold intends to maintain at least the minimum expenditure work programmes on its 100% owned tenement areas.

Funds raised will also be applied to Southern Gold's general working capital requirements.

Commenting on the success of the capital raising, Southern Gold's Managing Director Nanette Anderson stated "we are delighted by the strong support received for this capital raising, which demonstrates the strong interest being shown in Southern Gold's projects, particularly Bulong South, where drilling is currently underway".

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