SOUTHERNGOLD | ASX RELEASE ASX code SAU

17 November 2011

2011 ANNUAL GENERAL MEETING
CHAIRMAN'S ADDRESS

I am pleased to present the Chairman's report to the 2011 Southern Gold Annual General Meeting.

Our Annual Report and quarterly statements have highlighted that our key focus is on the Bulong Gold project, located 30km east of Kalgoorlie, WA.

More than 80% of our Australian exploration budget is focused in this area.

AUSTRALIA

We have a three pronged approach to provide both cash for further exploration and extension of current resource at Cannon.

Firstly, we have recently commenced investigations into development options for our Cannon Gold resource currently defined as a 94,500 oz resource. With the commencement of our Project Development Manager Ian Blucher, Southern Gold and will start implementing preliminary test work programmes. The opportunity to mine this resource may provide an early cashflow to underpin future exploration and growth of the company.

Secondly, Southern Gold continues to focus on identifying additional near resource gold mineralisation on the Cannon trend at the Pinner, Euston, Homerton and Monument prospects. Importantly, this gold mineralisation is nearby to the Cannon Resource and will likely have a positive impact on mine development.

Thirdly, Gold anomalies have been identified from first past testing from tenements held under the 2011 Heron Joint Venture. Reverse circulation drilling is planned for the December quarter.

All of the above continues to demonstrate the highly prospective nature of the Bulong region for extensive gold mineralised zones.

CAMBODIA

Detailed interpretation work and review is conducted during the South East Asian wet season, which is expected to end November/December. Work programmes have been planned for the upcoming field season to follow up positive results received in the 2011 field season.

High priority prospects include Panther and Cougar on the Kratie South project. Southern Gold continues to review other Cambodian opportunities as we look to add value through our exploration work, experience and developing knowledge of Cambodian culture, laws and its people.

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SHARE MARKET VALUATION

The Board have a positive outlook for continued exploration success and development prospectivity. The Directors consider that the share market does not yet reflect the true asset value in our current share price.

Volatile world markets has created uncertainty across all industry sectors, with indices such as the All Ordinaries Index and Metals and Mining Index showing a downward trend over the last 6 months, yet we start to see a strengthening since October in these indices.

Since the beginning of 2011 we have seen the gold price increased from US$1300 to US$1760 today. As a potential gold producer this would have a positive effect on profit margins and thereby the value growth of Southern Gold.

All Directors during the last 12 months have purchased shares in Southern Gold as an indicator of their confidence in the future.

REDUCING OVERHEAD EXPENSES

On the finance front, Southern Gold continues to focus on a key strategy target to reduce administration overheads so a greater percentage of funds are spent "in the ground". As taken from the Annual report the year on year costs comparison shows that we are meeting this target.

	$'000		
	2011	2010	VARN
Salaries & Wages	469	658	-28%
Consulting Expenses	348	373	-7%
Other Admin Expenses	581	639	-9%

Director's fees have remained unchanged for the last 2 years.

Thankyou for the support of shareholders and I would now like to invite our Managing Director to provide further information on our exploration results and planned work programmes.

Greg Boulton AM
Chairman

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