

8 April 2013

## Exploration Update

### Southern Gold's 2013 Exploration programme gathers momentum.

#### Highlights

- Receipt of final ground geophysical survey interpretations.
- Final report identifies significant structural targets within the Bulong gold project.
- Systematic ranking of structural targets with associated gold in soil anomalism finalised, with priority targets ready for drill testing in April
- Pre-Feasibility study well advanced, focussing on the development of the Cannon Gold Resource (812,200t @ 3.9 g/t gold for 100,400oz).

#### SAM Geophysical Survey - Details

Southern Gold Ltd is pleased to report that it has received the final analysis, and completed its evaluation, of the sub-audio magnetic (SAM) data over five targeted areas. By integrating the SAM data with existing datasets Southern Gold has elevated 20 exploration targets to the status of requiring follow up test work.

Following a regional soil geochemical survey in 2012 Southern Gold had identified 30 prospective gold anomalies as prospective for gold mineralisation. Several of these gold-in-soil anomalies were of a tenor high enough to rank as priority targets with the remaining anomalies requiring further work.

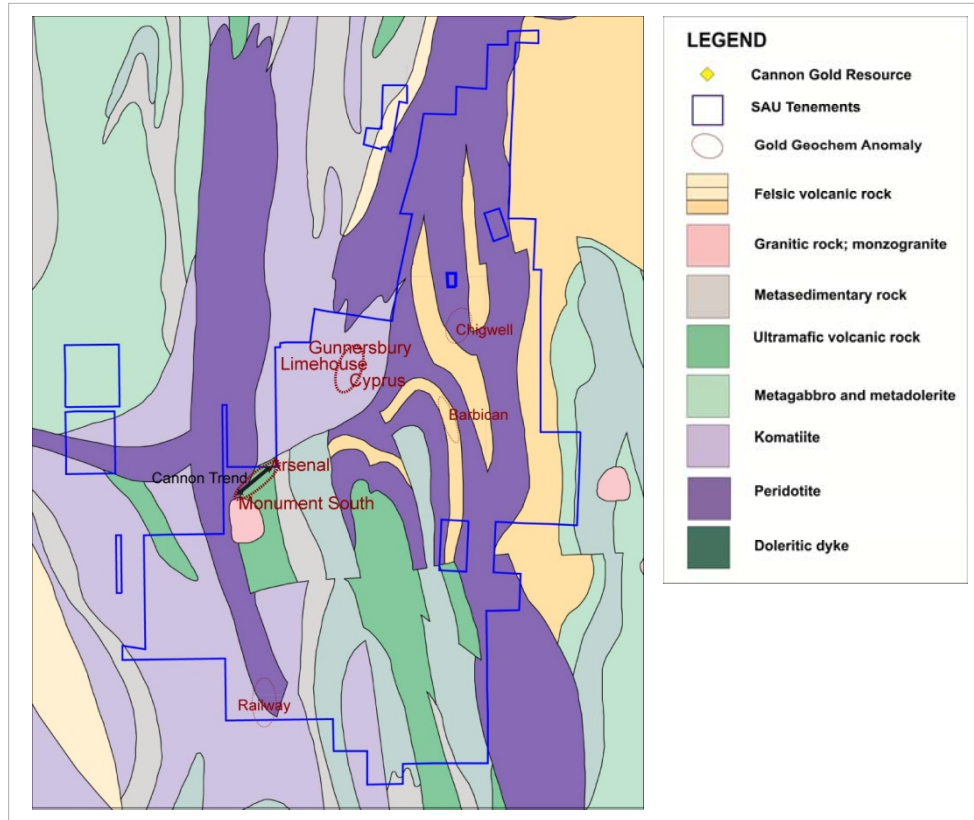
The SAM survey has provided a more extensive insight into the structural architecture of the Bulong area than previously available. Along with the resource work conducted on the Cannon Gold deposit, the SAM data has added to the understanding of the dilational structure that hosts the Cannon Gold mineralisation. This, in turn, allows selected gold-in-soil anomalies to be ranked in terms of the spatial relationship to "favourable" structural and geological settings.

Through this iterative evaluation of the data, 20 of the 30 gold-in-soil anomalies have been classified as requiring follow up test work. These were further ranked into three tiers based on the extent that an anomaly meets key criteria. The key criteria are set to prioritise those anomalies that have the potential to offer the best outcomes in terms of growing the project's resource base or returning significant gold intersections.

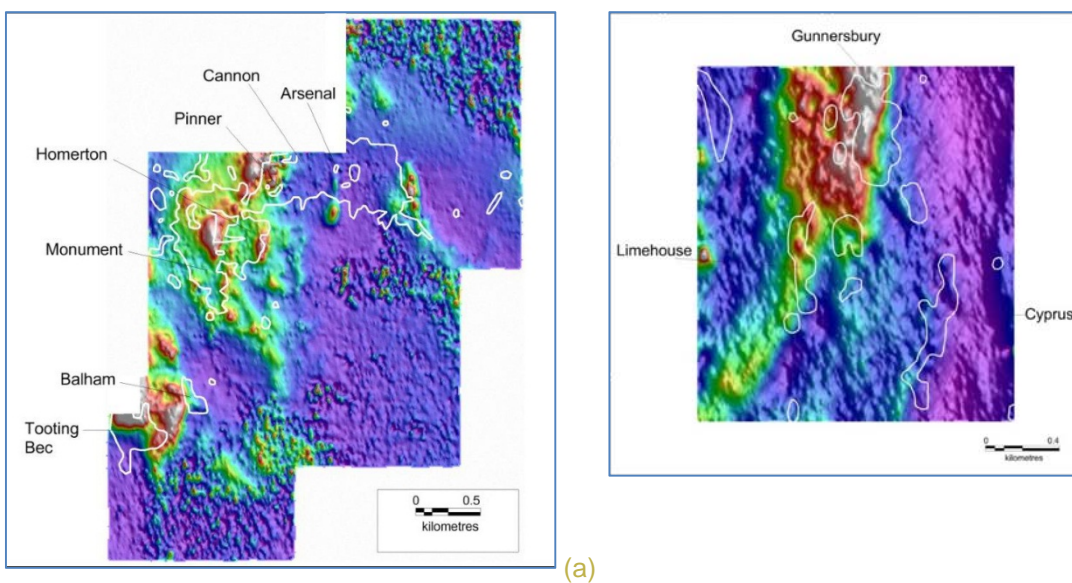
Drilling of the prioritised first round of anomalies will commence this quarter. The drill programme is planned to test Arsenal, Cannon South and Monument South, and will commence in April pending access approvals and rig availability. Permit applications will also be submitted for drill programmes over Pinner, Cyprus, Gunnersbury and Limehouse anomalies in preparation for the following quarter.

Monument South, Pinner, Cannon South and Arsenal anomalies all fall within the Cannon trend, with initial drill tests conducted over two of these. The positive hits from these initial programmes add weight to the importance of these targets, ranking them higher against anomalies that have not yet been tested.

The use of SAM interpretations and geochemical data has provided additional fine detail of structures in the areas of interest, enabling better target definition.



**Figure 1.** Drilling of the prioritised first round of anomalies will commence this quarter. The drill programme is planned to test Arsenal, Cannon South and Monument South and will commence in April.

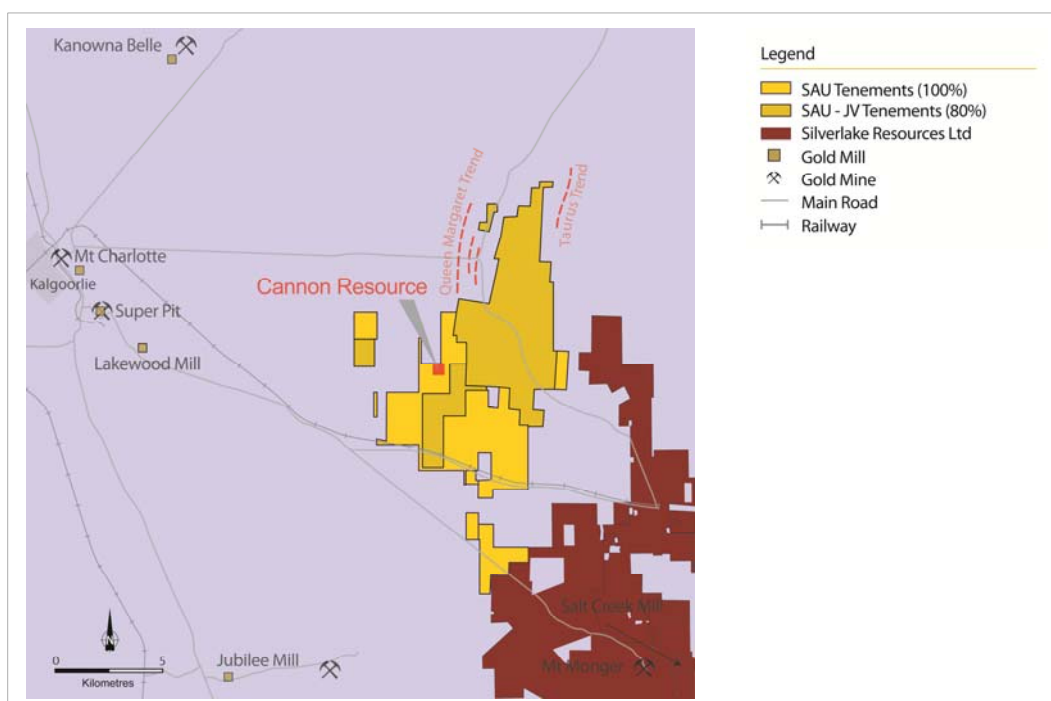


**Figure 2.** Detailed geophysical surveys ((a) magnetic surveys and (b) SAM surveys) correlated with regional geochemical and geological datasets have identified a number of targets in the vicinity of the Cannon mineralisation, or along the “Cannon trend”, that have similar attributes to the structural setting of the Cannon Gold Resource.

### Bulong Gold Project - Background

The Bulong Gold project is located 30 km south east of Kalgoorlie WA (Figure 3). This project is Southern Gold's primary focus, where the company continues to build on the project's maiden discovery, the Cannon Gold Resource<sup>1</sup>.

As with the ground where the Cannon Gold resource was discovered, in recent times most of these areas were explored primarily for nickel. However positive results to date have highlighted the real potential for gold mineralisation and further discoveries similar to the Cannon Gold resource. The Company believes this could significantly grow the current resource base.



**Figure 3.** Bulong Gold project: showing Heron JV packages and the proximity to cornerstone shareholder Silverlake Resources Ltd and nearby gold processing facilities.

### Pre-Feasibility Study

Following on from the successful completion of preliminary studies into the development of the Cannon mineralisation and the publication of a significant upgrade to the Cannon resource (ASX:21 January 2013, Table 1), a Pre-Feasibility study (PFS) in relation to developing the Cannon resource has commenced.

Detailed costing, geotechnical and hydrological assessments await the availability of specialist consultants. Consequently completion of the Pre-Feasibility study has been extended, to May 2013.

The PFS uses the geotechnical and metallurgical parameters derived from the Scoping Study, and, subject to detailed review, interim results from this study suggest that it may be possible to develop an open pit to ca. 65m in depth followed by an underground mine over a further 120 vertical meters.

<sup>1</sup> See resource estimate table at end of the announcement and the December Quarterly Report for full details of the Cannon Gold Resource.

**Table 1.** Bulong Gold Project Global Resources: Mineral Resource Estimate (1.0g/t Au Cut-off)(1)

Deposit & Weathering Type	Indicated			Inferred			Total		
	Tonnes t	Au g/t	Au Ounces	Tonnes t	Au g/t	Au Ounces	Tonnes T	Au g/t	Au Ounces
<b>Cannon</b>									
Oxide	8,000	3.0	800	1,500	2.4	100	9,500	2.9	900
Transitional	137,600	3.1	13,900	34,100	2.6	2,900	171,700	3.0	16,800
Fresh	573,500	4.3	78,500	57,500	2.3	4,200	631,000	4.1	82,800
<b>Total:</b>	<b>719,100</b>	<b>4.0</b>	<b>93,200</b>	<b>93,000</b>	<b>2.4</b>	<b>7,200</b>	<b>812,200</b>	<b>3.9</b>	<b>100,400</b>
<b>Pinner</b>									
Oxide	-	-	-	600	3.0	200	600	3.0	200
Transitional	-	-	-	76,400	2.2	5,400	76,400	2.2	5,400
Fresh	-	-	-	94,900	2.0	6,100	94,900	2.0	6,100
<b>Total:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>172,000</b>	<b>2.1</b>	<b>11,500</b>	<b>172,000</b>	<b>2.1</b>	<b>11,500</b>
<b>Total Resources:</b>	<b>719,100</b>	<b>4.0</b>	<b>93,200</b>	<b>265,000</b>	<b>2.2</b>	<b>18,700</b>	<b>984,100</b>	<b>3.5</b>	<b>111,900</b>

Note: Rounding errors affect totals

## CONTACT

For further information contact:

Nanette Anderson  
 Managing Director

PO Box 255      Ph: 08 8368 8888  
 Kent Town 5071    Fx: 08 8431 5619  
 South Australia    www.southerngold.com.au

## Competent Person's Statements

### Exploration Results

The information in this report concerning Australian exploration has been compiled by Mr I Blucher (MSc) as an employee of Southern Gold and who is a member of the AusIMM and is bound by and follows the Institute's codes and recommended practices. As a Competent Person, as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve.'- he has a minimum of five years relevant experience in the style of mineralisation and types of activities being reported and has given written consent to the above report in the form and context in which it appears.

### Resource Table

The information in this report that relates to Mineral Resources is based on information compiled by Mr Aaron Green. Mr Green who is a full time employees of Runge Limited and a Member of the of the Australian Institute of Geoscientists, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for the Reporting of Mineral Resources and Ore Reserves. Mr Green consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.