ASX ANNOUNCEMENT **6 NOVEMBER 2013**

SOUTHERN GOLD TO RAISE UP TO $2 MILLION VIA A NON-RENOUNCEABLE RIGHTS ISSUE

Southern Gold Limited ("Southern Gold" or the "Company") is pleased to announce a three (3) for eight (8) pro-rata non-renounceable rights issue at an issue price of A$0.015 per new Southern Gold share to raise up to approximately $2 million before costs ("**Rights Issue**" or "**Offer**").

BBY Limited has been appointed Lead Manager to the issue.

Following Southern Gold's announcement dated 29 August 2013, on the completion of its Pre-Feasibility Study ("PFS") of the development of the Cannon Gold deposit, and the Board's decision to mine that deposit (subject to finance and regulatory approvals), proceeds of the Rights Issue will be used to fund final works relating to completion of the Mining Proposal, initial preparation work for site development and follow up drilling of near resource targets.

Shareholders who are registered as shareholders as at 5.00pm AEST on Thursday, 14 November 2013 ("**Shareholders**" at the "**Record Date**") will be eligible to participate in the pro-rata non-renounceable rights issue of fully paid ordinary shares in the Company ("**New Shares**").

Shareholders will also be able to apply for additional New Shares in excess of their entitlement at the same issue price of A$0.015 per New Share. Allocation of additional New Shares applied for will be at the discretion of the Southern Gold Board.

Your Directors consider that Southern Gold has a positive future and recommend this Offer to you as an opportunity to further participate in Southern Gold's future growth. All Board members intend to take up their respective entitlements in full. Ms Nanette Anderson, the Managing Director of Southern Gold, has agreed to underwrite up to 7 million shares in the Rights Issue. Ms Anderson will not receive any fees related to the underwriting.

The Rights Issue will be conducted in accordance with the section 708AA of the *Corporations Act 2001* (Cth) without lodgement of a prospectus or other disclosure document.

Full details of the Offer can be found in the Offer Memorandum and Appendix 3B for the Rights Issue lodged with ASX today. A summary of the details of the Rights Issue is provided below.

Rights Issue

Under the Rights Issue, Shareholders may apply for three (3) New Shares in the Company for every eight (8) ordinary shares held on the Record Date, at an issue price of A$0.015 (or 1.5 cents) per

New Share, raising up to approximately $2 million (before cost and expenses) if all entitlements are taken up.

The issue price represents a discount of:

- 16.7% to the closing market price of the Company's Shares on 5 November 2013 (being the last trading day prior to this announcement) of A$0.018 (or 1.8 cents) per share; and

- 19.8% to the volume weighted average market price of the Company's Shares for the 5 trading days to close of the trade on 5 November 2013 of $A0.0187 (1.87 cents) per share.

Pursuant to the Rights Issue the Company will issue up to approximately 135,223,868 New Shares (based on SAU's current undiluted share capital and without taking into account the impact of rounding or any new shares issued as a result of options exercised before the Record Date) at A$0.015 (1.5 cents) per New Shares. New Shares issued under the Rights Issue will be fully paid ordinary shares and will rank equally in all respects with the Company's existing shares on issue.

The Rights Issue will be offered to shareholders with registered addresses in Australia and New Zealand as at the Record Date. Eligible shareholders will receive on or around the 19 November 2013 a Rights Issue Offer Memorandum including a personalised Entitlement and Acceptance Form which will provide further details of how to participate in the Rights Issue.

Timetable

EVENT	DATE
Announcement of rights issue – announcement of rights issue, Offer Memorandum, ASX Appendix 3B and Cleansing Notice lodged with the ASX.	6 November 2013
Ex date – the date on which Shares commence trading without the entitlement to participate in the Offer.	8 November 2013
Record date – the date for determining entitlements of Shareholders to participate in the Offer.	14 November 2013
Offer Memorandum sent to Shareholders – dispatch of Offer Memorandum and Entitlement and Acceptance Forms – Offer opens for acceptances	19 November 2013
Closing date – the last day for receipt of acceptance forms (5.00pm AEST)	3 December 2013

Deferred Settlement Trading commences - New Shares commence quotation on ASX on deferred settlement basis	4 December 2013
Shortfall notification date	6 December 2013
Dispatch date – allotment of New Shares. Deferred settlement trading ends	11 December 2013
Expected commencement of normal trading in New Shares on ASX	12 December 2013
Dispatch of holding statements to Shareholders who accepted the offer	13 December 2013

This timetable is indicative only and may change, subject to the requirements of the ASX Listing Rules. The Company reserves the right to change these dates without prior notice.

Use of Funds

The proceeds from the Rights Issue will be primarily directed to the final works relating to the completion of the mining proposal and initial preparation work for site development of the Cannon Gold deposit, along with follow up drilling of near resource targets.

Offer Document

The Company anticipates that the Offer Memorandum and Entitlement Form will be dispatched to Shareholders of the Company on or about 19 November 2013. The Offer Memorandum outlines the Rights Issue in detail.

If you have any queries about the Rights Issue, please contact either the Company's Share Registry, Computershare Pty Ltd, on +61 8 8236 2300 or the Company Secretary, Mr Dan Hill, on +61 8 8368 8888.

For and on behalf of

Southern Gold Ltd

Nanette Anderson
Managing Director