ASX

ASX Code: SAU
Issued Shares: 346M
ABN: 30 107 424 519

Directors
Greg Boulton AM
Nanette Anderson
Michael Billing
David Turvey

Top Shareholders
Silverlake Resources Ltd 12%
G B Branch Pty Ltd 7.52%
JP Morgan Nominees 4.59%

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Annual General Meeting Chairman's Address

Since our last AGM your Company has been impacted by two contrasting events.

On one side, Southern Gold finalised a Pre-Feasibility Study (PFS) and in August 2013 your Board made a decision to mine at Cannon, realising 68,200 ozs of gold over a three year period (Appendix 1). This is subject to obtaining finance and regulatory approvals. We believe the proposed development of the Cannon gold deposit provides a platform to generate an attractive revenue stream and forms the basis to extend the resource in the nearby area through further exploration drilling.

It is our expectation with further drilling at Cannon, and nearby priority targets, our resource base of 110,000oz could increase and add significantly to the current mine plan outlined in the PFS.

The base case scenario in the PFS was set using a A$1400/oz gold price. The forecasts outlined in the PFS show the ability to earn a free net cashflow of $8.02m. Our team is currently reviewing toll treatment costs, transport and infrastructure costs and we believe there is substantial upside on the final costs compared to those in the PFS.

On the flip side to Southern Gold's positive PFS result, there has been both volatility and decline in the price of gold and subsequently value of gold stocks.

In January 2013 the price of gold was at a high of US$1700 per ounce, and in June 2013 gold retreated to below US$1200 per ounce. The range in pricing from July to November 2013 has been between US$1200 and US$1430.

The downward trend in the gold price during the year has been a concern and we have worked to reduce our costs accordingly, with administration costs reduced from $809,000 in 2012 down to $527,000 in 2013 as shown on page 39 of our Annual Report

Further action in the last four months has been taken to preserve our cash position including:-

- Independent Directors fees are being paid 70% in cash and 30% by way of issuing shares in Southern Gold (subject to today's shareholders approval)

- The Managing Director has taken a 10% salary cut. In addition her salary is paid in 90% cash and 10% by way of issuing of Southern Gold shares (subject to today's shareholders approval).

- All employees have reduced to either a paid 4 day to 4.5 day per week
- Shares held in Northern Mining were sold on market to generate $600k cash
- Exploration continued focus on short term high return targets

As at 31st October 2013 the liquid assets total $1.3m for future operations.

While the low gold price environment looks to continue into 2014 we believe we have an asset at Cannon that is of quality ore that is readily saleable to nearby gold processing operators.

Our confidence in developing the Cannon asset coupled with the inferred resource at Pinner, approximately 100m southwest of the Cannon resource, resulted in your Board approving a Rights Issue. The funds raised will assist Southern Gold to bring together the final components of securing project finance, regulatory approval, initial site development and follow up drilling of near resource targets.

The rights issue is set to raise approximately $2m and opened on 6th November 2013. Shareholders may apply for (3) New Shares in the Company for every (8) ordinary shares held on the record date at 1.5 cents per share with a closing date of 3rd December 2013.

In closing, I would like to say your Board is confident of the path ahead and protection of shareholder value continues to be of utmost importance in our objectives.

Thanks to our Managing Director, Nanette Anderson and Southern Gold staff for their commitment during these challenging but exciting times.

On behalf of the Board

Greg Boulton AM
Chairman

SOUTHERNGOLD

Appendix 1

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
Cannon									
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
Total:	**719,100**	**4.0**	**93,200**	**93,000**	**2.4**	**7,200**	**812,200**	**3.9**	**100,400**
Pinner									
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
Total:	**-**	**-**	**-**	**172,000**	**2.1**	**11,500**	**172,000**	**2.1**	**11,500**
Total Resources:	**719,100**	**4.0**	**93,200**	**265,000**	**2.2**	**18,700**	**984,100**	**3.5**	**111,900**

Note (1): Rounding errors affect totals

Competent Person's Statements

Exploration Results

The information in this report that relates to Exploration Results has been compiled by Mr Ian Blucher (MAusIMM). Mr Blucher, who is a full time employees of Southern Gold Limited and a Member of the Australian Institute of Mining and Metallurgy, 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 2012 Edition of the Australasian Code for the Reporting of Mineral Resources and Ore Reserves. Mr Blucher consents to the inclusion in the report of the matters based on his information 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 under the supervision and guidance of Mr Trevor Stevenson. Mr Stevenson (FAusIMM CP) is a full time employee of RungePincockMinarco Limited and has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC, 2012). Mr Stevenson consents to the inclusion in this report of the matters based on the information in the form and context in which it appears