PROSPECTUS

Southern Gold Limited
ACN 107 424 519

For:

(1) The SPP Offer, whereby each Eligible Shareholder is invited to subscribe for up to $15,000 worth of fully paid ordinary shares (**New Shares**) at an issue price of $0.009 per New Share (being, up to 1,666,666 New Shares).

AND

(2) The Option Offer, whereby Eligible Shareholders that participate in the SPP Offer are offered (1) Free Option for every two (2) New Shares subscribed for.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The securities offered by this Prospectus should be considered as speculative.

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1. CHAIRMAN'S LETTER

Dear Shareholder,

Share Purchase Plan with free Attaching Options

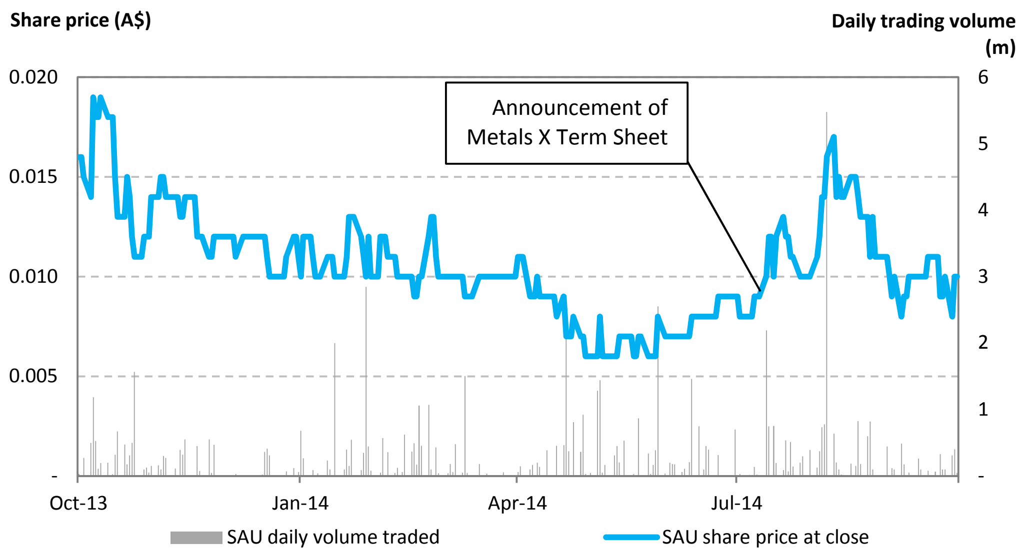
As a fellow Shareholder, it is my pleasure to invite you to participate in the SPP Offer and the Option Offer by Southern Gold Limited (the "Company") pursuant to this Prospectus.

The Company is set to begin an exciting new chapter in its growth as it teams up with experienced and prominent mining company, Metals X Limited ("Metals X"), to develop the Cannon Gold Project. The Company is expecting to formalise the non-binding Mine Finance and Profit Term Sheet ("Term Sheet") with Metals X by 7 November 2014 (refer 4 August 2014 ASX announcement for further details), which will see the Company transition from gold explorer to gold producer.

The arrangement under the Term Sheet will see Metals X manage all services required for mining, haulage and treatment ("Operating Activities") of ore from the Company's Cannon Gold Project in accordance with approved budgets and programs. Furthermore, Metals X has provided the Company with a $500,000 loan facility to fund pre-development and permitting costs.

The strategic decision to reduce exploration expenditure and concentrate on the development of the Cannon Gold Project was made to enable near term cash flow, expected in the second half of 2015. This cash flow will, in turn, assist the Company to further enhance shareholder value by building on the current resource base through the exploration of near resource and regional prospects within its 250km2 Bulong and Cowarna tenement packages (WA). This should reduce the Company's need to return to market for further equity funding. Board fees and salaries have been reduced, in line with the Company current strategy and the challenging market conditions facing the junior resources sector.

Prior to announcement of the Metals X Term Sheet, the Company's share price was trading at $0.009 (0.9c). It traded as high as $0.017 (1.7c) post the announcement, but has since traded back down to levels between $0.008 (0.8c) to $0.011 (1.1c) in the last month, in line with weakness across the junior resources sector.



The Company is seeking to raise up to approximately $1.04 million through the SPP Offer to progress the Company's existing core business. The Company's primary focus is on the development of the Cannon Gold Project. The secondary focus is on follow-up work on priority, near resource targets and exploration of the Bulong and Cowarna project areas. The Company will scale-back applications if total demand exceeds approximately A$1.04 million.

Under the SPP Offer, Eligible Shareholders have the opportunity to invest up to $15,000 in New Shares at an offer price of $0.009 (0.9c), free of brokerage and other transaction costs. The Offer price represents a 10% discount to the closing price on the day prior to announcement of the Offer (27 October 2014).

In addition, Eligible Shareholders will receive one Free Option for every two New Shares applied for.

The Company will apply to the ASX for Official Quotation of the free Attaching Options, allowing them to be traded during their term (if the conditions for quotation are met).

Full details of the SPP Offer and the Option Offer, and how to participate, are set out in this Prospectus. Please read this Prospectus carefully and, if you wish to apply, follow the instructions on the enclosed personalized Application Form. You should carefully consider the risks associated with an investment in the Company, as outlined in Section 8 of this Prospectus, and you may also wish to discuss this investment with your financial advisor.

With the Term Sheet in place, the $500,000 loan facility from Metals X conditionally secured and further funding to be obtained through the SPP Offer, the Company has a strong platform from which develop the Cannon Gold Project, paving the way for near-term production and cash flow. The Company also has significant potential for further exploration success at the wider Bulong and Cowarna project areas.

The Offers provide Eligible shareholders with an attractive opportunity to increase their investment in the Company at an attractive price. Accordingly, all of the Company's Directors intend to subscribe for New Shares in the SPP Offer.

Thank you for your continuing support as a shareholder of the Company. I look forward to updating you on the Company's first gold mining operation of the Cannon Gold Project in due course.

Yours sincerely,

Greg Boulton AM
Chairman

2. CORPORATE DIRECTORY

CORPORATE DIRECTORY

SOUTHERN GOLD LIMITED
ACN 107 424 519
ASX CODE: SAU

BOARD

Mr Greg Boulton AM (Non-exec. Chairman)
Ms Nanette Anderson (Managing Director)
Mr Michael Billing (Non-exec. Director)
Mr David Turvey (Non-exec. Director)

COMPANY SECRETARY

Mr Dan Hill

REGISTERED OFFICE

229 Greenhill Road
Dulwich SA 5065
Phone: +61 8 8368 8888
Fax: +61 8 8431 5619
Website: http://www.southerngold.com.au
Email: info@southerngold.com.au

SHARE REGISTRY

Security Transfer Registrars
770 Canning Highway
Applecross WA 6153
Phone: +61 8 9315 2333
Fax: +61 8 9315 2233

SOLICITORS FOR THE COMPANY

Watsons Lawyers
Ground Floor, 60 Hindmarsh Square
Adelaide SA 5000
Phone: + 61 8 8418 8580
Fax: + 61 8 8215 0337

AUDITORS[1]

Grant Thornton
Level 1, 67 Greenhill Road
Wayville SA 5034
Phone: +61 8 8372 6666
Fax: +61 8 8372 6677

[1] This entity is included for information purpose only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this prospectus.

3. IMPORTANT NOTICES AND INFORMATION

3.1 Prospectus

This Prospectus is dated 28 October 2014 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not contained in the Prospectus may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The New Shares which are the subject of this Prospectus should be considered speculative. Nothing in this Prospectus constitutes financial product advice and has been prepared without taking into account individual investment objectives, financial situations or needs. Before deciding whether to apply for Securities under this Prospectus, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.2 Forward looking statements

This Prospectus includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward looking statements. These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.

3.3 Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 8 of this Prospectus. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

3.4 Important information for New Zealand investors

These Offers to New Zealand investors are regulated offers made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings—Australia) Regulations 2008.

These Offers and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the Corporations Regulations 2001 (Australia) set out how the Offers must be made.

There are differences in how Securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian Securities may differ from the rights, remedies, and compensation arrangements for New Zealand Securities.

Both the Australian and New Zealand Securities regulators have enforcement responsibilities in relation to these Offers. If you need to make a complaint about these Offers, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian Securities is not the same as for New Zealand Securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offers may involve a currency exchange risk. The currency for the Securities is not New Zealand dollars. The value of the Securities will fluctuate according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the Securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the Securities are able to be traded on a Securities market, and you wish to trade the Securities through that market, you will have to make arrangements for a participant in that market to sell the Securities on your behalf. If the Securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the Securities and trading may differ from Securities markets that operate in New Zealand.

4. IMPORTANT DATES* & KEY OFFER INFORMATION

4.1 Timetable

Prospectus date	Tuesday, 28 October 2014
Record Date	8pm AEDT Monday, 27 October 2014
Lodge Prospectus with ASIC	Tuesday, 28 October 2014
Prospectus despatched to Eligible Shareholders	Friday, 31 October 2014
Opening Date	Thursday, 30 October 2014
Closing Date – (8.00pm AEDT)	Friday, 21 November 2014
Issue Date	Friday, 28 November 2014
Despatch of holding statements	Monday, 1 December 2014
Quotation of New Shares (and Free Options, if granted quotation)	Monday, 1 December 2014

*These dates may be varied by the Company at its discretion in accordance with the Corporations Act and the Listing Rules. Applicants are encouraged to submit their Application Forms as soon as possible after the Offer opens. As such, the date the New Shares are expected to commence trading on ASX may vary.

4.2 Key Statistics of the Offers

SPP Offer Price	$0.009 per New Share.
Maximum subscription amount per Shareholder	Up to $15,000 worth of New Shares or 1,666,666 New Shares. Please refer to Section 5 for more information.
Minimum subscription amount	$2,000 worth of New Shares or 222,222 New Shares. Subscriptions in excess of this amount must be in incremental parcels of at least $1,000 worth of New Shares (111,111 New Shares).
Free Options available under Option Offer	For every two (2) New Shares subscribed for under the SPP Offer, subscribers will also receive one (1) Free Option to subscribe for one (1) Share at an exercise price of $0.015 and exercisable by 30 November 2015.
Total number of Shares and Options that may be issued pursuant to the SPP Offer and Option Offer	Up to a maximum of 115,000,000 Shares and 57,500,000 Options.
Total Securities on issue following the Offers	Up to a maximum of 500,957,580 Shares and a maximum of 60,430,000 Options.
Use of funds	Funds raised from the SPP Offer will be used for general corporate and working capital purposes in order to progress the Cannon development and near resource exploration Further details are provided at Section 6.2
Key Risks	An investment in the Company should be considered speculative and there is no guarantee that New Shares will trade at or above $0.009. There is no guarantee that Free Options will be admitted to Official Quotation, or if they are, at what price they will trade. Further risks are provided at Section 8.

4.3 How to accept

Applications to subscribe for New Shares and attaching Free Options can only be made by completing and lodging the personalised Application Form included with this Prospectus. Instructions on how to apply are set out in Section 5 and on the back of the Application Form.

5. BACKGROUND AND OFFER INFORMATION

5.1 Background

The Company is offering Eligible Shareholders the opportunity to subscribe under a share purchase plan (SPP) for up to $15,000 worth of Shares at the price of $0.009 per Share, to raise up to approximately $1.04 million. This price equates to a 10% discount to the closing price on 27 October 2014 (being the day before the date of this Prospectus), and a 5% discount to the 5 day VWAP of the Company prior to 27 October 2014.

Eligible Shareholders should be aware that there is a risk that the market price of the Shares may change between the date of this Prospectus and the date when New Shares are issued under this Prospectus. This means that the price paid per New Share may be either higher or lower than the market price of Shares on the date the New Shares are issued and allotted.

The minimum application under the SPP is $2,000 and can be increased in further increments of $1,000, up to a maximum of $15,000. Fractional entitlements will be rounded down to the nearest whole number.

Eligible Shareholders who subscribe to the SPP (SPP subscribers), are also being offered one Free Option for every two (2) Shares subscribed for under the SPP Offer. Each Free Option issued shall have an exercise price of 1.5 cents and expiry date of 30 November 2015. Application has been made for the Free Options to be granted quotation, but the Free Options will only be admitted to official quotation by ASX if the conditions for quotation of a new class of securities are satisfied. The SPP Offer and the Option Offer is being made in this Prospectus. All of the Shares issued upon the future exercise of the Free Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Sections 7.1 and 7.2 for further information regarding the rights and liabilities attaching to the Shares and Options.

5.2 Purpose of the Offers

The purpose of the Offers is to offer Shareholders the opportunity to acquire additional fully paid ordinary shares in the Company up to a maximum value of $15,000 without the need to pay brokerage or commission costs, together with the free attaching Options. The SPP will also provide an opportunity for Eligible Shareholders with less than a marketable parcel of shares to top up their holdings.

Funds raised will be used for:-

a) the expansion of the Company's existing core business which is focused on:
   i. the development of the Cannon Gold Project,
   ii. follow up work of priority, near resource targets,
   iii. exploration of Bulong and Cowarna project areas;
b) the acquisition and development of new opportunities that may arise, in line with the Company's growth strategy; and
c) costs of the Offers and general working capital requirements.

See Section 6.2 for further details.

5.3 Overview

The Company is set to begin an exciting new chapter in its growth as it moves to team up with experienced mining company Metals X Limited to develop the Cannon Gold Project (30km east of Kalgoorlie, WA). On signing a Term Sheet, the two companies are now working on formalising the Term Sheet under a binding agreement expected to be completed by 7 November 2014 (see ASX announcement 4 August 2014).

As announced on the 4 August 2014, the arrangement will see Metals X Ltd manage all services required for mining, haulage and treatment (Operating Activities) of ore from the Company's Cannon Gold deposit in accordance with approved budgets and programs.

It is anticipated that the development of the Cannon Project will provide the Company with positive cash flow in the second half of 2015, which in turn will assist the Company to add to shareholder value by building on the current resource base through the exploration of near resource and regional prospects within its 250km2 Bulong and Cowarna tenement packages (WA).

Under the agreed terms, Metals X has provided the Company with a $500,000 loan facility to fund pre-development and permitting costs.

5.4 The Offers

Pursuant to this Prospectus, the Company invites each Eligible Shareholder to apply for up to $15,000 worth of New Shares in the Company at an issue price of $0.009 per Share (equating to up to 1,666,666 New Shares).

As part of the Option Offer, SPP subscribers will be rewarded with one (1) Free Option for every two (2) New Shares subscribed for and allotted under the SPP.

5.5 Minimum subscription parcel

The minimum subscription amount required to participate will be $2,000 (or 222,222 New Shares) and Eligible Shareholders will be otherwise able to subscribe for further New Shares in increments of $1,000 (or increments of 111,111 New Shares).

5.6 Oversubscriptions

Eligible Shareholders may not apply for more than $15,000 worth of New Shares (being more than the maximum parcel of 1,666,666 New Shares being offered by the Company).

The total number of New Shares to be issued under the SPP may not exceed 115,000,000. In the event applications are received from Eligible Shareholders for more than 115,000,000 New Shares in aggregate, all applications will be scaled back on a pro-rata basis.

5.7 Additional Offer details

All of the New Shares issued under the SPP will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 7.1 for further information regarding the rights and liabilities attaching to the Shares.

All of the Free Options will be issued on the terms and conditions set out in Section 7.2 of this Prospectus.

All of the Shares issued upon the future exercise of the Free Options offer under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 7.1 for further information regarding the rights and liabilities attaching to the Shares.

5.8 Class Order 09/425

ASIC Class Order 09/425 allows a company to undertake an SPP without the need for issuing a disclosure document, so long as the share purchase plan complies with certain conditions. However, as the Option Offer required a disclosure document, both the SPP Offer and Option Offer are being made under this Prospectus. .

The Company however intends to undertake the SPP Offer to the extent that it is practicable, in accordance with the terms and conditions for share purchase plans expressed in Class Order 09/425.

5.9 Shareholders eligible to participate

Only Eligible Shareholders may participate in the Offer. 'Eligible Shareholders' for the purpose of the Offer are Shareholders registered at 8pm (AEDT) on the Record Date (Monday, 27 October 2014) with an address in Australia or New Zealand in the Company's Share Register (**Eligible Shareholders**).

Participation in the SPP Offer and the Option Offer are both optional and is subject to the terms and conditions set out in this Prospectus.

5.10 Note for custodians, trustees and nominees

If you are an Eligible Shareholder and hold the Shares as a custodian (as defined in ASIC Class Order CO 09/425 (Custodian) (see below), you may apply for up to the maximum of New Shares and Free Options for each beneficiary for whom you act as custodian, provided you annex to your Application Form a certificate to the Company that complies with the requirements of ASIC Class Order CO 09/425 (Custodian Certificate). By providing this Custodian Certificate an Eligible Shareholder warrants to the Company that it is a Custodian.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you **cannot** participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate and if you would like further information on how to apply, you should contact the Company's Share Registry at any time from 10.00am to 8.00pm (AEDT) Monday to Friday during the Offer Period.

The Company reserves the right to reject any application for New Shares and Free Options under this Prospectus to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

5.11 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Southern Gold Limited SPP A/C" and crossed "Not Negotiable". Do not forward cash as receipts will not be issued.

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Your completed Application Form and cheque must reach the Company's share registry via the address below no later than 8:00pm AEDT on the Closing Date.

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953

Application monies will not be accepted at the Company's registered office or at any other office of the Share Registry.

By making an application and subscribing for Securities you agree to be bound by the terms and conditions of this Prospectus and the Company's Constitution.

5.12 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Application Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Shareholders wishing to pay by BPay® must use the specific biller code and customer reference numbers detailed on their personalised Application Form. Once an application under the Plan has been made or your BPay® payment made, it cannot be revoked. Please note that should you choose to pay by BPAY®:

(a) you do not need to submit the Application Form but are taken to have made the declarations on that Application Form; and

(b) if you do not pay for your Application in full, you are deemed to have applied for such whole number of New Shares and attaching Free Options which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 8:00pm (AEDT) on the Closing Date. You should be aware that your financial institution may implement either cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

Any Application Monies received for more than your final allocation of New Shares (only where the amount is $2.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded. Any refund amount will be paid via cheque sent by ordinary post to the address noted on the share register.

By making payment and subscribing for Securities you agree to be bound by the terms and conditions of this Prospectus and the Company's Constitution.

5.13 Underwriting

The Offers are not underwritten.

5.14 ASX listing

An application for the Official Quotation of the New Shares offered pursuant to this Prospectus has been made to ASX in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the New Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by ASIC), the Company will not issue any New Shares and will repay all Application Monies for the New Shares within the time prescribed under the Corporations Act, without interest.

An application has also been made for the Official Quotation of the Free Options. The Free Options will only be admitted to official quotation for ASX if the conditions for the quotation of a new class of securities are satisfied. If ASX does not grant Official Quotation of the Options offered pursuant to this Prospectus, the Company will issue Securities under this Prospectus, but the Free Options will be unlisted.

The fact that ASX may grant Official Quotation to the New Shares or Free Options is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

5.15 Allotment

It is anticipated that New Shares and Free Options issued pursuant to the Offers will be allotted in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

The allotment and issue of the Securities, or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account, as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offers will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus. Shareholders wishing to confirm any allotment of securities in advance of receiving their holding statement may log onto www.securitytransfer.com.au - Investor Login, and complete the information on the screen using your holder information login.

5.16 Overseas shareholders

This SPP Offer and the Option Offer do not, and are not intended to, constitute offers in any jurisdiction outside of Australia and New Zealand, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offers are not being extended and New Shares and Free Options will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The distribution of this Prospectus in jurisdictions outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should inform themselves about, and observe any such restrictions. Failure to comply with these restrictions may constitute a violation of those laws.
Shareholders resident in Australia or New Zealand, holding Shares on behalf of persons who are resident overseas, are responsible for ensuring that applying for Securities under the Offers do not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

5.17 Enquiries

Any questions concerning the Offers should be directed to Security Transfer Registrars on +61 8 9315 2333 between 10.00am to 8.00pm (AEDT) during the Offer Period.

6. PURPOSE AND EFFECT OF THE OFFERS

6.1 Purpose of the Offers

The purpose of the SPP Offer is to offer Eligible Shareholders the opportunity to acquire additional fully paid ordinary shares in the Company up to a maximum value of $15,000 without the need to pay brokerage or commission costs. The Option Offer allows SPP subscribers to participate in the Option Offer for the attaching Free Options, on the basis of one Free Option for every two New Shares subscribed for under the SPP Offer. The SPP Offer will also provide an opportunity for Eligible Shareholders with less than a marketable parcel of shares to top up their holdings.

6.2 Use of Funds

As at the date of this Prospectus, the Company has available cash at bank of $0.5 million.

The maximum amount to be raised through the SPP Offer is $1.04 million in total. The funds raised from the SPP Offer are planned to be applied in accordance with the table set out below:-

Item	Proceeds of the SPP Offer	Full Subscription ($)
1.	Development activities – Cannon	$500,000
2.	Tenement Expenditure Commitment (inclusive of rents and rates)	$250,000
3.	Administration	$160,000
4.	Expenses of the Offers	$50,000
5.	Contingent working capital:- i) follow up work programmes ii) corporate activities	$80,000

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events including results from the Company's development activities and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

If the Company successfully raises the maximum $1.04 million under the SPP Offer, it is expected that this will be sufficient for the first phase development of the Cannon Gold Project, which is expected to become cash flow positive in the second half of the 2015 calendar year. As such, it is not currently anticipated that the Company will need to return to the market to raise funds in the next 12 months.

If the SPP Offer raises less than the maximum $1.04 million, the Company may look to supplement the SPP funds raised, with alternative sources of funding.

Funds raised from the exercise of the Free Options will be applied to the Company's working capital requirements at the time the Free Options are exercised.

6.3 Effect of the Offers

Assuming that:

1. no Options are exercised, resulting in additional Shares being issued and registered following the Record Date; and
2. the Company issues 115,000,000 New Shares under the SPP Offer,

(together, the **Assumptions**),

The Offers will then have the combined effect to:

- **a)** increase cash reserves by up to $990,000 in total, after deducting estimated expenses of the Offer; and
- **b)** increase the number of Shares on issue from 385,957,580 up to a total of 500,957,580 Shares; and
- **c)** increase the number of Options on issue from 2,930,000 to 60,430,000.

Upon completion of the SPP Offer (and on the basis of the Assumptions), the issued Share capital of the Company will comprise:

Shares	Number
Shares at the date of this Prospectus	385,957,580
Maximum Number of Shares offered pursuant to this Prospectus	115,000,000
TOTAL (upon completion of the SPP Offer)	**500,957,580**

If the SPP Offer and the Option Offer are fully subscribed and all the Free Options are subsequently exercised, the number of Shares on issue will increase to 558,457,580.

6.4 Effect for Shareholders

The Offers are not estimated to have any meaningful effect on the control of the Company.

The interests of Non- Eligible Foreign Shareholders and existing Shareholders who do not participate in the Offer, will likely be diluted, depending on the take up under the Offers. The interests of existing Shareholders who apply for amounts lower than $15,000 worth of New Shares will possibly also be diluted, but to a lesser extent. If the Free Options are exercised, this will also have a dilutionary effect on shareholders that did not participate in the Offers (or, having participated, did not exercise their Free Options).

6.5 Pro-forma consolidated statement of financial position

The audited consolidated statement of financial position as at 30 June 2014 and the unaudited pro-forma consolidated statement of financial position as at 30 June 2014 (shown in the table on the following page) have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma consolidated statement of financial position has been prepared based on the audited consolidated statement of financial position as at 30 June 2014, and adjusted assuming all Securities offered are applied for and no Options are exercised prior to the Record Date, and including expenses of the Offers.

The pro-forma consolidated statement of financial position has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company, as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Pro-forma Consolidated Statement of Financial Position

	AUDITED 30 June 2014	PROFORMA 30 June 2014	Notes
	$'000	$'000	
CURRENT ASSETS			
Cash and cash equivalents	475	1,465	(1)
Trade and other receivables	17	17	
Other assets	22	22	
TOTAL CURRENT ASSETS	**514**	**1,504**	
NON-CURRENT ASSETS			
Other assets	74	74	
Exploration and Evaluation expenditure	17,100	17,100	
Plant and equipment	60	60	
TOTAL NON-CURRENT ASSETS	**17,234**	**17,234**	
TOTAL ASSETS	**17,748**	**18,738**	
CURRENT LIABILITIES			
Trade and other payables	435	435	
Provision for employee benefits	65	65	
TOTAL CURRENT LIABILITIES	**500**	**500**	
NON-CURRENT LIABILITIES			
Provision for employee benefits	21	21	
Loan from Mekong Minerals	1,255	1,255	
TOTAL NON-CURRENT LIABILITIES	**1,276**	**1,276**	
TOTAL LIABILITIES	**1,776**	**1,776**	
NET ASSETS	**15,972**	**16,962**	
Issued capital	34,078	35,068	(1)
Reserves	1,772	1,772	
Retained losses	(19,878)	(19,878)	
TOTAL EQUITY	**15,972**	**16,962**	

Notes:

(1) Assumes maximum capital raising of $1.04 million offset by associated capital raising costs of $50,000.

6.6 Effect on capital structure

The maximum effect of the Offers on the capital structure of the Company, assuming all Securities offered are applied for and no Options are exercised prior to the Record Date, is set out below.

Shares	**Number**
Shares at the date of this Prospectus	385,957,580
Maximum Number of Shares offered pursuant to this Prospectus	115,000,000
TOTAL (upon completion of SPP Offer)	**500,957,580**

Options			**Number**
Options currently on issue:			
	Expiry Date	Exercise Price	
	1/12/2014	0.105	1,000,000
	15/10/2017	0.060	1,930,000
			2,930,000
Total Options on issue at completion of the Offers			57,500,000
Total Options on issue after completion of the Capital Raising			**60,430,000**

If the SPP Offer and the Option Offer are fully subscribed and all the Free Options are subsequently exercised, the number of Shares on issue will increase to 558,457,580 (assuming no other shares are issued).

6.7 Details of substantial holders

Based on publicly available information as at 27 October 2014, those persons which have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	**Shares**	**%**
Integra Mining Limited	43,227,337	11.21
Gary Branch	27,130,553	7.03

6.8 Escrowed Securities

The Company does not have any escrowed securities.

7. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

7.1 Rights attaching to Shares

All New Shares issued under the Offers (including the Shares on exercise of the Free Options) will be fully paid ordinary shares and will rank equally from the date of their issue in all respects with all existing Shares.

The following is a summary of the more significant rights and liabilities attaching to the New Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares (including the New Shares) are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with the Corporations Act and the Company's Constitution.

b) Voting

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote for each partly paid share. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). Amounts paid in advance of a call are ignored when calculating the proportion.

c) Dividends

Dividends are payable out of the Company's profits and are declared or determined to be payable by the Directors. Subject to the rights of persons (if any) entitled to shares with special rights to dividends, dividends declared will be payable on the Shares in proportion to the amount for the time being paid or credited as paid in respect of each Share.

The Directors may carry forward so much of the profits remaining as they consider ought not to be distributed as dividends by transferring those profits to a reserve.

d) Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

Generally (subject to formal requirements and to the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia including the transfer not being in breach of the Corporations Act or the ASX Listing Rules), the Shares are freely transferable.

e) Meetings and notice

Each Shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the constitution of the Company, the Corporations Act or the Listing Rules.

f) Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as the liquidator considers fair on any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

The liquidator may, with the sanction of a special resolution of the Company, vest the whole or any part of any such property in trustees on such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

g) Shareholder liability

As all of the New Shares to be issued under the SPP Offer and those issued upon the exercise of the Free Options will be fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

h) Future increase in capital

Subject to restrictions on the issue or grant of securities contained in the Corporations Act, Listing Rules and the Company's constitution, the Directors may issue, allot or dispose of Shares on terms determined by the Directors, at the issue price that the Directors determine and to Shareholders whether in proportion to their existing Shareholdings or otherwise, and to such other persons as the Directors may determine.

i) Variation of rights

Subject to the relevant restrictions in the Corporations Act and Listing Rules, if at any time the share capital is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, be varied or abrogated in any way with the consent in writing of the holders of three-quarters of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

j) Alteration of Constitution

The Constitution of the Company can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days written notice of the special resolution must be given.

k) ASX quotation of New Shares

Application for Official Quotation of the New Shares has been made in accordance with the Listing Rules. The fact that ASX may agree to grant Official Quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or its Securities.

7.2 Options

The background to the terms of the Option Offer for the Free Options is set out above in Section 5.

The Free Options to be issued pursuant to this Prospectus entitle the holder to subscribe for Shares on the following terms and conditions:

a) Each Free Option will be exercisable at $0.015 each;

b) Each Free Option will have an expiry date of 30 November 2015 (see Section 5);

c) Each Free Option will be listed, subject to the ASX granting Official Quotation. If the ASX does not grant Official Quotation the Options will be unlisted;

d) Each Free Option will be exercisable over one fully paid ordinary share in the Company;

e) Shares issued upon exercise of any Free Options will rank equally with all existing Shares on issue for which quotation on the ASX will be sought;

f) there are no participating rights or entitlements inherent in the Free Options and holders will not be entitled to participate in any new issue to Shareholders of the Company during the currency of the Free Options (i.e. without exercising the Free Options);

g) if there is any reorganisation of the capital of the Company including, without limitation, a consolidation or subdivision of any of the issued capital of the Company, or a pro rata bonus issue of Shares, the Free Options must be reorganised in the way required under the Listing Rules; and

h) the rights of the holder may be changed to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

8. RISK FACTORS

8.1 Introduction

The Securities offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price or value of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.2 Company Specific

a) Specific risks regarding the Company's Projects or interests

There is a risk that the Company will not reach agreement with Metals X Limited on formalization of the Terms Sheet described in the Chairman's Letter and Section 5.3.

The formal agreement with Metals X is expected to be finalised by 7 November 2014, or which may be extended if agreed by both parties in writing. If agreement is not reached, the $500,000 loan from Metals X will become due and payable immediately. This could adversely impact on the Company's cash position and ability to develop the Cannon Gold Project. The Company will keep the market informed in relation to this matter.

b) Changes in commodity prices and fluctuations in exchange rates

As an exploration Company, the economic value of the Company's exploration assets are directly related to the price of gold. Also, with the anticipated development of the Cannon Gold Project providing the Company with positive cash flow in the second half of 2015, the Company's future revenues and cash flows will be derived from the mining and sale of gold.

Commodity prices can fluctuate widely and are affected by numerous factors beyond the Company's control, including world GDP growth, international economic conditions, economic and political conditions of commodity producing countries where there is strong demand for commodities, expectations of inflation, currency exchange rates and interest rates.

If there is a sustained decrease in the price of gold, the Company's cash flow from mining operations and the value of its assets, are likely to be materially adversely effected.

Furthermore, international prices of gold is denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar, as determined in international markets.

c) Mineral Resources

The Company's mineral resources and ore reserves estimates are based on a number of assumptions in accordance with the JORC Code. There can be no assurance that the Company's mineral resources and ore reserves will be recovered in the quantities, qualities or yields presented to the market.

Mineral resources and ore reserves estimates are inherently prone to variability. They involve expressions of judgment with regard to the presence and quality of mineralisation and the ability to extract and process the mineralisation economically. These judgments are based on a variety of factors, such as knowledge, experience and industry practice. The accuracy of these estimates may be affected by many factors, including the quality of the results of drilling and sampling of the mineral deposits and analysis of the mineral samples and the procedures adopted and experience of the person(s) making the estimates.

There are risks associated with such estimates, including that the mineral mined may be of a different or inferior quality, volume, overburden strip ratio or stripping cost from the mineral resource estimates. Such estimates may also be revised following actual production, further exploration or analysis.

If the Company encounters mineralisation or geological or mining conditions different from those predicted by historical drilling, sampling and similar examinations, it may have to adjust its mining plans in a way that may materially and adversely affect its business, prospects, financial condition and results of operations and reduce the estimated amount of gold mineral resources and ore reserves available for production and expansion plans.

d) Environmental Factors

The exploration activities and proposed development of the Cannon Gold Project are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires, may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean- up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous, making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

8.3 General Risks

a) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, proposed development and production activities, as well as on its ability to fund those activities.

b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Eligible Shareholders should be aware that there is a risk that the market price of the Shares may change between the date of this Prospectus and the date when New Shares are issued. This means that the price paid per New Share may be either higher or lower than the market price of Shares on the date the New Shares are issued and allotted under the SPP Offer.

Further, no guarantee can be given that the Share price will be greater than the exercise price of the Free Options during the period up to expiry of the Free Options on 30 November 2015. Accordingly, there is a risk that the Free Options will be out of the money during the exercise period, which would affect the value of the Free Options.

If the Free Options do not meet ASX's quotation conditions, they will not be admitted to official quotation on the ASX. If this occurs the Free Options will still be issued, but they will be unlisted and will not be able to be traded on the ASX.

c) Dilution

Shareholders who do not participate in the Offers will likely be diluted. The interests of Shareholders who apply for amounts lower than $15,000 worth of New Shares will possibly also be diluted, but to a lesser extent. Shareholders may also be diluted by the exercise of the Free Options.

d) Force Majeure

The Company's projects now, or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

e) Litigation Risks

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute, if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

f) Government policy changes

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in which the Company's projects are located may change, resulting in impairment of rights and possibly expropriation of the Company's mining interests without adequate compensation.

g) Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its future operations, the Company may require further financing in addition to amounts raised under the Offers. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes, as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

h) Insurance risks

The Company insures its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

i) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

j) Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

k) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment, or fail to meet their requirements.

8.4 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

9. ADDITIONAL INFORMATION

9.1 Transaction Specific Prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities, and options to acquire continuously quoted securities, with modified disclosure requirements, if they satisfy certain requirements.

The information in this Prospectus principally concerns the terms and conditions of the Offers and the information reasonably necessary to make an informed assessment of:

a) the effect of the Offers on the Company; and

b) the rights and liabilities attaching to the New Shares and the Free Options to be issued under the Offers.

This Prospectus is intended to be read in conjunction with the publicly available information, in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company.

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete and compliant with the requirements of the Corporations Act, Listing Rules and ASIC policy.

The Company confirms that there is no information that has been excluded from a continuous disclosure notice, in accordance with the Listing Rules, that is not otherwise disclosed in this Prospectus.

9.2 ASX continuous disclosure notices

The Company, as a disclosing entity under the Corporations Act, states that:

a) copies of documents lodged by the Company with ASIC may be obtained from or inspected at an ASIC office and are also available for inspection at the registered office of the Company during normal business hours;

b) the Company will provide a copy of the following documents, free of charge, to any person who requests such a document:

- the annual financial report of the Company relating to the financial year ended 30 June 2013, being the annual financial report most recently lodged with ASIC;
- the half-year financial report of the Company relating to the half year ended 31 December 2013, being the most recently lodged half-yearly financial report before the date of this Prospectus;
- the annual financial report of the Company relating to the financial year ended 30 June 2014, expected to be lodged with ASIC and ASX on or before 31 October 2014; and
- Company continuous disclosure notices given by the Company to ASX, in accordance with the ASX Listing Rules per section 674(1) of the Corporations Act, after the lodgement of the financial report of the Company for the year ended 30 June 2013 and before the date of this Prospectus.

The Company has lodged the following announcements with ASX since the lodgement of the Company's 2013 annual financial report on 22 October 2013:

30/09/2014	Full Year Statutory Accounts
10/09/2014	SAU Investor Presentation
1/09/2014	SAU: Silver Lake Resources Waives Pre Emptive Right
22/08/2014	SAU extends Pre Emptive Right period
4/08/2014	MLX:Metals X to Mine the Cannon Resource with Southern Gold
4/08/2014	SAU:Cannon Gold Project - Finance and Development Term Sheet
1/08/2014	2014 June Quarterly Report
20/06/2014	Change of Share Registry
26/05/2014	SAU Presentation, Resources Investment Symposium Broken Hill
20/05/2014	Change of Director's Interest Notice - M Billing
30/04/2014	Quarterly Cashflow Report
30/04/2014	Quarterly Activities Report
14/03/2014	Half Year Accounts
21/02/2014	Clarification Statement
18/02/2014	Appendix 3B
13/02/2014	Improved Financial Outcomes for Cannon Gold Project, WA
31/01/2014	Quarterly Cashflow Report - DEC 2013
31/01/2014	Quarterly Activities Report - DEC 2013
23/12/2013	Change of Director's Interest Notice - D Turvey
23/12/2013	Change of Director's Interest Notice - M Billing
23/12/2013	Change of Director's Interest Notice - N Anderson
23/12/2013	Change of Director's Interest Notice - G Boulton
23/12/2013	Appendix 3B
11/12/2013	Change of Director's Interest Notice - D Turvey
11/12/2013	Change of Director's Interest Notice - M Billing
11/12/2013	Change of Director's Interest Notice - N Anderson
11/12/2013	Change of Director's Interest Notice - G Boulton
11/12/2013	Change in substantial holding
11/12/2013	Appendix 3B
10/12/2013	Change of Director's Interest Notice - D Turvey
6/12/2013	SAU Rights Issue Result and Shortfall Notice
4/12/2013	Letter to Option Holders - Option Exercise Price
3/12/2013	Cannon Gold Deposit - Permitting and Development Update
29/11/2013	Amendment to Announcement made on 21 November 2013
21/11/2013	Results of Meeting
21/11/2013	Managing Director Presentation
21/11/2013	Chairman's Address to Shareholders
7/11/2013	Letters to Shareholders - Non-Renounceable Issue
6/11/2013	Letter to Option Holders - Non-Renounceable Issue
6/11/2013	Non-Renounceable Issue Offer Memorandum
6/11/2013	Appendix 3B
6/11/2013	Cleansing Notice
6/11/2013	Non-Renounceable Issue
31/10/2013	Quarterly Activities and Cashflow Report
24/10/2013	Presentation Mining 2013 Resources Convention

These documents may be viewed at ASX's website at www.asx.com.au by searching announcements for the Company using the code "SAU".

9.3 Share prices

The highest and lowest prices of Shares in the Company on the ASX during the six month period before the date of this Prospectus are set out below:

	Price	Date
Lowest	$0.006	20 May 2014
Highest	$0.017	31 August 2014

The last closing price (as published on ASX) of Shares as at 27 October 2014 was $0.01.

9.4 Past performance

Past Share price performance provides no guidance as to future Share price performance.

9.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

a) the formation or promotion of the Company;

b) any property acquired or proposed to be acquired by the Company in connection with:

- **i)** its formation or promotion; or
- **ii)** the Offers; or

c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

d) as an inducement to become, or to qualify as, a Director; or

e) for services provided in connection with:

- **i)** the formation or promotion of the Company; or
- **ii)** the Offers.

Security holdings

The relevant interest of each of the Directors (and their associated entities) in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Relevant interest in Shares	Options currently held
Greg Boulton	3,569,184	Nil
Nanette Anderson	9,070,459	1,000,000
Michael Billing	4,411,722	Nil
David Turvey	2,358,826	Nil

The Board advises that all Directors intend to participate in the SPP Offer and, subject to receipt of Shareholder approval at the AGM on 27 November 2014, the Option Offer.

At the AGM, Shareholder approval will also be sought to issue 4,000,000 Options to Nanette Anderson, and 2,000,000 Options to each of Greg Boulton, Michael Billing and David Turvey. If Shareholder approval is obtained, each of those Options will be exercisable at a price equal to 150% of the Company's VWAP for the 5 days immediately preceding (but not including) the issue date and in any case, not less than 2.5 cents, and will expire 5 years after the date of the grant of the Options (and otherwise on the terms and conditions set out in the Notice of Meeting for the AGM).

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed $300,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine, where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	2013 Financial Year	2014 Financial Year	Current
Greg Boulton	$80,000	$60,000	$40,000
Nanette Anderson	$ 324,331	$ 272,602	$ 208,311
Michael Billing	$40,000	$30,000	$20,000
David Turvey	$40,000	$30,000	$20,000

9.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;

b) promoter of the Company; or

c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

a) the formation or promotion of the Company;

b) any property acquired or proposed to be acquired by the Company in connection with:

- **i)** its formation or promotion; or
- **ii)** the Offers; or

c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

a) the formation or promotion of the Company; or

b) the Offers.

Watsons Lawyers has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Watsons Lawyers $10,000 (excluding GST and disbursements) for these services. Further amounts may be paid to Watsons Lawyers in accordance with their usual time based fees. Watsons Lawyers has been paid time based fees for other legal services provided to the Company over the past 2 years.

9.7 Broker handling fees

No handling fees are payable in connection with the Offers.

9.8 Consents

Each of the parties referred to in this section:

a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;

b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Watsons Lawyers has given its written consent to being named as the solicitors to the Company in this Prospectus. Watsons Lawyers has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Security Transfer Registrars Pty Ltd has given its written consent to being named as the Share Registry in this Prospectus. Security Transfer Registrars Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

9.9 Expenses of the Offers

In the event that all Securities offered are applied for, the total expenses of the Offers are estimated to be approximately $50,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	$
ASIC fees	3,000
ASX fees (if $1.04M equity issued)	10,000
Legal fees	10,000
Printing and distribution	12,000
Miscellaneous	15,000
Total	**50,000**

9.10 Electronic prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 8368 8888 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company’s website at www.southerngold.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9.11 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

9.12 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares and Free Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security

Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Shareholders may verify their holding balance by logging onto www.securitytransfer.com.au - Investor Login, and complete the information on the screen using your holder information login.

9.13 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

10. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Nanette Anderson
Managing Director

For and on behalf of
Southern Gold Limited

11. GLOSSARY

$ means the lawful currency of the Commonwealth of Australia.

AEDT means Australian Eastern Daylight Time.

Applicant means a Shareholder who applies for Securities pursuant to the Offers.

Application Form means the application form either attached to or accompanying this Prospectus.

Application Monies means monies paid/ to be paid by Eligible Shareholders in respect of New Shares applied for.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Chairman means the chairman of the board.

CHESS means ASX Clearing House Electronic Sub registry System.

Closing Date means the date on which the Offers closes, being Friday, 21 November 2014 (unless extended or closed earlier).

Company or SAU means Southern Gold Limited (ACN 107 424 519).

Constitution means the constitution of the Company as at the date of this Prospectus. Corporations Act means the Corporations Act 2001 (Cth).

Custodian has the meaning given to that term in section 5.10 of this Prospectus.

Custodian Certificate has the meaning given to that term in section 5.10 of this Prospectus.

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder registered on the Record Date with an address in Australia or New Zealand in the Company's Share Register.

Free Option means a free-attaching option to be issued to Eligible Shareholders under the Option Offer, on the basis of one Free Option for every two (2) New Shares subscribed for under the SPP Offer, issued on the terms and conditions set out in Section 5 and 7.2.

Listing Rules means the listing rules of the ASX.

Minimum Subscription means a subscription amount of at least $2,000 worth of New Shares or 222,222 New Shares.

New Shares means a Share offered and issued pursuant to the SPP Offer under this Prospectus, the terms and conditions of which are set out at Section 5 and 7.1.

Non-Eligible Foreign Shareholders means a Shareholder with an address in the Company register of Shareholders outside of Australia and New Zealand, unless the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Offer Price means $0.009 per New Share.

Offers mean the SPP Offer and the Option Offer.

Official Quotation means official quotation on ASX.

Opening Date means the date on which the Offers open, being Thursday, 30 October 2014.

Option means an option to acquire a Share.

Option Offer means the offer of one (1) Free Option for every two (2) New Shares subscribed for under the SPP Offer.

Participating Beneficiary has the meaning given to that term in section 5.10 of this Prospectus.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out in Section 4 of this Prospectus.

Registry means the Company's share registry, Security Transfer Registrars Pty Ltd.

Section means a section of this Prospectus.

Securities means the New Shares and/or Free Options offered pursuant to this Prospectus under the Offers.

Share means a fully paid ordinary share in the capital of the Company.

Share Register means the register of Shareholders maintained by the Registry.

Shareholder means a holder of a Share.

SPP Offer means the invitation to each Eligible Shareholder to subscribe for up to $15,000 worth of fully paid ordinary shares (**New Shares**) at an issue price of $0.009 per New Share (being, up to 1,666,666 New Shares) under this Prospectus.

SPP subscribers means Shareholders that subscribe for and are allocated New Shares under the SPP Offer.

VWAP means the volume weighted average price for Shares traded on ASX

APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

SOUTHERN GOLD LIMITED

ABN : 30 107 424 519

REGISTERED OFFICE:
GROUND FLOOR UNIT 1
229 GREENHILL ROAD
DULWICH SA 5065
AUSTRALIA

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code: SAU

Holder Number:

Record Date: 27 OCTOBER 2014

NON-RENOUNCEABLE SPP AND OPTION OFFER CLOSING AT 8.00PM (AEDT) ON 21 NOVEMBER 2014

ISSUE PRICE OF $0.009 CENT PER SHARE WITH ONE (1) FREE ATTACHING OPTION
(EXPIRING 30 NOVEMBER 2015 @ $0.015) FOR EVERY TWO (2) SHARES GRANTED UNDER THE SPP.

(1) I/We, the above mentioned, wish to apply for the number of Fully Paid Ordinary Shares which will be issued in accordance with the Share Purchase Plan (SPP) and the Constitution of the Company as stated below: ***(please mark "X" to indicate one choice only)***

	TOTAL SUBSCRIPTION AMOUNT @ $0.009 PER SHARE	NUMBER OF SHARES		TOTAL SUBSCRIPTION AMOUNT @ $0.009 PER SHARE	NUMBER OF SHARES
☐ A	$15,000.00	1,666,666	☐ H	$8,000.00	888,888
☐ B	$14,000.00	1,555,555	☐ I	$7,000.00	777,777
☐ C	$13,000.00	1,444,444	☐ J	$6,000.00	666,666
☐ D	$12,000.00	1,333,333	☐ K	$5,000.00	555,555
☐ E	$11,000.00	1,222,222	☐ L	$4,000.00	444,444
☐ F	$10,000.00	1,111,111	☐ M	$3,000.00	333,333
☐ G	$9,000.00	999,999	☐ N	$2,000.00	222,222

(2) I/We have enclosed/made payment for the amount shown above (following the payment instructions as detailed overleaf).
(3) I/We hereby authorise you to place my/our name(s) on the register of members in respect of the Securities allotted to me/us.
(4) I/We agree to be bound by the Constitution of the Company and the terms of the Prospectus dated 28 October 2014.
(5) I/We hereby agree to accept any lesser number of New Shares and Free Options applied for.
(6) I/We hereby certify that the amount of Shares subscribed for by me/us pursuant to the SPP (being a maximum of $15,000 worth of Shares) does not exceed $15,000 taking into account the Shares the subject of this application and any other Shares applied for by me/us under the SPP or any other similar arrangement within the 12 months prior to this application including other beneficial interests. **Limit on Participation and Custodian Certification - see overleaf for details.**
(7) My/Our contact details in case of enquiries are:

NAME

TELEPHONE NUMBER

( )

EMAIL ADDRESS

BPAY PAYMENT OR THE RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE OFFER.

PAYMENT INFORMATION - Please also refer to payment instructions overleaf.

Biller Code: 159483

Ref:

BPAY® this payment via internet or phone banking. Your **BPAY®** reference number is unique to this offer and is not to be used for any

CHEQUE/MONEY ORDER

All cheques (expressed in Australian currency) are to be made payable to **SOUTHERN GOLD LIMITED SPP ACCOUNT**and crossed "Not Negotiable".

1381234585

E & O.E.

0980234589

PAYMENT INSTRUCTIONS

Biller Code: 159483

BPAY® this payment via internet or phone banking.
Your reference number is quoted on the front of this form.

Multiple acceptances must be paid separately.

Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the closing date of the offer. BPAY applications will only be regarded as accepted if payment is received by the registry from your financial institution on or prior to the closing date. It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

You do not need to return this form if you have made payment via BPAY.

Your BPAY reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such Securities for which you have paid.

CHEQUE/MONEY ORDER

All cheques should be drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable".

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Do not forward cash as receipts will not be issued.

When completed, this form together with the appropriate payment should be forwarded to the share registry:

Security Transfer Registrars Pty Ltd
PO Box 535, APPLECROSS WA 6953.

Applications must be received by Security Transfer Registrars Pty Ltd no later than 8.00pm AEDT on the closing date.

CERTIFICATION

By making payment for the application monies, I/we hereby:

1. Acknowledge that I/we have read and understood the Terms of the Offers;
2. Agree to be bound by the Terms of the Constitution of the Company and the Prospectus;
3. Agree to accept any lesser number of new Securities than the number of Securities applied for; and
4. (If not a Custodian as defined in ASIC Class Order 09/425) Certify that the amount of Securities subscribed for by me/us pursuant to the SPP does not exceed the maximum amount taking into account the Securities the subject of this application and any other Securities applied for by me/us under the SPP or any other similar arrangement within the 12 months prior to this application including joint and other beneficial interests.

LIMITATION ON PARTICIPATION

The minimum subscription limitation is $5,000.
The maximum subscription limitation of $15,000 will apply even if an eligible Holder has received more than one form (whether in respect of a joint holding or because the eligible Holder has more than one holding under separate Security accounts).

CUSTODIAN CERTIFICATION

If you are a Custodian (as defined in ASIC Class Order 09/425), you must submit a custodian certificate to Southern Gold Limited. If you did not receive a custodian certificate, contact Security Transfer Registrars Pty Limited. If you need further information to determine whether you are a Custodian, refer to the terms and conditions of the Plan which accompany this Share Purchase Plan Application Form or contact Security Transfer Registrars Pty Limited.

ENQUIRIES

All enquiries should be directed to the Company's share registry:

Security Transfer Registrars Pty Ltd

PO Box 535, Applecross WA 6953 AUSTRALIA

770 Canning Highway, Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT
Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them at the address on this form.