

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98

Name of entity

SOUTHERN GOLD LIMITED

ACN or ARBN

ACN 107 424 519

Quarter ended ("current quarter")

31 DECEMBER 2009

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to Date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	0	0
1.2 Payments for		
(a) exploration and evaluation	(595)	(1,203)
(b) development	0	0
(c) production	0	0
(d) administration	(598)	(1,241)
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	14	22
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid	0	0
1.7 Other (Including project management fees)	(111)	(284)
<b>Net Operating Cash Flows</b>	<b>(1,290)</b>	<b>(2,706)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	0	0
(b)equity investments	0	0
(c) other fixed assets	(44)	(46)
1.9 Proceeds from sale of:		
(a)prospects	0	0
(b)equity investments	2,475	2,475
(c)other fixed assets	0	0
1.10 Loans to other entities	0	0
1.11 Loans repaid by other entities	0	0
1.12 Other (provide details if material)	0	0
<b>Net investing cash flows</b>	<b>2,431</b>	<b>2,429</b>
1.13 Total operating and investing cash flows (carried forward)	1,141	(277)

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	1,141	(277)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	5,000	5,049
1.15	Proceeds from sale of forfeited shares	0	0
1.16	Proceeds from borrowings	0	0
1.17	Repayment of borrowings	0	0
1.18	Dividends paid	0	0
1.19	Other - prospectus issue costs (placement)	(176)	(272)
<b>Net financing cash flows</b>		<b>4,824</b>	<b>4,777</b>
<b>Net increase (decrease) in cash held</b>		<b>5,965</b>	<b>4,500</b>
1.20	Cash at beginning of quarter/year to date	496	1,961
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	6,461	6,461

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	105
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions

Amount of \$105,112 at 1.23 comprises salaries, director fees and consulting fees paid to directors or related corporations of directors of the Company during the Quarter

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Japan Oil, Gas and Metals National Corporation \$151,503

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,400
4.2 Development	-
4.3 Production	-
4.4 Administration	440
<b>Total</b>	<b>1,840</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	4,461	496
5.2 Deposits at call	2,000	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>6,461</b>	<b>496</b>

### Changes in interests in mining tenements

		Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
			(note (2))		
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2	Interests in mining tenements acquired or increased	EL 3300, EL 3435 EL 3554, EL 3629 EL 4014, EL 3270 EL 3262, EL 3782	Gold rights to tenements	0%	51%

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

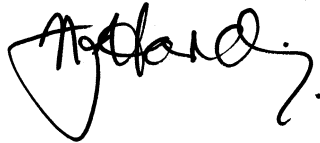
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference <sup>+</sup> securities <i>(description)</i>	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 <b>+Ordinary securities</b>	180,690,173	180,690,173	N/A	Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	40,000,000	40,000,000	N/A	Fully Paid
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<u>Exercise Price</u>	<u>Expiry Date</u>
	1,720,000	-	35	30 June 2010
	1,000,000	-	50	27 November 2011
	250,000	-	31.5	7 December 2011
	1,000,000	-	50	7 February 2012
	250,000	-	35	21 October 2012
	1,000,000	-	75	28 November 2012
	200,000	-	19	25 March 2013
	100,000	-	20	25 May 2013
	1,100,000	-	15	30 September 2013
	1,500,000	-	15	29 June 2012
	150,000	-	30	30 June 2014
	250,000	-	15	23 October 2014
	1,500,000	-	15	30 October 2013
7.8 Issued during quarter	250,000	-	15	23 October 2014
	1,500,000	-	15	30 October 2013
7.9 Exercised during quarter	Nil			
7.10 Expired during quarter	Nil			
Cancelled during quarter	250,000		15	30 September 2013
7.11 <b>Debentures</b> <i>(totals only)</i>	Nil			
7.12 <b>Unsecured notes</b> <i>(totals)</i>	Nil			

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Print name: Nick Harding  
Company Secretary

Date: 29 January 2010

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.