

23<sup>rd</sup> November 2007

## More good gold grades from Challenger Area Gold JV, S.A. RC Drilling Results : Mainwood Prospect

Southern Gold is pleased to announce gold assay results for the 11 hole RC program completed in September 2007 at the Mainwood Prospect, located approximately 30 km west of Golf Bore, and 30 km north of Dominion's Challenger gold mine in far west South Australia.

Southern Gold's first drilling at this prospect as part of the company's Challenger Area Gold Joint Venture with Dominion Mining Limited (ASX:DML) was completed back to back with the Golf Bore drilling, the results of which were released last week (14<sup>th</sup> November 2007).

Drill results confirmed the gold grades of the historical intersections and extended the gold mineralisation known from previous drilling.

Hole ID	Intersection	grade	depth interval
MW329:	9m	5.68 g/t	24-33m
Including	<b>3m</b>	<b>14.7 g/t</b>	<b>27-30m</b>
MW328:	3m	4.36 g/t	27-30m
MW322:	10m	1.06 g/t	69-79m(EOH)

*Table 1: Best intersections from Southern Gold's RC drilling, Mainwood Prospect*

Drill intervals with gold values better than 0.5 g/t are summarised in the Table 2 (next page).

Mainwood Prospect is one of more than a dozen advanced gold prospects that Southern Gold is reviewing as part of the Challenger Area Gold JV with Dominion. Southern Gold's 100% and JV tenure cover a total of 5000km<sup>2</sup> in the vicinity of the Challenger gold mine. Southern Gold may earn a 51% interest in the JV tenements by spending \$2 million.

Southern Gold is planning for further drilling at Mainwood with the objectives of delineating the full extent the gold envelopes, discovering more high grade gold zones within them and testing for depth extensions of potential Challenger-style pipes.

### RC Drilling Mainwood Prospect

Southern Gold's first program at the Mainwood prospect has confirmed these gold envelopes and the occurrence of mid to high grade gold mineralisation in the Archaean quartz-feldspar-garnet rocks.

This first phase of RC drilling by the JV focused on the southwestern portion of the prospect where Southern Gold had interpreted thickened and more consistently developed gold envelope. However in contrast to Golf Bore, it was more difficult to clearly interpret the gold bearing structures or potential gold bearing lithologies (i.e. the gold 'envelope') from the historical drilling,

Historically, Mainwood has been considered less important compared to the Golf Bore prospect and has had less drilling and exploration, but the size of the two prospects are similar and known gold grades are comparable. The Mainwood Prospect was discovered by Dominion Mining Ltd in

the 1990's and has been previously explored by 10 RC holes and 155 RAB holes. The central part of the prospect covers an area spanning 650m southwest-northeast by 200m wide.

Table 2. Summary of the best gold assays from Southern Gold's drilling (0.5 ppm gold cut off, unless stated)

Drill hole details					Results of Sampling		
Hole ID	Easting	Northing	Elevation	Depth	From	To	Metres & Grade
MW321	376408	6720844	172.3	67	39	42	3m @ 0.631 ppm
MW322	376316	6720813	173.0	79	69	79 EOH	10m @ 1.06 ppm, open at depth includes 3m @ 1.77 ppm (72-75m)
MW323	376323	6720806	172.8	43	30	33	3m @ 0.638 ppm
MW324	376330	6720799	172.6	70	21	24	3m @ 1.74 ppm
MW325	376339	6720791	172.7	79	39	42	3m @ 0.632 ppm
MW325					57	60	3m @ 0.627 ppm
MW325					69	72	3m @ 0.944 ppm
MW326	376335	6720832	172.7	79	24	27	3m @ 1.48 ppm
MW326					57	60	3m @ 1.09 ppm
MW327	376343	6720826	172.7	73	24	27	3m @ 0.579 ppm
MW327					45	51	6m @ 1.82 ppm Includes 3m @ 2.98 ppm (45-48m)
MW328	376350	6720818	172.6	55	27	42	15m @ 1.82 ppm includes 3m @ 4.36 ppm (27-30m), & 3m @ 2.23 ppm (36-39m)
MW329	376357	6720811	172.4	79	24	33	9m @ 5.68 ppm includes 3m @ 1.01 ppm (24-27m), 3m @ 14.7 ppm (27-30m), & 3m @ 1.34 ppm (30-33m)
					51	54	3m @ 0.952 ppm
MW330	376416	6720837	172.2	96	24	36	12m @ 1.18 ppm includes 3m @ 3.25 ppm (24-27m) (& includes 27-33m at just under 0.5 ppm)
MW330					72	75	3m @ 3.62 ppm
MW330					84	87	3m @ 0.680
MW331	376423	6720828	172.0	100	27	36	9m @ 0.873 ppm Includes 3m @ 1.55 ppm (30-33m)
MW331					54	57	3m @ 1.06 ppm
MW331					72	75	3m @ 1.38 ppm
1. All intersections are from RC drilling, HQ rods							
2. All holes were vertical							
3. Samples were collected & composited over 3m intervals from a 3-tier splitter below the sample return cyclone							
4. Results are based on 30g fire assays by ALS Chemex							
5. All intersections are measured down hole							
6. Collar co-ordinates and elevations were confirmed by differential GPS							
7. Eastings and Northings are in MGA94_53							
8. Mean grades are calculated on a 3m 0.5 ppm lower cut-off (unless otherwise indicated) and no upper cut-off grade							

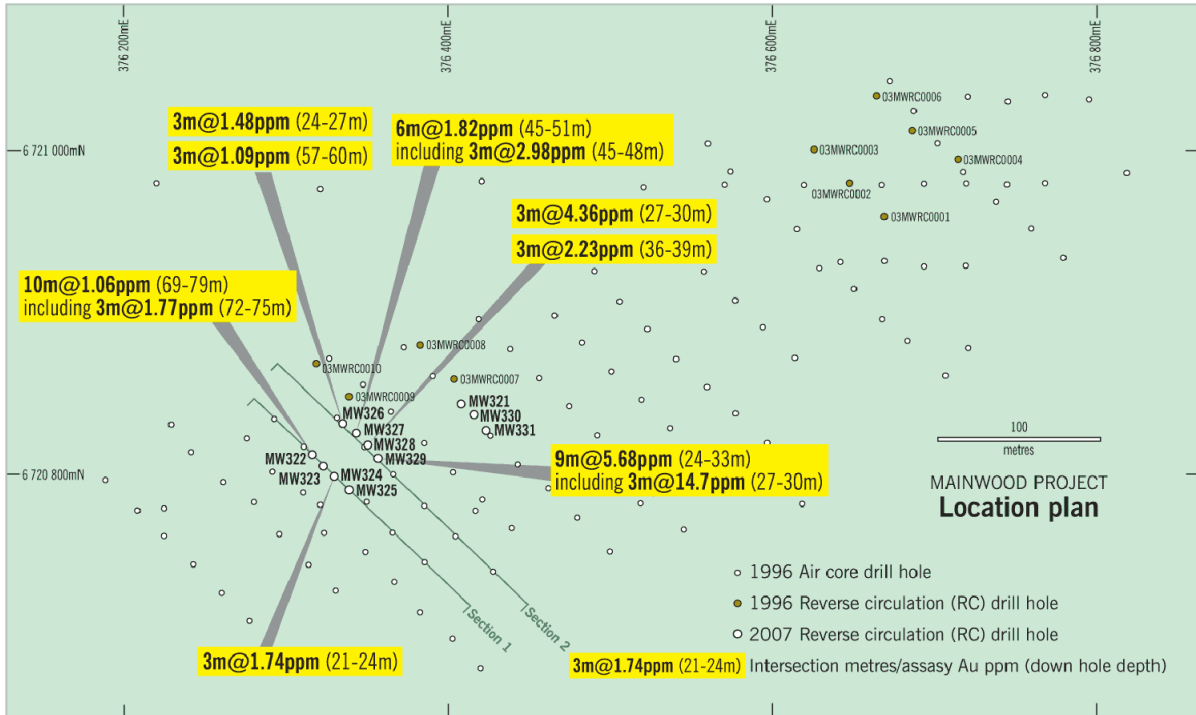


Figure 1. Drillhole locations, Mainwood Prospect, S.A.

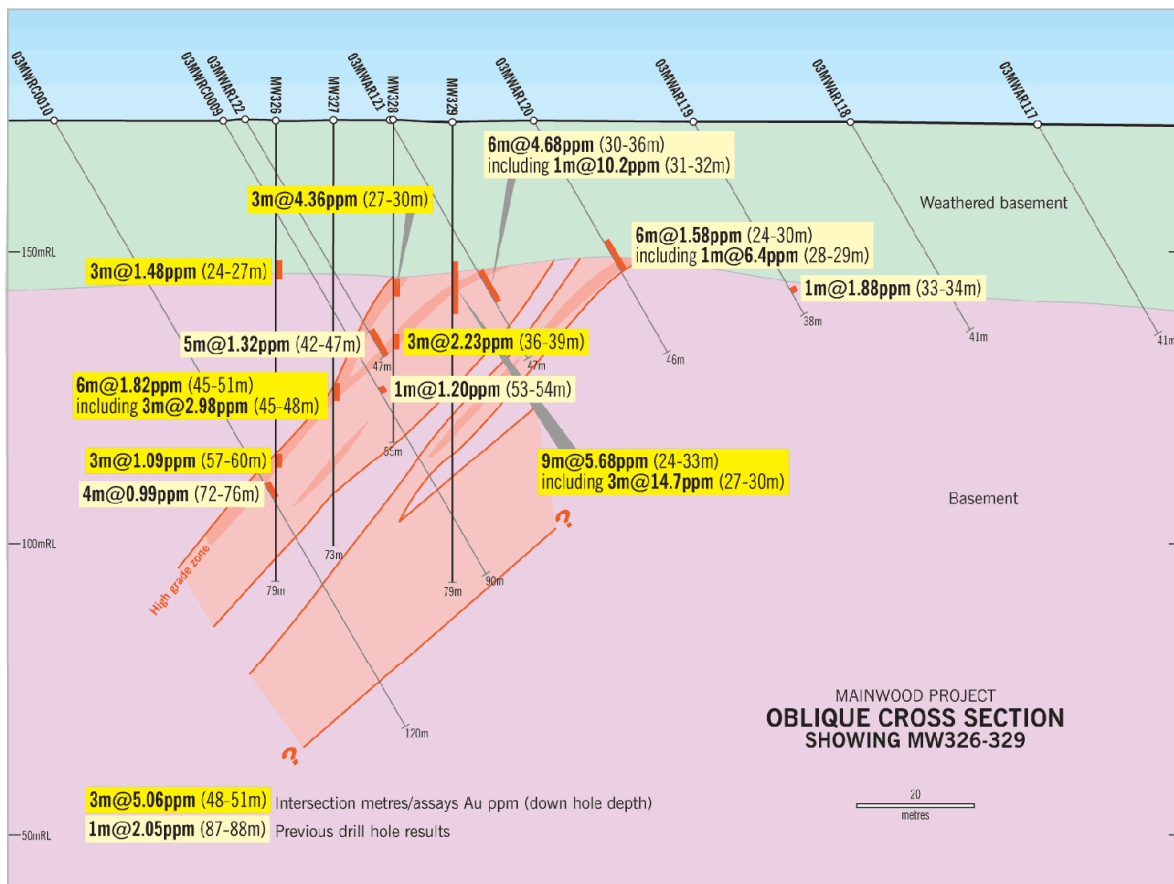


Figure 2. Interpreted drillhole cross-section, Mainwood Prospect

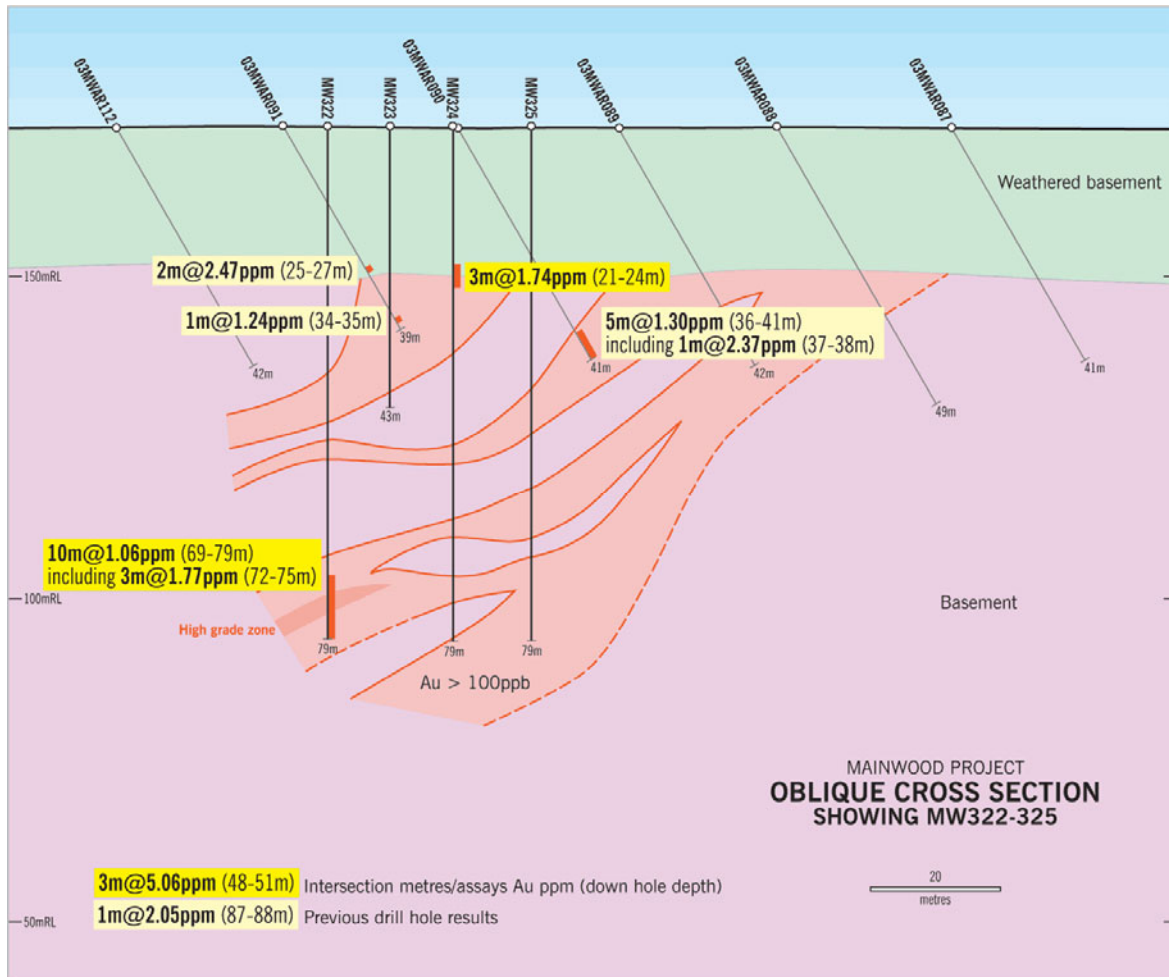


Figure 3. Interpreted drillhole cross-section, Mainwood Prospect

## Gold Envelopes and High Grade Shoots

Similar to the recent drill results at Golf Bore, the understanding of the extent and geometry of the low grade 'gold envelope' as a lead into the high grade targets was firmed up by the new drilling at Mainwood prospect. The 100ppb gold contour of historical drill samples defines gold zones which are otherwise difficult to distinguish on lithological evidence alone.

Preliminary 3D computer modelling and interpretations of the drill data suggests open to tight folding about a northwesterly plunging fold axis less planar development of the gold envelope along the length of the known extent of the prospect.

The cross sections above show the outline of the gold envelope and the higher grade intercepts within them.

## Mainwood Prospect Geology

Drilling intersected a similar Archaean sequence as at Golf Bore and in general the depth to base of weathering is shallow (varying between 25 to 30m) and there is only minor Cainozoic sand, calcrete and silcrete in the top few metres from the surface.

In contrast to Golf Bore, there were notably fewer zones of quartz-feldspar leucosomes within the Archaean quartz-biotite-feldspar-garnet metasedimentary sequence. However, there were prominent zones/bands with abundant garnet, and minor to abundant fine disseminated sulphides, including arsenopyrite.

Dominion's Challenger mine provides a geological model for interpreting the lithologies and mineralisation encountered in drilling at Mainwood (as is also the case for Golf Bore). At Challenger, high grade gold zones occur in tight to isoclinal folds enclosed in lower grade gold bearing Archaean metasedimentary rocks, with gold concentrated near fold hinges.

## Future programs

The drill data from this program will be assessed and modelled over the next few months to plan subsequent drilling programs from which Southern Gold will further evaluate and define the lateral and depth potential at Mainwood.

The success of detailed ground magnetics data in defining gold bearing structures at Golf Bore and Mainwood warrants the further use of magnetics to map potential untested extensions to Mainwood.

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*The information in this report has been compiled by Stephen Biggins (BSc(Hons)Geol, MBA) as an employee of Southern Gold and who is a member of the Australasian Institute of Mining and Metallurgy and is bound by and follows the Institute's codes and recommended practices. As a Competent Person, he has a minimum of 5 years relevant experience in the style of mineralisation and types of activities being reported and has given written consent to the above report in the form and context in which it appears.*

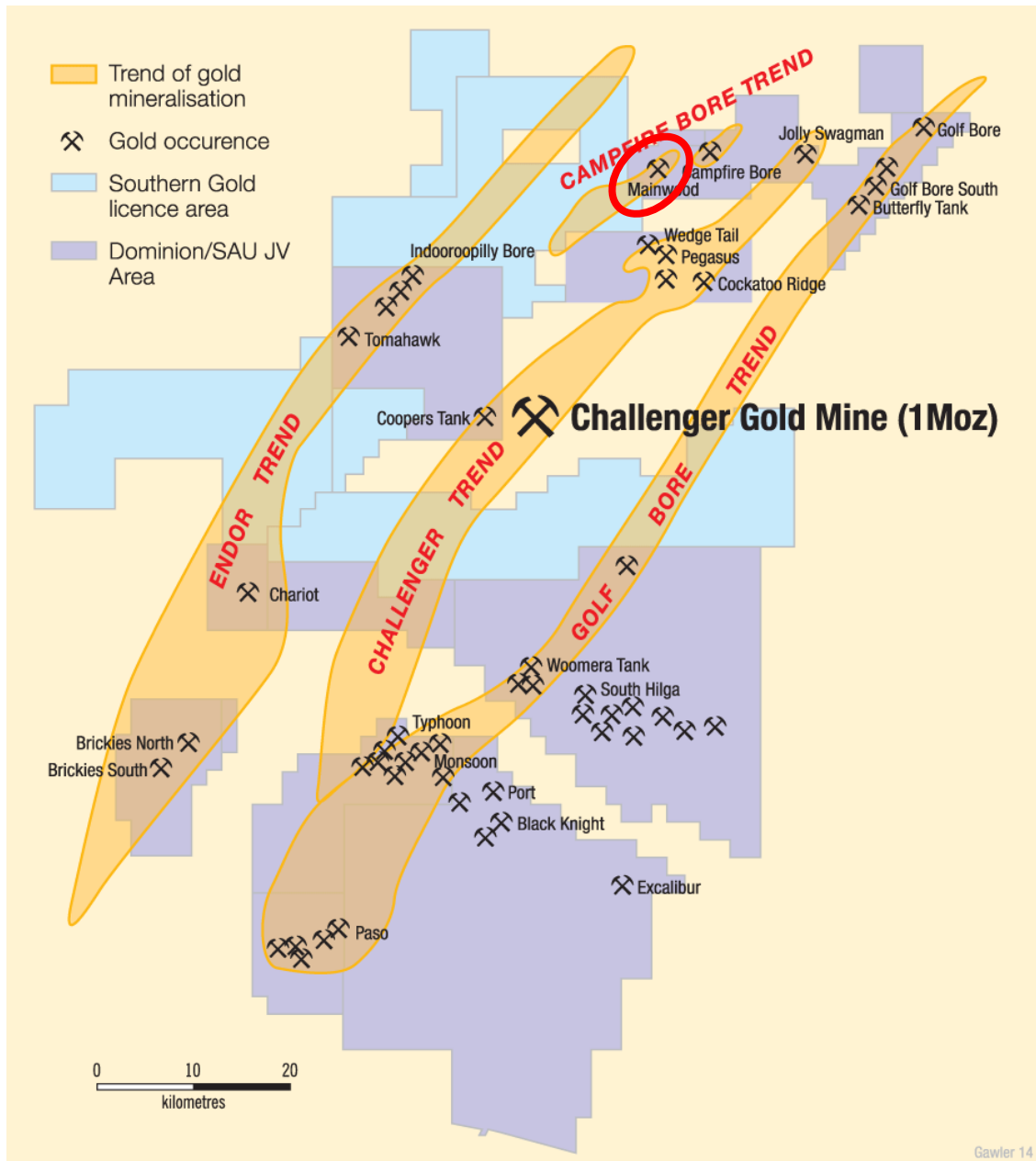


Figure 4. Mainwood Prospect location and Southern Gold's 100% and JV tenure covering a total of 5000km<sup>2</sup> in the vicinity of the Challenger gold mine.