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Japan's JOGMEC in A\$4.9m JV with Southern Gold to accelerate three Cambodian gold projects

The large Japanese government organisation, JOGMEC, plans to fund accelerated exploration on three Cambodian gold and base metal projects under a Letter of Intent announced today with Australia's Southern Gold Limited (ASX code "SAU").

JOGMEC (Japan Oil, Gas and Metals National Corporation) and Southern Gold today announced the signing of the LOI to enter into a Joint Venture (JV) over three of Southern Gold's wholly-owned granted Exploration Licences in Cambodia.

Under the LOI, JOGMEC will invest US\$4.5 million (A\$4.94m) within 3 years to earn a 51% interest in the three tenements – Phnum Khtong (Kratie North Project), and two adjoining blocks, Preak Khlong and O'Kthung (Kratie South Project), all to the northeast of Phnom Penh.

The agreement includes an upfront payment to Southern Gold of approximately US\$400,000 on signing of the LOI for current exploration costs, followed by a decision to proceed with a full joint venture on the Kratie North and/or the Kratie South Projects by June 2008.

The three tenements are among eight gold projects wholly or majority owned by Southern Gold under its "first mover" strategy to establish a cornerstone gold business in Cambodia to compliment the Company's Australian gold focussed projects across three states.

"The Joint Venture will enable Southern Gold to bring forward exploration schedules and therefore potential discoveries in Cambodia which we regard as one of the world's great mining frontiers," Southern Gold's Managing Director, Mr Stephen Biggins, said today.

"The agreement ensures we can now commit to substantially larger drilling budgets to test early stage exploration discoveries made by our exploration team in Phnom Penh.

"Significantly, the JV, expected to take effect almost immediately, extends Southern Gold's direct relationships with key consumer economies for commodity metals."

The JV is the first Japanese, and JOGMEC's first, investment in Southern Gold's projects, whose larger shareholders include Chinese resource investor CITIC as well as Australia's Macquarie Bank Limited.

“This combination of key Japanese, Chinese and Australian support is an exceptionally strong vote of confidence by world majors in Southern Gold's Asian strategy,” Mr Biggins said.

“It is an envious position for a young explorer to be in and should also re-ignite market sentiment about those Australian companies driving the establishment of a modern-day commodities footprint in Asia.”

About JOGMEC

Japan Oil, Gas and Metals National Corporation's (JOGMEC) objectives are to secure a stable supply of oil, natural gas, nonferrous metals and minerals to Japan. Typically, JOGMEC carries out mineral exploration jointly with various organisations such as major or junior mining companies that hold mineral properties. JOGMEC usually acquires an option for an equity interest in the project, if the results of exploration are positive, then the equity interest is transferred to a Japanese private-sector company.

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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.

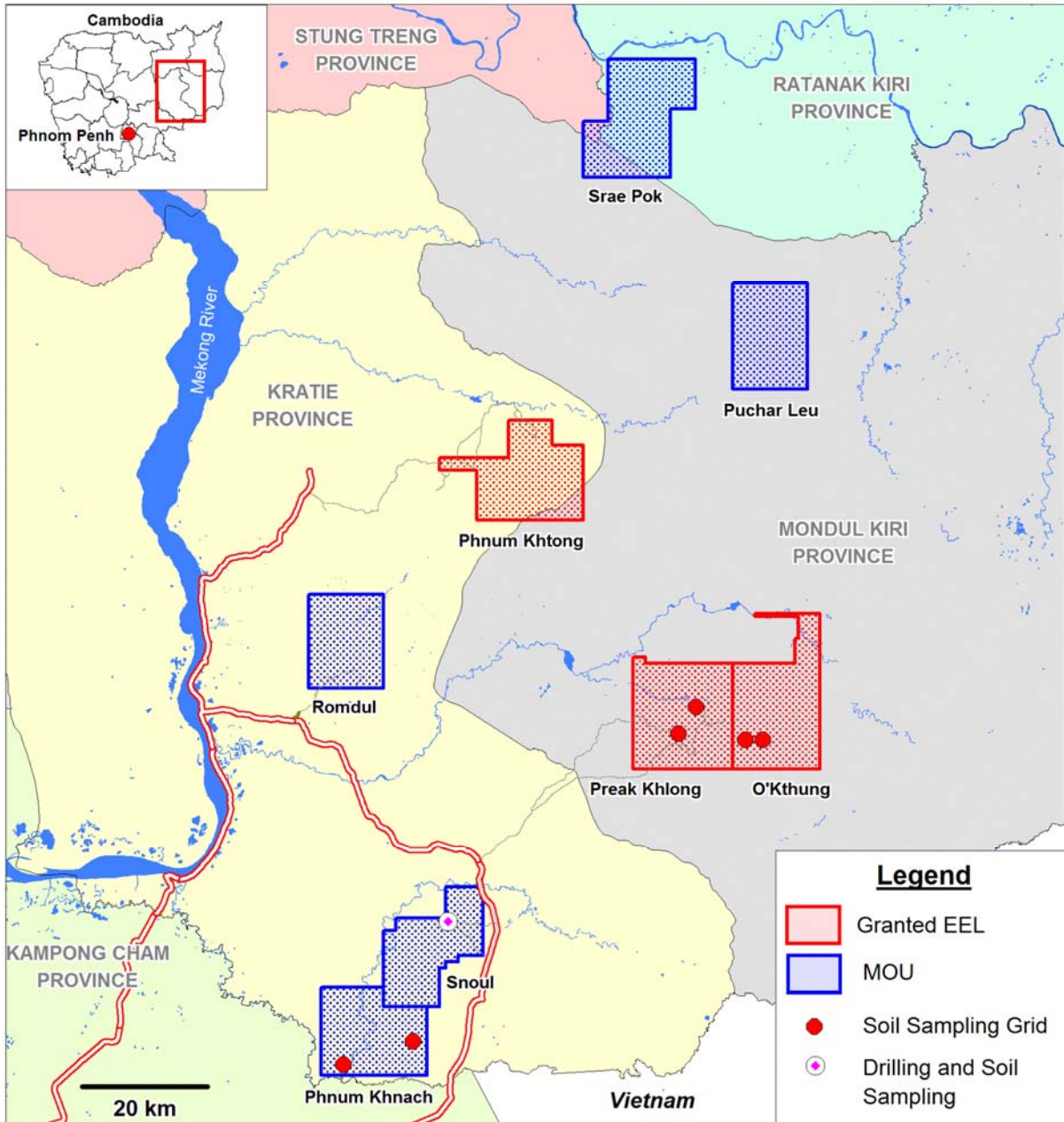


Figure 1. Southern Gold's 8 mineral concessions in Cambodia covering approximately 1,800km². EL's under consideration with JOGMEC are highlighted in red.