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New drilling campaign announced for NSW gold project near Grenfell

A new exploration drilling campaign around the historic goldfields of Grenfell in New South Wales has been announced by Southern Gold Limited (ASX code: "SAU").

The 1,300 metre Reverse Circulation program is primarily targeting the hard rock sources yet to be discovered for several significant alluvial leads some kilometres east and southeast of Grenfell's main historic goldfield.

The program, which follows promising regional soil surveys and follow-up detailed soil traverses, will be undertaken on Southern Gold's wholly owned EL 6122.

This covers approximately 250 square kilometers surrounding the town of Grenfell, including the historic Grenfell Goldfield where production from alluvial and hard rock sources totalled 350,000 ounces of gold.

The tenement is also within the Lachlan Fold Belt district of New South Wales.

The drilling schedule will target the Applitt Prospect, focusing on a gold only and also a coincident copper/zinc/arsenic soil anomaly, and historical workings.

In addition, four holes are targeting similar anomalism at the nearby Makin North Prospect (refer map).

Lachlan Fold Belt Mineralisation, NSW

Well known for its world class porphyry gold-copper systems (e.g. Cadia/Ridgeway with >30 million oz gold), the Eastern Lachlan Fold Belt is also prospective for orogenic gold; intrusion related gold and volcanic-hosted and skarn-related base metal massive sulphides and precious metals.

This prospectivity is supported by significant historical production of greater than 6 million ounces of gold from orogenic gold deposits (like Grenfell), as well as recent discoveries that have resulted from persistent exploration by established companies. For example, Alkane Resource Ltd's (ASX: ALK) Tomingley Gold Project and McPhillamys with recent discovery drill intersections such as 123 m at 1.96 g/t Au.

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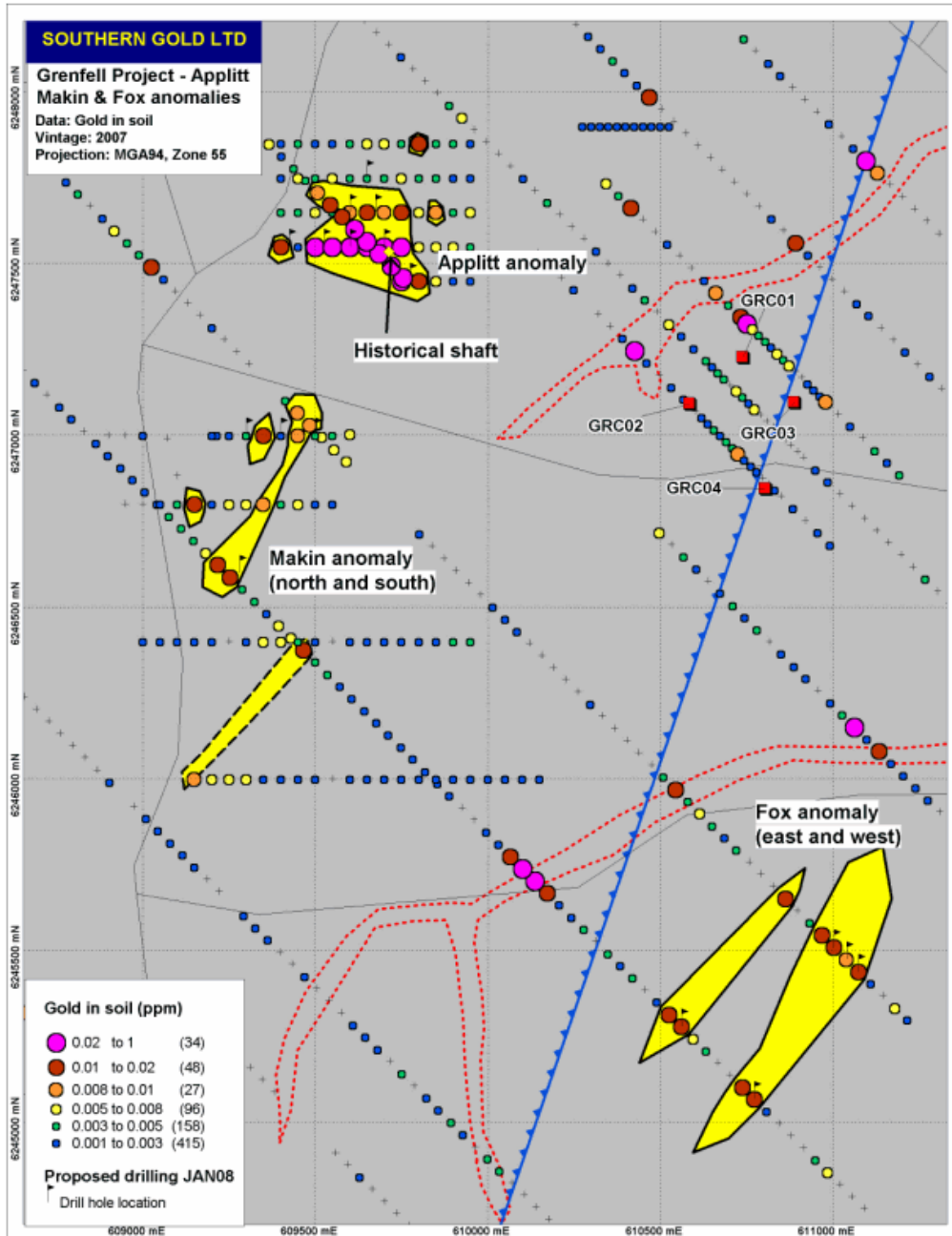


Figure 1. Gold in soil geochemistry and RC drillhole locations, Grenfell Goldfield Project, EL 6122 N.S.W

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.