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Southern Gold moves toward 30% equity in SA gold project through third major drilling campaign

Southern Gold Limited (ASX:SAU) will gain 30% ownership of the Challenger Area joint venture gold project in South Australia through the commencement of its third major resource drilling program.

Results from the new campaign are expected to be a significant step forward for Southern Gold toward developing a JORC compliant Resource at Golf Bore later in 2008, a key drill target within the Challenger JV area in the State's far northwest.

Southern Gold's partner in the joint venture is Dominion Mining, the owner and operator of the nearby Challenger gold mine.

The new drilling work announced today will include 3,500 metres at Golf Bore and 1,100 metres at Mainwood, southwest of Golf Bore.

Exploration for potential high grade gold shoots and further delineation of broad zones of gold envelopes will also be undertaken at the Monsoon. In addition, first pass drill testing will be conducted on previously undrilled gold-in-calcrete anomalies in the southern portion of the JV tenement area.

Golf Bore

Golf Bore is the largest, undeveloped Archaean gold prospect in the NW Gawler Craton and is located 50 km from the Challenger mine. Southern Gold's aim is to prove its potential for profitable gold production.

Exploration data initially acquired during Southern Gold's maiden Reverse Circulation (RC) drilling program in September last year has been refined by resampling down to 1 m intervals to enable the high degree of detailed scrutiny necessary for detecting pipe-shaped mineralisation like the highly profitable M1 shoot being mined at Challenger. This careful attention to drill data has culminated in Southern Gold's 3D geological model indicating three structurally different zones within the 700m strike length at Golf Bore.

The new May drilling program announced today aims to provide high quality (low contamination and dilution) drill samples from the weathering profile, the oxide/transition zone and in some holes, up to 15 m into fresh hard rock. The results will be used to determine the progress of the JV towards generating an updated JORC compliant resource statement for Golf Bore and if acceptable, then moving towards a pre-feasibility study.

Mainwood, Monsoon & Other Prospects

Following up on the exploration success of the air core drilling in June 2007, exploration at Mainwood will continue to delineate extended volumes of gold bearing rock to contribute to a

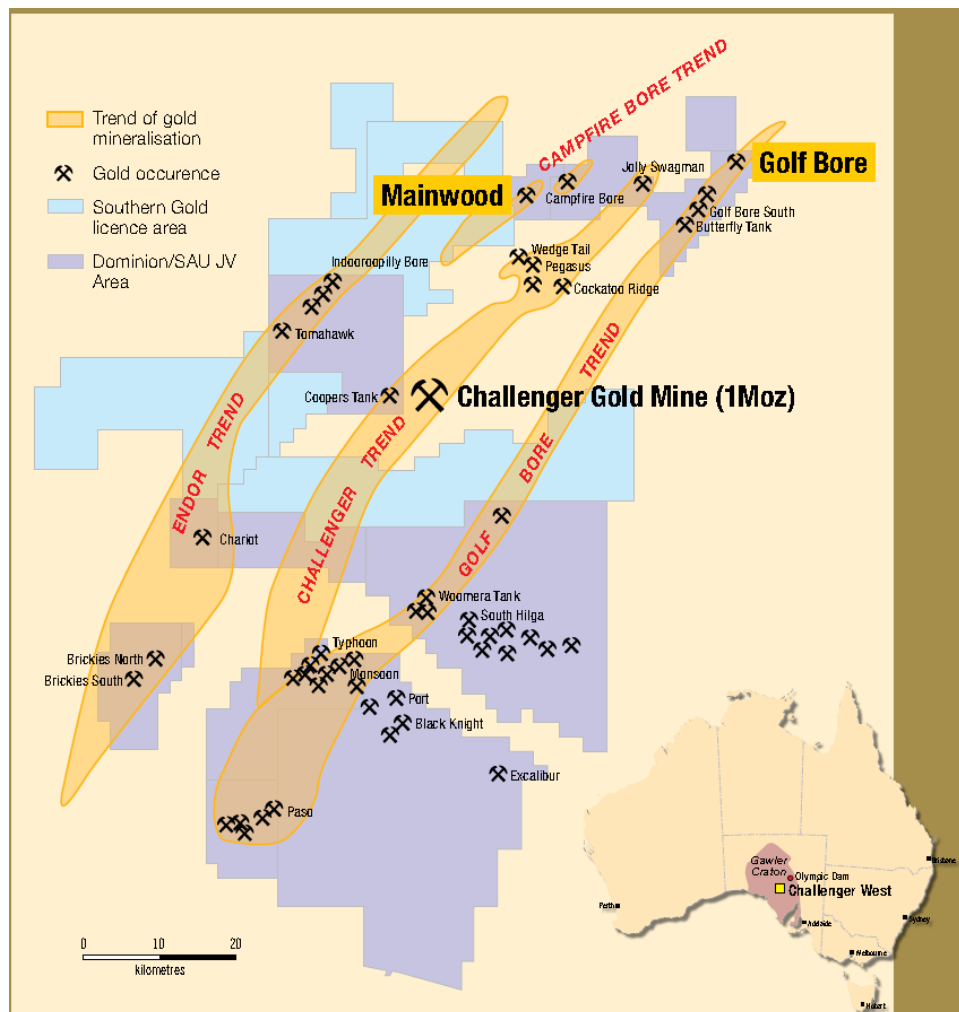
potential 'total resource', stepping out from known gold intersections to delineate extensions to gold envelopes.

Four other priority targets have also been selected. The new Hurricane Prospect is about two kilometres southwest of Monsoon, and along strike of regional geological trends. Traverses of exploratory air core holes is planned for this new prospect and calcrete, soil and vegetation sampling planned for the other three targets.

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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.



Southern Gold's 100% and JV tenure covering a total of 5000km² in the vicinity of the Challenger gold mine.