

11<sup>th</sup> August 2008

## **Southern Gold granted four new geothermal licences close to power infrastructure in South Australia**

Southern Gold Limited (ASX:SAU), through its wholly-owned subsidiary, Inerus Resources Pty Ltd, has been formally granted four geothermal energy tenements in South Australia.

The acreage totals more than 1,990km<sup>2</sup> of highly prospective ground to the west of South Australia's Lake Torrens, between Olympic Dam and Port Augusta.

The four tenements comprise the Company's *Torrens Geothermal Project* – and include GELs 297 (Oak Dam), 300 (Punt Hill), 301 (Torrens), and 302 (Harris Crossing). They sit above the South Australian Heat Flow Anomaly (SAHFA) where temperatures in excess of 200°C have been modeled.

The licences run for a period of five years, with Southern Gold proposing an exploration budget of \$4.4 million for each tenement over this period to model temperatures to prove up an economic resource.

Heat flows of above 100 mW/m<sup>2</sup> recorded from 1km deep drill holes within Southern Gold's GELs, together with temperature data and conductivity measurements by Hot Dry Rocks Pty Ltd, suggest that the heat flow is high enough across the blocks to be prospective for Engineered Geothermal System (EGS) development.

Initial drilling to 1km depth by Southern Gold has confirmed the potential for an economically viable geothermal resource.

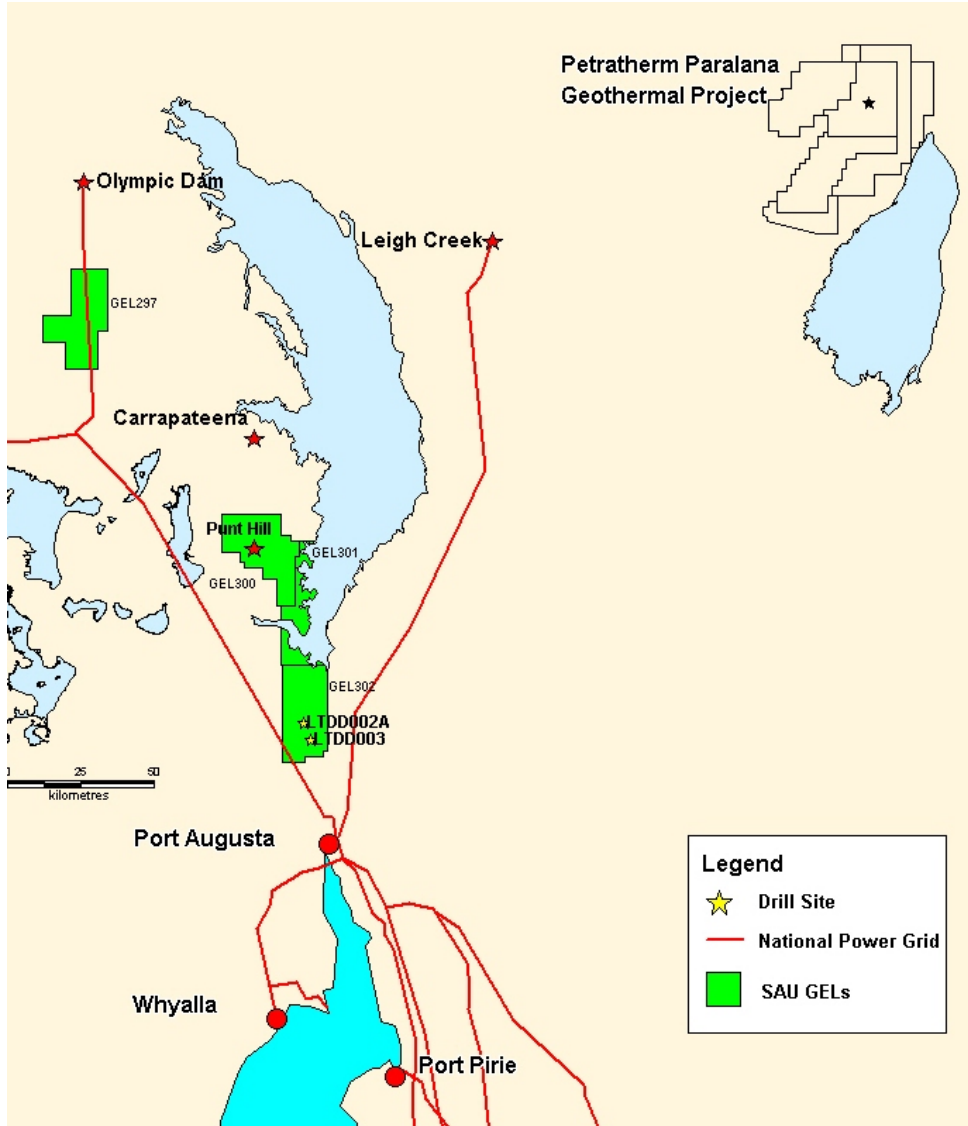
"The long-term objective will be to progress potential geothermal exploration projects within the GELs in a rapid and cost-effective manner, towards our target of a commercially viable EGS," Managing Director, Mr Stephen Biggins, said.

All four Southern Gold GELs are located on or close to 275KV high voltage power lines that run between Olympic Dam, Leigh Creek and the power distribution hub at Port Augusta, in a region with rapidly accelerating energy demands and emerging new mines and associated infrastructure needs

Southern Gold is aware of increasing interest in geothermal energy projects. As recently evidenced in the market, Australian energy major, TRUenergy, announced a \$57 million entry into Petratherm's (ASX:PTR) geothermal project in South Australia to earn up to a 30% stake (refer map).

"We are currently considering opportunities for partnership with an energy focused business to advance the development of the *Torrens Geothermal Project*. The Company invites any other potential partners to contact the Company."

The Company looks forward to participating in the upcoming 2008 Australian Geothermal Energy Conference in Melbourne on August 19<sup>th</sup>. The conference brings together representatives of Australia's entire geothermal community to address key science, technology, policy and commercial issues facing the commercial development of the industry.



*Southern Gold's four 100% owned Geothermal Exploration Licences, located between Olympic Dam and Port Augusta, South Australia.*

For further information please contact:

Mr Stephen Biggins  
 Managing Director  
 Phone: +61 (0) 8 8368 8888  
 Fax: +61 (0) 8 8368 8899