

Monday 4th May 2009

Southern Gold to define Geothermal Resource on 100% owned Torrens Geothermal Project, South Australia

Highlights

- **Work has commenced on defining a Geothermal Resource estimate over GEL 302**
- **Southern Gold utilising recent seismic data acquired by Geoscience Australia and the Company's previous deep drilling to 1km**
- **GEL302 forms only 200km² of the 10,000km² Torrens Geothermal Project (TGP)**
- **TGP is strategically located to overlap 275Kv high voltage power lines linking Olympic Dam and Prominent Hill mines to SA's power hub at Port Augusta**

Southern Gold Limited (ASX:SAU), through its wholly owned geothermal subsidiary, Inerus Resources Pty Ltd., has commenced work towards establishing a Geothermal Resource estimate within GEL 302 in South Australia. The tenement forms part of the Torrens Geothermal Project which comprises 4 GELS and 18 GELAs and covers an area of 10,000km² over one of Australia's largest geothermal hotspots.

Independent experts and industry consultant Hot Dry Rocks Pty Ltd ("HDR") has been contracted to complete a geothermal resource assessment over GEL 302. The resource reported by HDR will be compliant with the Australian Code for Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves (2008 edition).

High heat flows averaging 94mW/m² are already established from temperatures and thermal conductivities for two of Southern Gold's mineral exploration holes drilled to 1,000m depth in GEL 302.

HDR has already confirmed that the heat flows measured by Southern Gold provide an encouraging basis to progress investigations towards the commercial development of an Engineered Geothermal System (EGS).

Southern Gold has one of the largest strategic geothermal land holdings in an area that hosts growing energy markets including the world-class Olympic Dam and Prominent Hill mines. The proposed Olympic Dam expansion is forecast to consume close to half of the State's power supply.

The Torrens Geothermal Project is also strategically located to straddle the 275Kv and 132Kv power lines that connect Olympic Dam and Prominent Hill mines to the national power grid at Port Augusta.

The Company Southern Gold aims to present the findings of the Resource assessment at The AJM Hot Rock Energy Conference in Melbourne on 4-5 June 2009.

The potential economics of the Torrens Geothermal Project are built around the proximity of commercially viable insulated hot rocks to high voltage power distribution infrastructure and nearby market demand. The excellent infrastructure combined with reliable energy supplies contributes to the continued and sustained project development and production economics of the region. This will only serve to benefit Southern Gold's goal of establishing a commercially viable EGS in the area.

The Torrens Geothermal Project contains more than 30 historic drillholes with depths greater than 500m. Temperature probe and drill core conductivity measurements from these deep holes would be highly valuable in providing a rapid assessment of the surrounding heat flow regime. This work will delineate additional target hotspots of geothermal anomalism and will expedite the project towards the Company's target of a commercialised EGS.

Southern Gold is considering financing and management alternatives for the future development of the Torrens Geothermal Project that will maximise its value to Southern Gold.

For further information contact:

Mr Stephen Biggins
 Managing Director
 T: +61 (0) 8 8368 8888
 F: +61 (0) 8 8368 8899
 E: info@southerngold.com.au
 W: southerngold.com.au

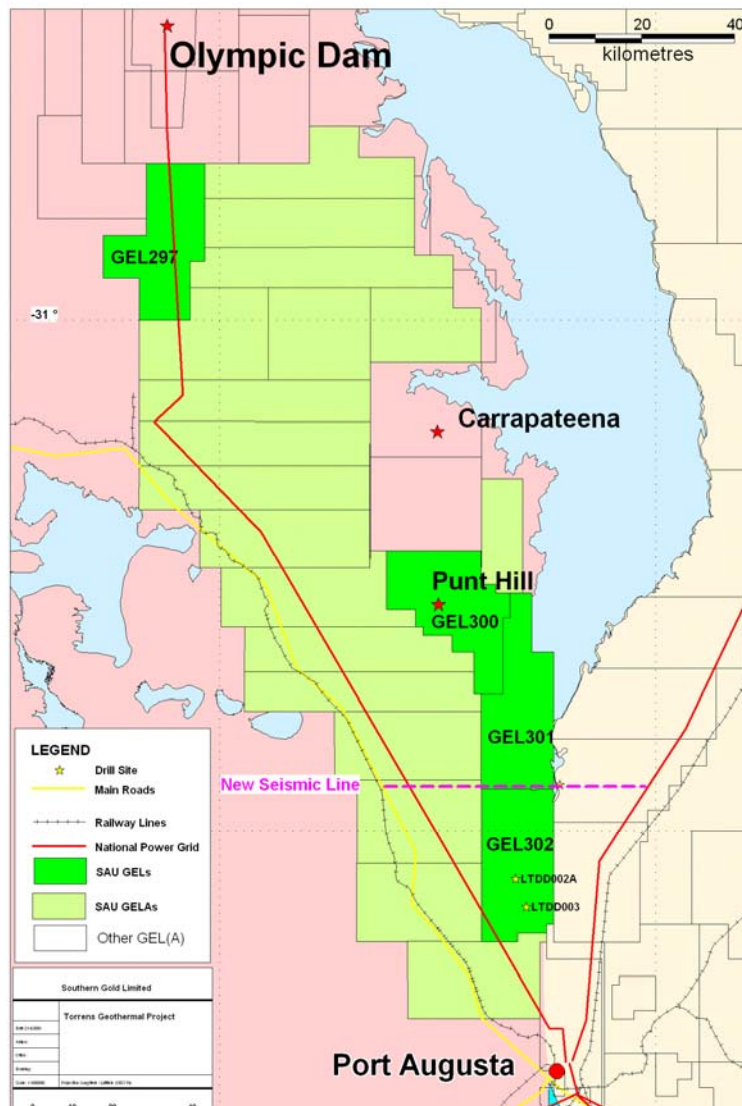


Figure 1. Southern Gold's Geothermal tenure covering 10,000km² of hot rocks and high voltage power lines linking Olympic Dam and Prominent Hill to South Australia's power infrastructure hub at Port Augusta.