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Southern Gold earns 51% stake in Gold Joint Venture with Dominion Mining near far west SA gold mine

Southern Gold Limited (“Southern Gold”) has moved to a 51% interest in its flagship Challenger Area gold exploration project in South Australia after spending the required A\$2 million to earn the majority holding with its joint venture partner, Dominion Mining Limited (“Dominion”), owner of the nearby producing Challenger gold mine.

Under the terms of the joint venture, Dominion now, following Southern Gold’s notification of confirmation of this milestone, has the option to contribute to 49% of JV expenditure to maintain its interest at that level, or if Dominion elects not to do so, Southern Gold can move to an 80% interest by spending a further A\$2 million by October 2012.

Southern Gold is currently prioritising and assessing more than 50 gold anomalies within its 5,000km² exploration footprint surrounding the million ounce Challenger Gold Mine, to bring these targets to drill ready status for its planned 2010 drilling program. While a majority of these targets are within the JV area, a new gold-in-calcrete anomaly has recently been identified by Southern Gold at the Nemesis Prospect on the Company’s wholly-owned tenements, 12km north of the mine.

At the more advanced Golf Bore, Mainwood, Typhoon and Monsoon JV prospects, follow-up air core, reverse circulation (RC) and diamond drilling is planned in 2010 to test continuity of mineralisation, grade and dimensions of mineralised bodies.

Other than at Golf Bore, none of these prospects has been tested below 60 metres vertical depth and geological re-interpretation has identified potential high grade gold mineralised structures.

“The earn-in of a 51% entitlement in the Challenger Area JV is a milestone for Southern Gold in this key gold province,” Managing Director, Mr Stephen Biggins, said today.

“Our exploration results to date around the mine exhibit the potential for significant further discoveries in this proven gold domain”

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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.

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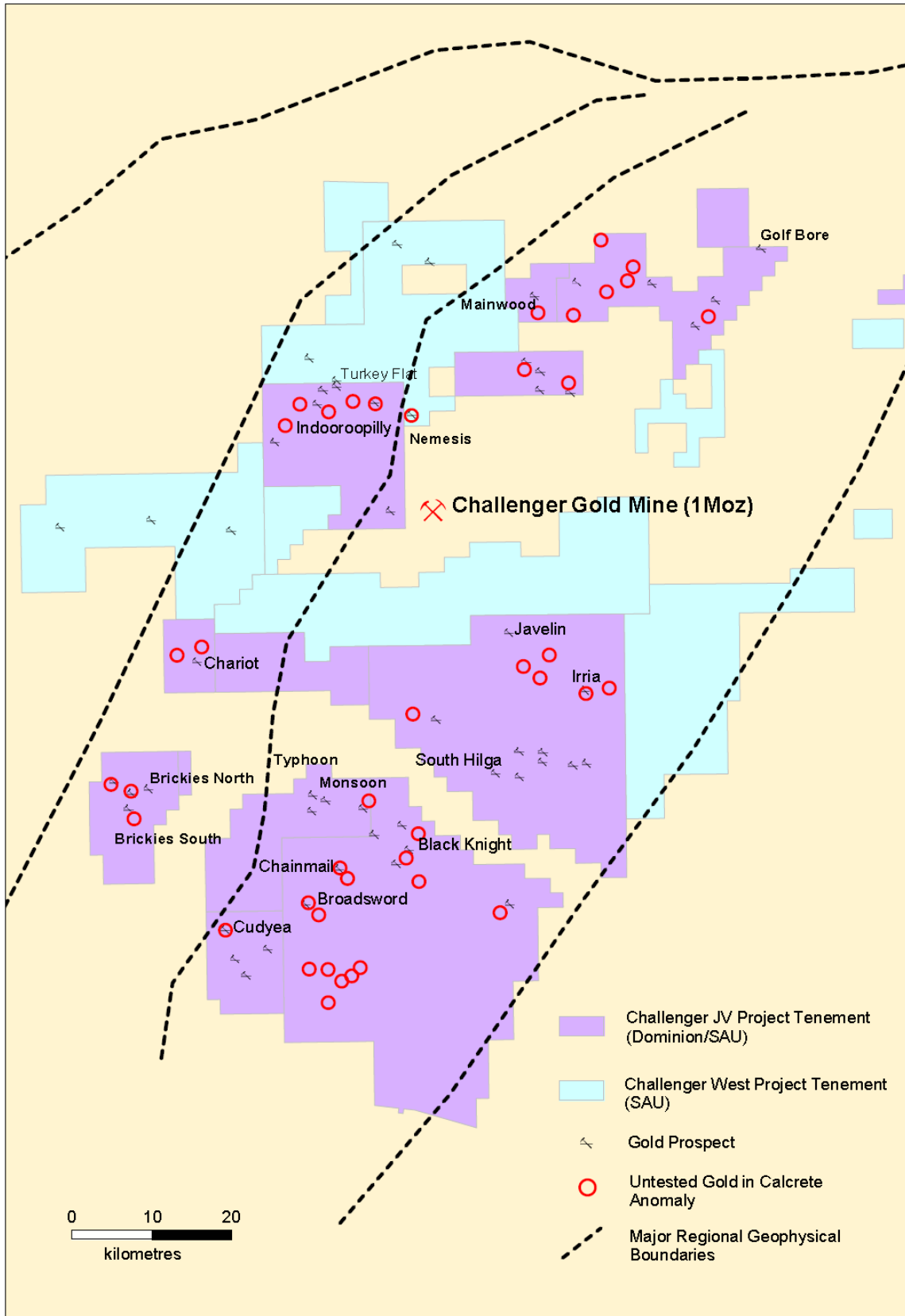


Figure 3. Untested gold-in-calcrete anomalies on Southern Gold's 100% and JV tenure in the vicinity of the Challenger Gold Mine, S.A.