

26th November 2009

Southern Gold Raises \$5 Million to fund Gold Exploration in Australia and Cambodia

The Directors of Southern Gold Limited (“Southern Gold” or “the Company”) are pleased to advise that the Company has resolved to raise up to \$5 million through the placement of up to 40 million ordinary shares at an issue price of 12.5 cents per share. Hartleys Limited is Broker to the Offer.

The funds raised pursuant to the placement will be applied to progress exploration on Southern Gold’s highly prospective gold projects in Australia and Cambodia.

In Australia, Southern Gold’s exploration programme will primarily involve:

- Drilling on the Bulong Gold Project in Western Australia, following-up a recent outstanding gold intersection of **66 metres at 2.9g/t gold** which was intersected in joint funded drilling amid a range of multiple large gold intersections on the boundary of the Bulong South Project, 30 kilometres southeast of Kalgoorlie; and
- Follow-up reverse circulation and diamond drilling on the Challenger Area Gold Project in South Australia, where Dominion Mining Limited has recently elected to commence co-funding exploration to maintain its 49% Joint Venture interest.

A significant RC drilling programme will commence at Bulong in early December.

In Cambodia, Southern Gold will progress exploration on its four 100% owned tenements, where a small initial drilling programme returned excellent first pass results which included **8 metres at 5.9g/t gold**. Exploration of Southern Gold’s other three tenements in Cambodia will continue to be fully funded by Japan Oil, Gas and National Corporation (“JOGMEC”), up to a total of US\$4.5 million, as JOGMEC earns a 51% interest in these three tenements.

A 7,000 metre diamond and RC drilling programme will commence in Cambodia imminently.

Commenting on the success of the placement, Managing Director Stephen Biggins stated “We are delighted by the strong support for the placement and for Southern Gold’s exploration strategy. We are very excited by the recent gold exploration results achieved on each of our projects and eagerly await the next round of drilling which is scheduled to commence in Australia and in Cambodia over the next few weeks”.

The placement shares will be issued in two tranches. The first tranche of shares comprising up to 21 million shares will be issued pursuant to Southern Gold’s ASX Listing Rule 7.1 capacity. The second tranche of shares comprising up to 19 million shares will be subject to shareholder approval to be obtained at a general meeting of shareholders on or around 31 December 2009.

For further information contact:

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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.