

31st March 2010

New Gold Lode Identified at Cannon Prospect 20m @ 4.75g/t gold

- **20m at 4.75 g/t gold from 60m, intersected by first RC drill test of new gold in soil anomaly at the Cannon Prospect near Kalgoorlie**
- **20m interval includes high grade zones of:**
 - **2m @ 20.87 g/t gold; and**
 - **4m @ 11.24g/t gold**
- **New lode is 160m south of previous intersection of 66m @ 2.9 g/t gold**
- **Further results from this program expected in mid April**

Southern Gold Limited ("Southern Gold") ASX:SAU) is pleased to report that first assay results have been received from the four RC holes drilled to test a new gold in soil anomaly identified at the Cannon Prospect within Southern Gold's Bulong South Project near Kalgoorlie in WA.

Drill testing of the gold in soil anomaly has identified a second gold lode at the Cannon Prospect, only months after discovery of the initial gold lode to the north.

Assay results have been received from the first hole, returned:

- **20m @ 4.75 g/t Au** from 60m, including
- **4m @ 11.24 g/t Au** from 62m, and
- **2m @ 20.87 g/t Au** from 72m

The new gold lode was intersected by drillhole BSRC095, which was one of four holes of a traverse drilled across the large gold in soil anomaly at Cannon (Figure 1 & 2).

Southern Gold's Managing Director, Stephen Biggins said:

"This result is very significant for Southern Gold. It not only increases the potential scale of the Cannon Prospect, but increases the prospectivity of the Bulong South Project by proving the potential for repetition of the plunging shallow lodes of mineralisation that has been now been identified from two separate gold in soil anomalies within close range of each other"

Further results and geological interpretations from the remainder of the recent drill program will be reported as further assays are received over the next few weeks. This includes results from a second traverse of RC holes across the southern soil anomaly as well as six holes drilled to follow up previously intersected lodes at Cannon.

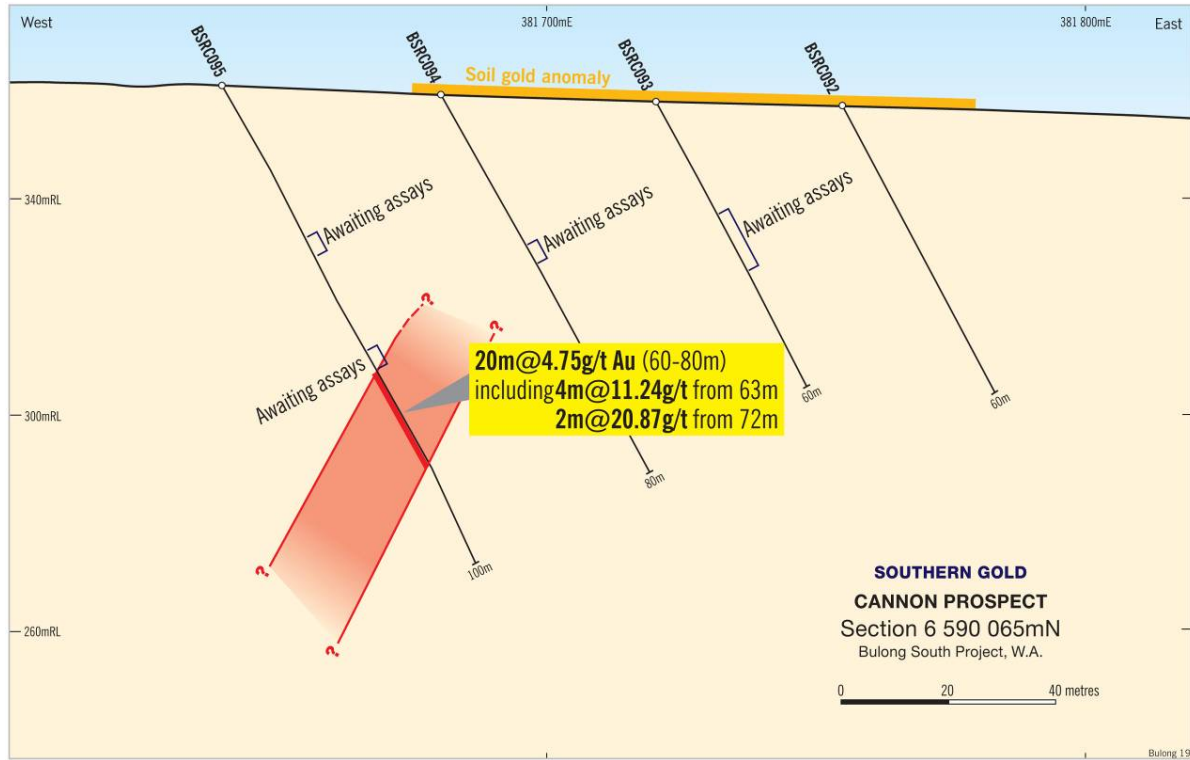


Figure 1. Cross-section of recent drill testing of soil gold anomaly, Cannon Prospect

Hole Number	Drill hole			Intersections				
	Easting (GDA)	North (GDA)	TD (m)	From (m)	To (m)	Interval (m)	Grade* (g/t gold)	gram.metres (g/t x m)
BSRC095	381640	6590066	100	<u>60</u>	<u>80</u>	<u>20</u>	<u>4.75</u>	<u>95</u>
			Including	63	67	4	11.24	45
				72	74	2	20.87	42

Table 1. Summary of progressive drilling results at Cannon Prospect

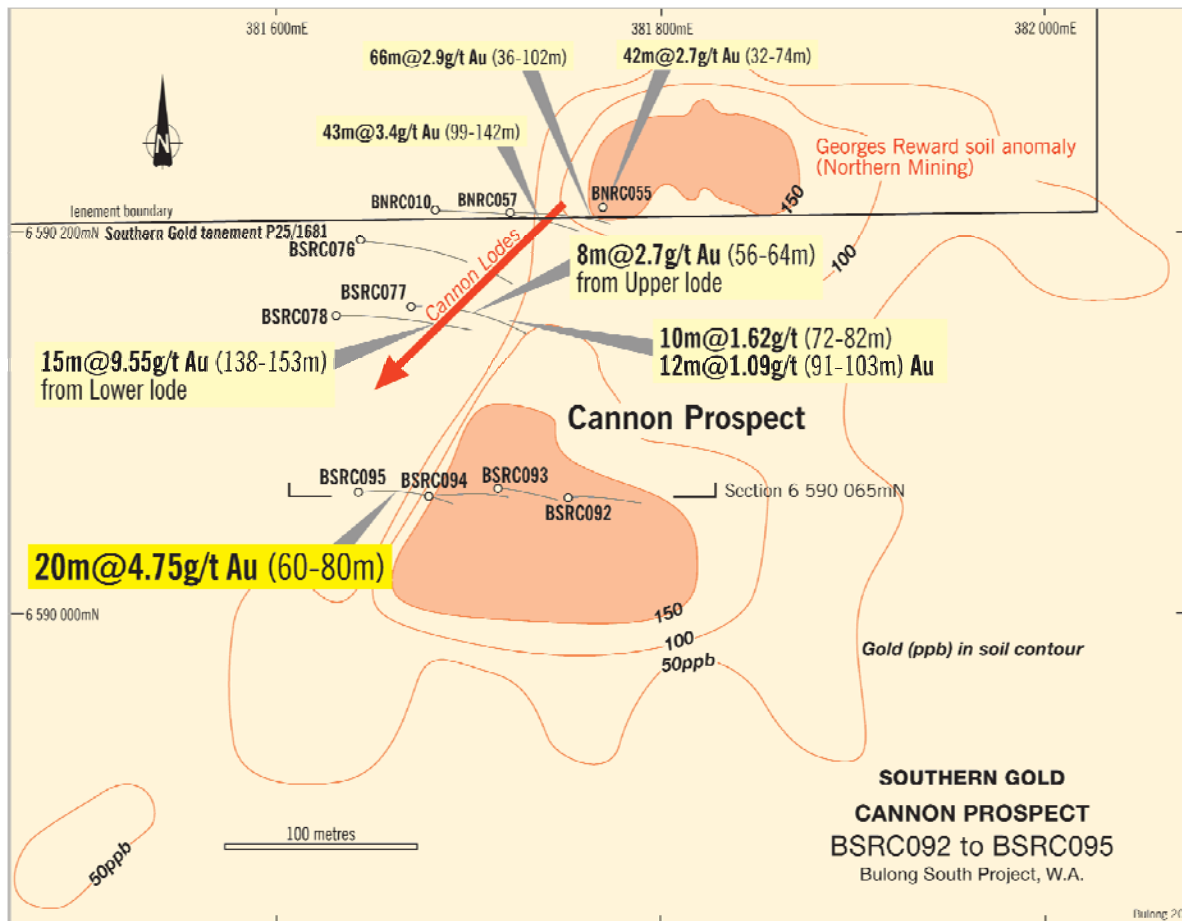


Figure 2. Significant drill results and gold in soil anomalies, Cannon Prospect, Bulong South, W.A.

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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.

*1m-riffle-splits. Analysis by 25gm Fire Assay, Genalysis, Perth. Lower grade cut-off 0.3g/t Au; length weighted averages; The intersections above comprise of length weighted averages, they are not true thicknesses. 'g.m' is the average grade multiplied by the interval. QA/QC comprised of external standards and blanks routinely inserted. Holes were camera surveyed with collar survey using differential GPS (+/-0.1m). The drilling program was planned and executed by Southern Gold personnel.