

10 June 2010

RC Drilling Underway at Southern Gold's Bulong South Project

The Board of Southern Gold Limited ("Southern Gold" "the Company") is delighted to advise that the Company has commenced its third RC drilling campaign at its wholly-owned Bulong South Project, 30km southeast of Kalgoorlie in Western Australia.

The current RC drilling programme will comprise 2,500 metres of drilling and follows recent gold intersections at the Cannon Prospect of:

- **14m at 4.26 g/t gold from surface;**
- **23m at 4.42 g/t gold from 57m; and**
- **15m @ 9.55 g/t gold from 138m.**

Most of the drillholes as part of the current drilling program will infill the ground between the north and south lobes at the Cannon Prospect. Significantly, potential for the two lobes of mineralisation at Cannon to be connected has been highlighted in recent geological modelling by Southern Gold and Runge Consultants. If this model is successfully proven by the current drill program, it would prove a continuous, wide zone of mineralisation of 300 metres strike length. Drilling will also test for southerly strike extensions to the south lobe (Figure 1).

First drill results are expected in mid July.

Exploration on adjacent Prospects

The excellent recent results at the Cannon Prospect reinforce our conviction that the Bulong terrain has been under explored for gold and that further regional exploration programs will discover and delineate further gold mineralisation. This view has been further confirmed by recent soil sampling at a number of prospects within the Bulong South Project that will be drill tested in coming months.

New gold-in-soil results have defined high-magnitude gold anomalies at four prospects surrounding Cannon; Monument, Homerton, Pinner and Cannon Northeast (Figure 2). These prospects, all within 1000m of Cannon are yet to be fully explored and their connection to Cannon will be tested with more drilling in coming months.

Soil sampling over the historic Railway prospect (in JV with Heron Resources) shows a gold-in-soil anomaly over a 2 km strike length. Historical drilling conducted during the 1990's missed the centre peak of the gold-in-soil anomalism defined by Southern Gold's detailed augering program. In addition, soil sampling has also delineated new prospects of Goldhawk, Morden, Balham, Mudchute and Temple. These additional targets will be investigated by a first pass aircore (AC) drilling in July-August (Figure 3).

Mining Lease M25/333 Granted

The consistent and continuous gold grades of near-surface and high grade mineralisation makes a fully granted Mining Lease a valuable statutory asset over the rapidly developing Cannon Prospect and adjacent satellite prospects of Pinner, Homerton and Monument (Figure 2).

The granting of the Mining Lease and the Bulong South Project's proximity to mining and milling infrastructure further decrease the projects development hurdles.

Mining lease M25/333 was granted over the core of the Bulong Project in March 2010.

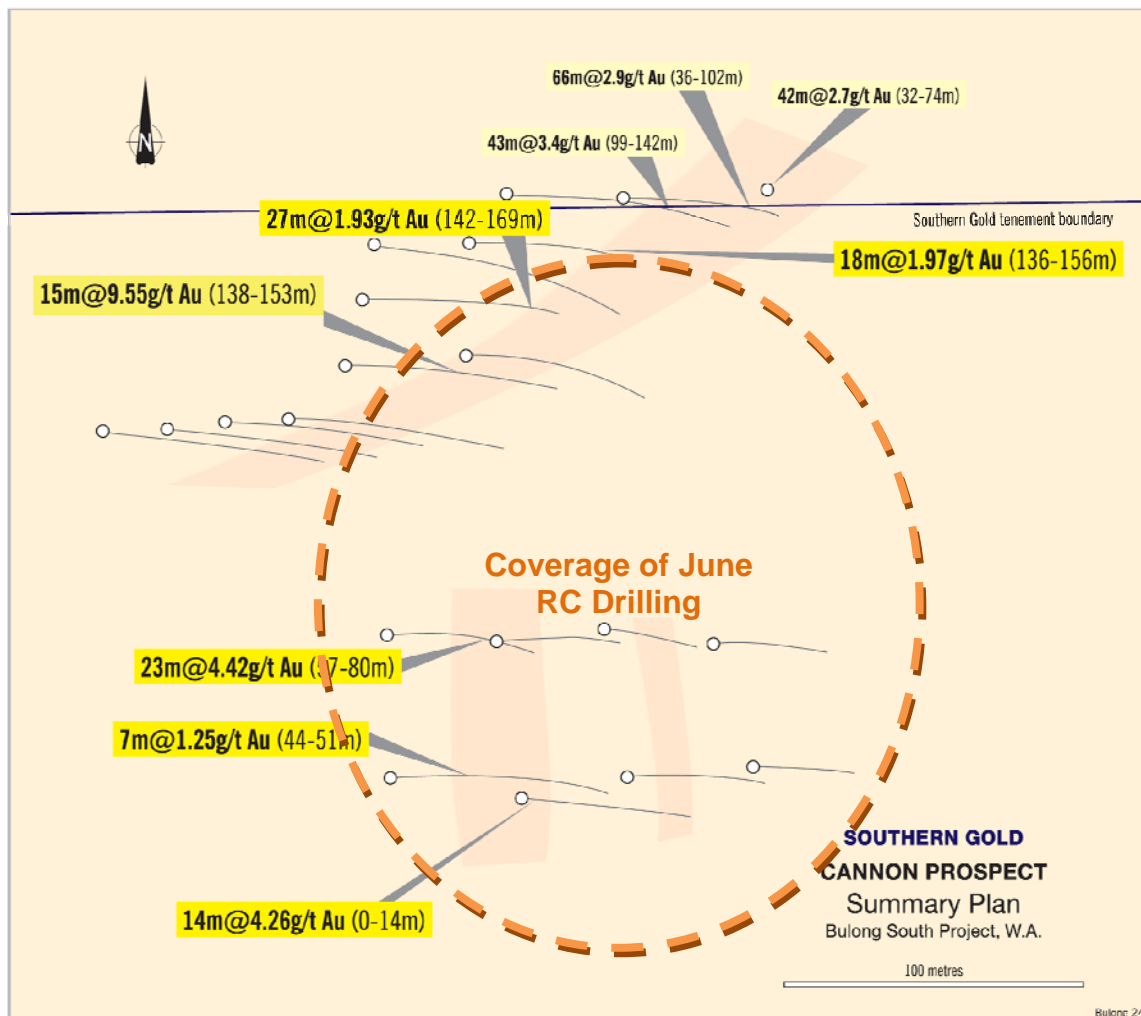


Figure 1. Coverage of Cannon Prospect by RC drilling in June 2010 and most significant intersections from previous drilling.

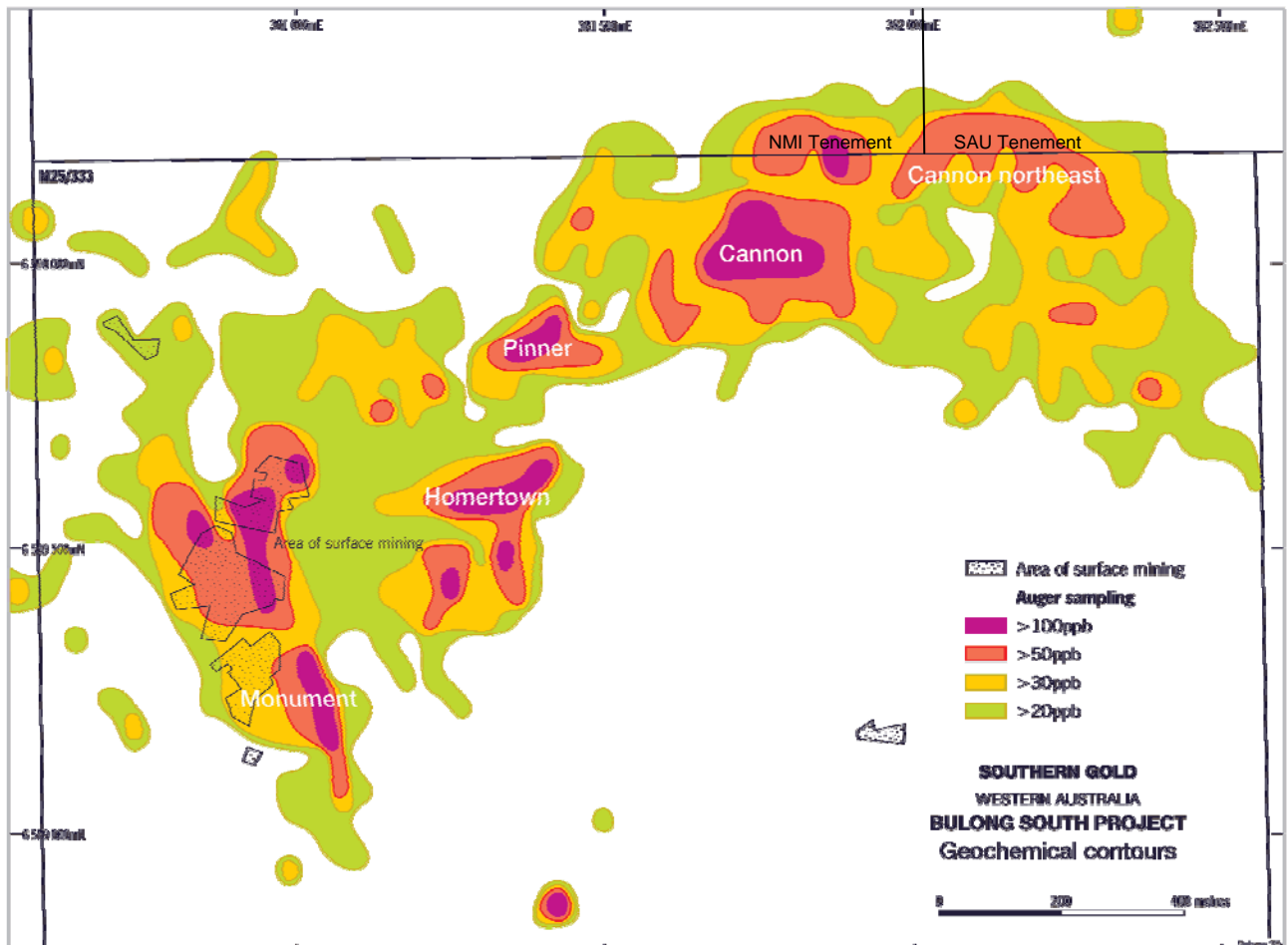


Figure 2. New gold in soil anomaly map of Cannon and surrounding prospects on recently granted Mining Lease ML 25/333, Bulong South Project.

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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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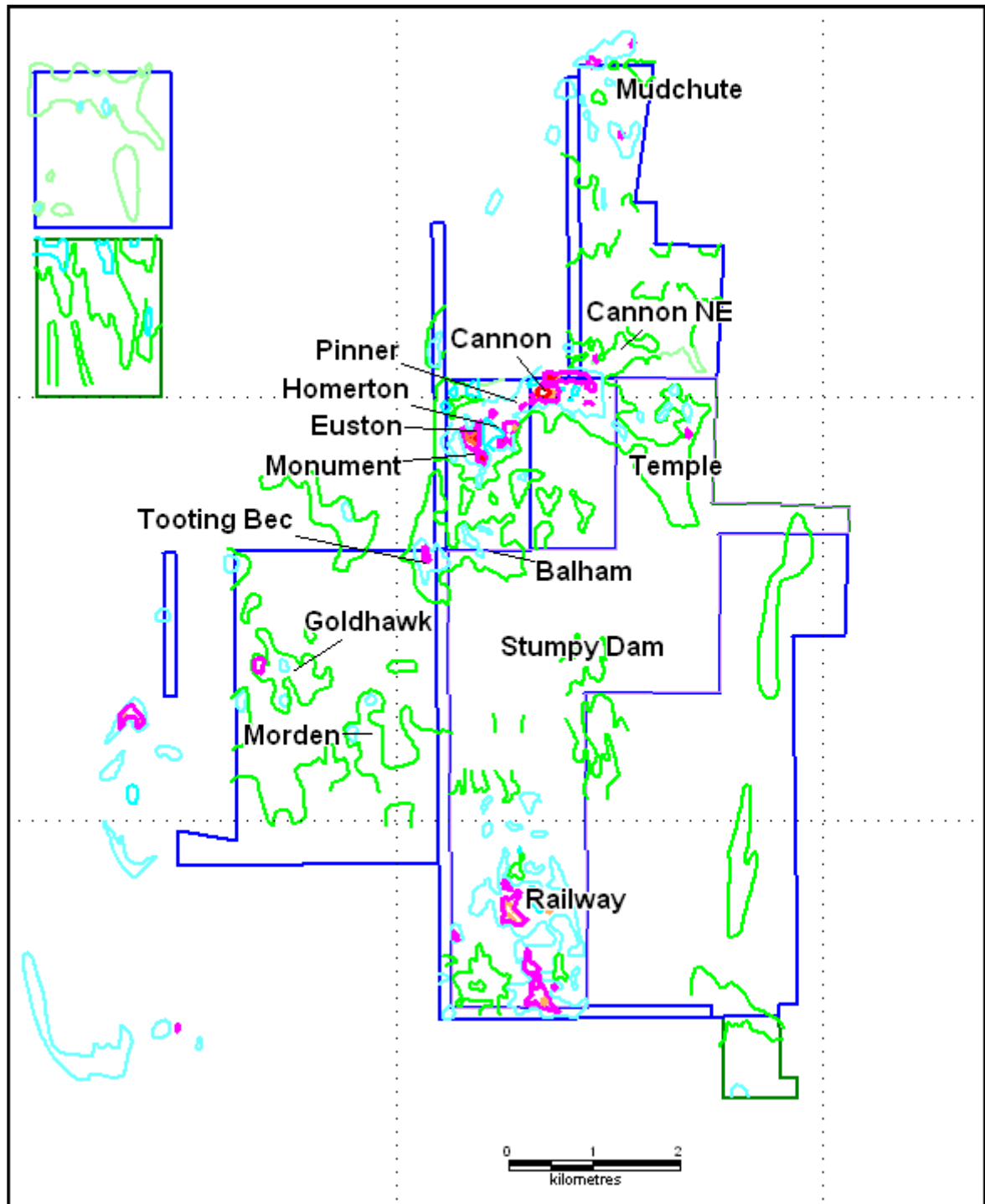


Figure 3. Location of regional prospects planned for upcoming drill programs. Gold in soil contours from Southern Gold's regional and infill soil surveys and historic data, Bulong South Project. WA.