

New Exploration JV At Challenger

Southern Gold Ltd has entered in to an exclusive option agreement with Dominion Mining Ltd to develop a gold only Joint Venture on Dominion Mining's exploration licences around the Challenger Gold Mine in South Australia.

The JV includes the Golf Bore 54,000oz gold Resource (Indicated plus Inferred).

Southern Gold will issue Dominion with 250,000 fully paid Southern Gold shares to earn the exclusive right, for a three month period, to conduct due diligence on the advanced exploration gold prospects and gold Resources and formalise exploration and development agreements.



Challenger open pit

The package of tenements includes eight exploration licences in the Challenger region covering 3000sqkm on the Gawler Craton.

Southern Gold's managing director Stephen Biggins said that Southern Gold is attracted to the advanced gold exploration ground and will assess opportunities to build on intercepts of 14m at 4.2 grams per tonne (g/t) at Campfire Bore and 6m at 9.2g/t at Typhoon.

"Southern Gold is also assessing the potential to develop the Golf Bore gold Resource as a satellite mining operation to Challenger," Mr Biggins said.

The Golf Bore Resource comprises a shallow Indicated Resource of 117,000 tonnes at 2.7g/t for 10,000oz, within a total Resource (Indicated plus Inferred) of 800,000 tonnes at 2.1g/t for 54,000oz.

Dominion's Challenger gold mine produced 29,280 oz at \$258oz during the December 2005 quarter and had reserves of 292,00oz as of December 31, 2005.

The agreement excludes the area immediately surrounding the Challenger mine on EL 3270, which is subject to Dominion's own near-mine exploration activities.