

11th October 2006

Gravity Surveying adjacent to Punt Hill

Southern Gold (ASX: "SAU") exclusively holds the "Torrens South" tenement immediately east of the new Punt Hill discoveries in South Australia's Gawler Craton (Figure 1). The Company had identified high-priority targets with Olympic Dam ("IOCGU") style potential along the gravity trend extending southeast from Punt Hill. A large survey of infill gravity detailing commenced last week to refine preliminary gravity targets for drill testing.

Southern Gold is applying improved targeting ideas and techniques derived from the geological revelations of the Prominent Hill and Carrapateena discoveries made during the past five years. The Punt Hill discoveries confirm the Company's tactics of targeting subtle gravity anomalies ignored by past explorers along northwest mineral corridors and close to the related Gawler Range Volcanics (shown as purple on the map in Figure 1).

Within the prospective corridor extending from Olympic Dam and Carrapateena, Southern Gold selected preliminary gravity targets from the low definition regional data for the detailing that is underway (Figure 2). Similar gravity detailing of the Punt Hill area is reported to have improved the definition of subtle gravity targets that led to the new drill discoveries at Whistlepig and Woodchuck.

About 1000 gravity stations will be read during the survey that is expected to be completed by the end of this week. It is anticipated the results will be processed and interpreted within a month.

Using the same successful targeting principles, Southern Gold is actively exploring another 6 new project areas totaling about 8,600 sq km for further IOCGU deposits throughout the highly productive Gawler Craton. Detailed gravity surveying has been completed over four of the projects during the past month with interpretation and target selection underway.

Yours faithfully



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The information in this report has been compiled by Stephen Biggins (BSc(Hons)Geol, MBA) as a full-time 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 1. Torrens South Project - Regional Location

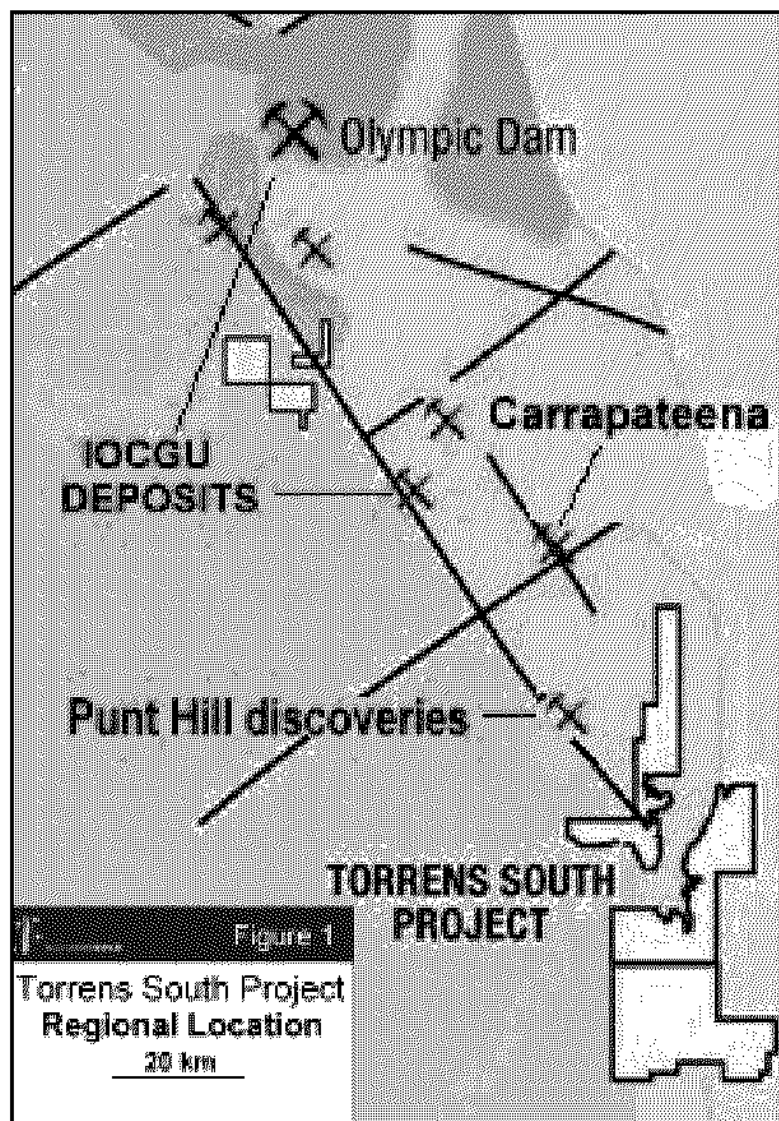


Figure 2. Torrens South Project – Tenement Location on Regional Gravity Image.

