

Tuesday 14th July 2009

Significant gold mineralisation discovered by Southern Gold in Cambodia

Highlights

- **Significant gold mineralisation discovered in Southern Gold's first Reverse Circulation (RC) drilling program in Cambodia**
- **8m @ 5.9 g/t gold and 4m @ 5.8g/t discovered at Anchor Prospect (100% SAU)**
- **Mineralisation drilled in multiple, quartz/sulphide veins**
- **Shallow drilling has discovered gold mineralisation close to surface**
- **Anchor Prospect is part of a large 10km x 10km system within the Snoul Project that requires further drill testing**

Significant gold mineralisation has been intercepted by Southern Gold Limited (ASX:SAU) ("Southern Gold" "the Company") in the Company's first RC drilling program on its projects in northeast Cambodia.

The intersections followed the recent completion of a 10 drillhole, 500 metre RC program to target the source of significant gold trench intercepts at Southern Gold's 100%-owned Anchor Prospect in Cambodia.

A number of prominent gold intersections included **8m @ 5.9g/t (which included 4m @ 8.8g/t gold) and 4m @ 5.8g/t gold**. High levels of other metals were associated with the gold mineralisation including 8m @ 26.6g/t silver, 0.4% copper and 0.2% zinc (Table 1 and Table 2).

Anchor Prospect is located within an interpreted 10km x 10km cluster of dioritic intrusives prospective for intrusive related epithermal gold vein systems and polymetallic gold skarns. Gold mineralisation at Anchor Prospect, and nearby Snoul Prospect, are associated with quartz/sulphide veins hosted in silicified metasediments and intrusive diorites.

hole	from	to	interval	Au (g/t)	Ag (g/t)	Cu (%)	Zn(%)
SNRC009	12	20	8	5.94	26.6	0.3	0.2
Inc.	12	16	4	8.76	34.4	0.5	0.1
SNRC002	4	8	4	5.80	0.8		
SNRC006	12	16	4	1.22	4.3		
SNRC010	20	24	4	2.29	3.2		

Table 1 Significant RC Drilling gold intersections above 1g/t gold(Au).

Commenting on the success of Southern Gold's maiden RC drilling program in Cambodia, Managing Director, Mr Stephen Biggins, noted:

"The quality of the maiden RC results in Cambodia validates the Company's belief that its early mover advantage has enabled it to secure a highly prospective tenement package in an exciting and underexplored geologic region that I am confident will deliver significant mineral discoveries. I am delighted with the results of this first-pass drill program and look forward to aggressively following-up these results with further drilling to better understand the potential of this area for a significant mineral discovery."

Follow-up Activity

Southern Gold anticipates follow-up RC drilling and ground geophysics at the Anchor Prospect and extending soil surveys over the large (200km²) Snoul Project with a view to better understanding the significant potential of the mineralisation discovered.

The Company anticipates using for the second round drilling, the same Boart Longyear RC rig it used in the first round. The rig may also be utilised by Oz Minerals on their active Cambodian exploration projects to the north of Snoul.

Future work will target depth extensions to the newly identified mineralisation and the discovery of additional intrusive gold mineralisation on this large 10km x 10km area within the Snoul Project. Activity in Cambodia will recommence when the next Cambodian field season commences in November 2009.

Anchor Prospect and Snoul Project Geology and Location

The Anchor Prospect, within the Snoul Project, is located 10km from the main sealed road linking the regional centre of Snoul to Kampong Cham, and Kratie. Access to this area is generally good and the area typically has a mix of agricultural land uses.

Gold mineralisation at the Anchor and Snoul Prospects is associated with a series of northwest striking sulphide-rich quartz veins and alteration. At least four separate veins have been intersected by the first drilling campaign at the Anchor Prospect (Figure 1). Considering the limited size of the drill campaign (500m) and shallow depth of holes (50m), the potential of the area to host additional gold vein sets is high.

The first airborne magnetic and radiometric surveys flown in the area by Southern Gold in 2008 mapped an interpreted cluster of four diorite intrusives over a 10km x 10km area (Figure 2). The geology of the Anchor Prospect is dominated by diorites which intrude a similar age sedimentary package (possibly Triassic) that also shows zones of variable chlorite alteration, veins and sulphides.

Southern Gold believes this 10km x 10km area within the Snoul Project is prospective for intrusive related, epithermal gold vein and polymetallic skarn systems. The mineralised veins drilled at the Anchor Prospect cover only 1% of this area, on the southwest corner of one of these four interpreted intrusives. In addition, small scale artisanal gold mining of similar sulphide veins occurs at the Snoul Prospect, 1km to the northeast within the same intrusive.

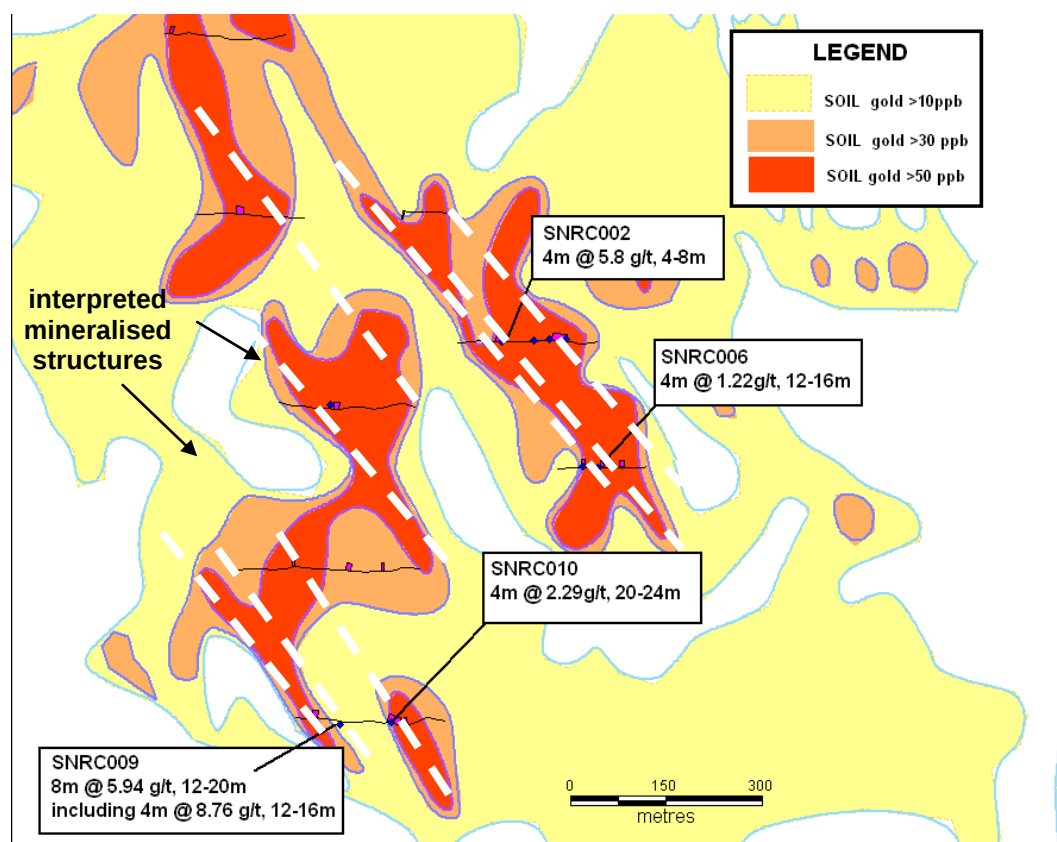


Figure 1. Significant gold RC drill intersections and trench locations overlain on gold in soil contours Anchor Prospect, Snoul Project (SAU 100%).

hole	from	to	interval	Au (g/t)	Ag(g/t)	Cu (ppm)	Zn(ppm)
SNRC001	16	20	4	0.19	0.0	86	31
SNRC002	4	8	4	5.80	0.8	331	29
SNRC002	8	12	4	0.18	0.0	59	30
SNRC002	24	28	4	0.25	0.0	57	36
SNRC002	28	32	4	0.50	0.0	69	41
SNRC003	0	4	4	0.13	0.0	154	426
SNRC003	16	20	4	0.14	0.0	168	120
SNRC003	36	40	4	0.15	0.0	169	146
SNRC006	12	16	4	1.22	4.3	156	97
SNRC006	48	50	2	0.37	2.0	306	156
SNRC008	20	24	4	0.45	8.1	171	135
SNRC009	4	8	4	0.37	3.1	497	299
SNRC009	12	16	4	8.76	34.4	4709	538
SNRC009	16	20	4	3.11	18.7	1727	4303
SNRC010	0	4	4	0.21	0.0	183	145
SNRC010	12	16	4	0.57	0.7	40	357
SNRC010	20	24	4	2.29	3.2	406	158

Table 2 Significant RC Drilling gold intersections (> 0.1g/t) gold (Au) from the 10 drillhole program
1. 4m 'Spear' composite samples. 2. Au by fire assay on 30g sample with AAS finish. Ncu, Zn, Ag by ICP following hot HCl and HCl/HNO3 leach in latter stages.3. Analysed by McPhar Geoservices (PHIL.) Inc

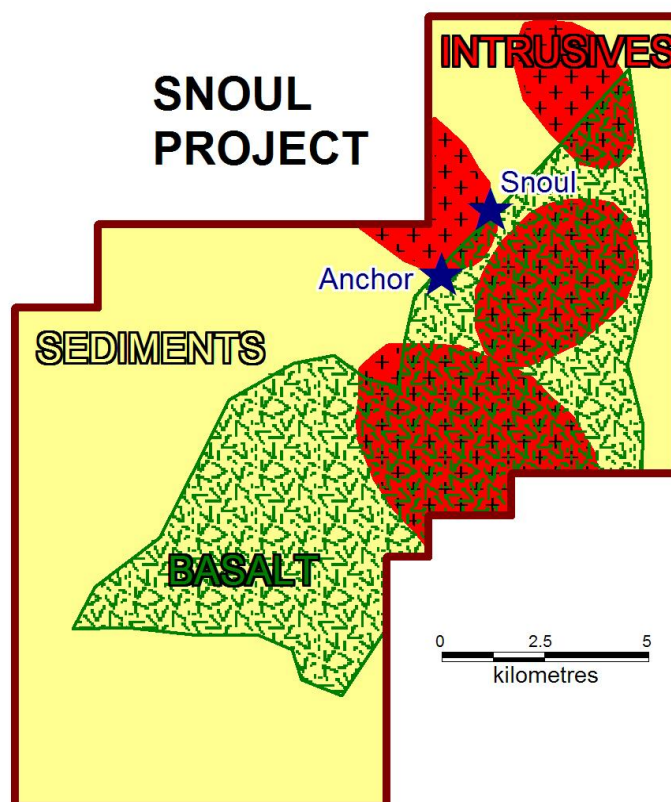


Figure 2. Anchor and Snoul Prospect locations and interpreted solid geology map of the Snoul Project

Anchor Prospect Previous Trenching Results

Eight trenches were previously excavated and sampled at the Anchor Prospect on a 1.2km gold and arsenic soil anomaly for a total of approximately 1,500m of trenching. Significant gold trench intercepts include:

SNTR008:	8m @ 2.8g/t	and	20m @ 0.4g/t gold
SNTR002:	36m @ 0.2g/t	and	16m @ 0.8g/t gold
SNTR001:	7m @ 0.8g/t	and	6m @ 0.5g/t gold
SNTR006:	8m @ 0.6 g/t gold		

Anomalous silver results were occasionally associated with anomalous gold, including 4m @ 10.5 g/t silver, which was associated with a 4.4 g/t gold result.

Southern Gold is sole funding exploration on its 100% owned Anchor Prospect. Anchor Prospect is located on the Snoul Project, one of Southern Gold's four 100% owned tenements in Cambodia (Figure 3).

Exploration on three of Southern Gold's seven tenements in Cambodia is being fully funded by the Japanese Government-backed JOGMEC, pursuant to a Joint Venture agreement whereby JOGMEC can fully fund exploration activity to a total of US\$4.5 million over 3 years to earn a 51% interest in these tenements. 600m of RC drilling on Phnum Khtong (Kratie North Project), and additional trenching work has been completed on the two adjoining blocks, Preak Khlong and O'Kthung (Kratie South Project), all to the northeast of Phnom Penh.

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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.

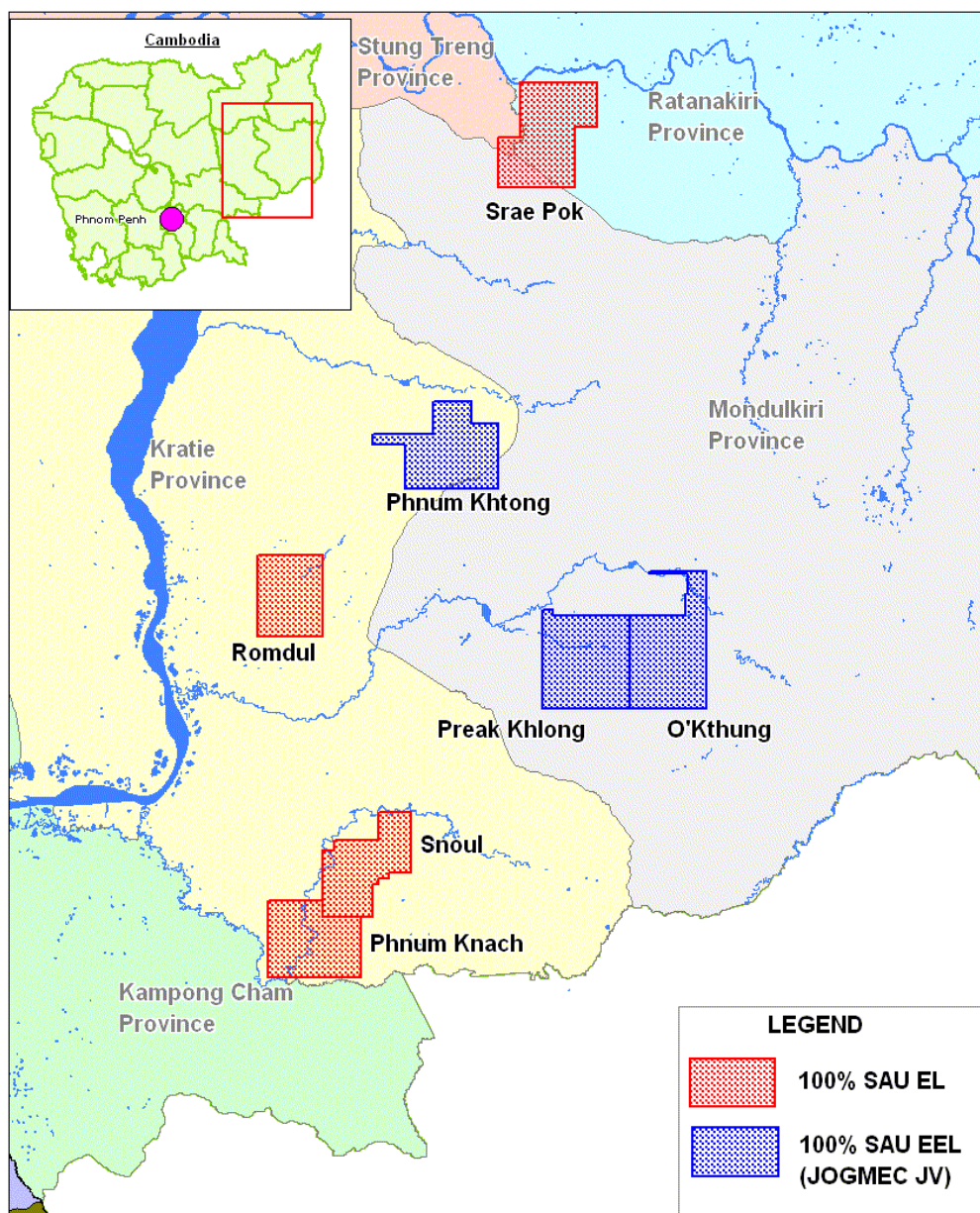


Figure 3. Southern Gold's four 100% and three JV tenements in north eastern Cambodia