11 December 2009

TRANCHE 1 OF SHARE PLACEMENT COMPLETED

DRILLING UNDERWAY IN AUSTRALIA AND CAMBODIA

Southern Gold Limited ("SAU" or "the Company") is pleased to advise that it has successfully completed the first tranche of the two tranche placement of shares announced on 26 November 2009. A total of 21 million ordinary shares at 12.5 cents per share have been issued to sophisticated and professional investors within the Company's capacity under ASX Listing Rule 7.1, raising $2,625,000.

The balance of the placement of up to 19 million ordinary shares under tranche 2 is subject to shareholder approval. A General Meeting has been called for 31 December 2009 at the Company's registered office to seek approval for the issue of this second tranche of shares.

These funds will be applied to expanded drilling programs and exploration activities currently underway in both Australia and Cambodia:

- In Australia, 2,000 metres of Reverse Circulation (RC) drilling program is currently underway on Southern Gold's 100% owned Bulong South tenements following recent gold drill intersections of **66m @ 2.9 g/t, 42m @ 2.7g/t and 43m @ 3.4 g/t gold**.

- In Cambodia, Diamond core drilling has also recently commenced on Southern Gold's 100%-owned Snoul tenement. The 2,500m program is testing the continuity of gold mineralisation intersected at the Anchor Prospect including **8m @ 5.9g/t gold** (SNRC09)**.** Drilling operations will commence shortly on the Kratie North and South JV tenements funded by JOGMEC. These projects are located in the same intrusive related gold district as Oz Minerals Ltd's (ASX:OZL) Cambodian gold exploration projects.

The first results from these drilling campaigns are expected in January.

For further information contact:

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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.