SOUTHERNGOLD

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New RC drill results confirm further widespread gold mineralisation along Cannon Trend – Bulong Gold Project, Western Australia.

HIGHLIGHTS

- Significant gold intersections from new RC drill results include: **5m @ 7.9g/t gold (from 36m), 4m @ 5.22g/t gold (from 26m) and 6m @ 3.2g/t (from 17m).**
- Shallow gold mineralisation intersected at Pinner and SW Cannon targets – now considered as "highest priority gold targets"
- Wide zones of low-grade gold mineralisation identified in basement rocks at Homerton prospect, including **35m @ 0.71 g/t gold.**
- **Follow-up drilling warranted to define additional gold resources.**

Southern Gold Limited ("Southern Gold" or "the Company") (ASX: SAU) is pleased to announce significant new gold assay results from the expanded reverse cycle (RC) drill programme recently completed at the Company's 100%-owned Bulong South Gold Project, 35 km south east of Kalgoorlie in Western Australia.

The latest intersections are from the RC drill programme designed and implemented by the Company to test gold targets (Figure 1) previously identified by an earlier RAB (rotary air blast) drill programme.

They include new drill results for the Pinner and SW Cannon targets along the Cannon Trend which have returned high grade gold hits up to 1m intervals of 15.02 g/t and 10.68 g/t respectively. These intersections occur within wide medium-low grade gold zones. At the neighboring Homerton prospect, a third broad gold zone was also highlighted by the RC drill programme (Table 1).

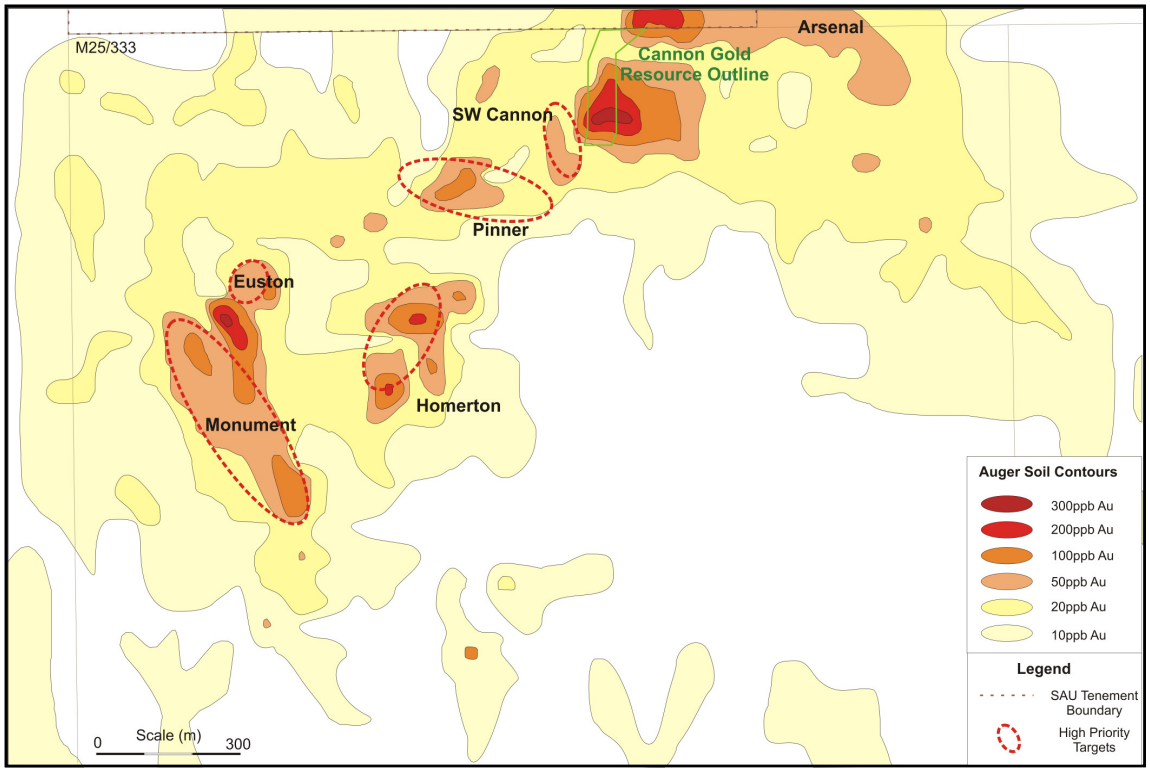

Figure 1. High Priority targets defined along the Cannon trend from the RAB drill programme. The RC drill programme was designed to test these targets.
[Background map : High gold in soil values that define the Cannon Trend].

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BULONG GOLD PROJECT, WESTERN AUSTRALIA

The new assay results announced today further enhance the potential for adding to the Company's gold resources already in place for the Cannon Trend component of the 100%-owned Bulong South project.

Importantly, the "strike rates" confirms the highly-promising exploration potential of the Cannon Trend and provides strong justification for follow-up drilling programmes to define additional gold resources.

Thirty one RC drill holes (totalling 3422m) were completed by Southern Gold along the Cannon Trend during April 2011. This trend was originally defined by the high gold in soil values detected by the Company and encompasses the previously announced maiden Cannon Gold Resource[1], the Arsenal, Pinner, Homerton prospects and extends to the Monument prospect (Figure 1).

This RC drilling programme was designed as a "first pass test" of the high priority gold targets at SW Cannon, Pinner and Homerton as delineated by the November 2010 RAB drill programme. Of the 31 RC holes drilled in April, 20 holes intersected gold greater than or equal to 1g/t gold over minimum 1m intervals, and 29 holes intersected low grade gold ≥0.1g/t gold (Figure 2).

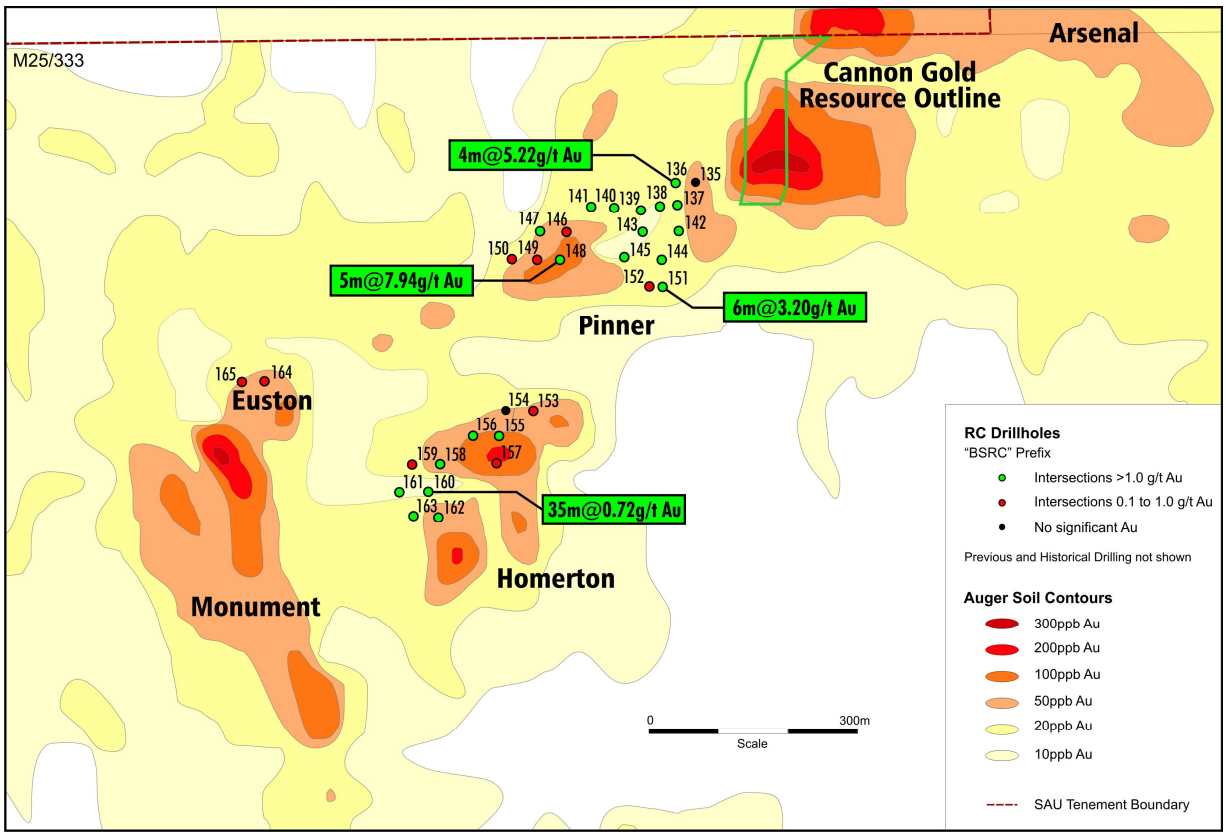

Figure 2. The RC drill programme confirmed widespread gold mineralisation along the Cannon Trend, with significant intersections at SW Cannon and Pinner.
[Background map : High gold in soil values that define the Cannon Trend].

[1] [For details of the Cannon Gold Resource see Southern Gold's ASX Announcement dated 20 September 2010]

Looking to the future, the significance of these latest RC drill results is that they have confirmed a broad gold mineralised system that extends beyond the Cannon Gold Resource to Pinner. The shallow core of this mineralisation has a 100m x 100m footprint to ~ 50m depth in the eastern and southern drill holes. In the west and northern drill holes, gold is intersected at greater than 50m depth. Detailed geological investigation and interpretation of the new assay results will continue with the aim of planning further RC drill holes to test targets similar to the westerly dipping "gold lodes" identified at the Cannon Gold Resource.

Three drill holes within the SW Cannon and Pinner target areas intersected similar grades and width to the mineralisation as seen within the Cannon Resource, particularly the near surface mineralisation in the southern portion of the Resource. These holes are:

BSRC 136	4m @ 5.22g/t gold (from 26m)
BSRC 148	5m @ 7.94g/t gold (from 36m)
BSRC 151	6m @ 3.20g/t gold (from 17m)

These results provide Southern Gold with a clear priority target to focus its efforts in identifying additional near-surface gold resources to compliment the current Cannon Gold Resource. Follow up drilling will test targets generated from the detailed analysis of RC drill data.

At Homerton, four RC drill traverses identified a broad mineralised gold system over 100m strike length. Several holes intersected two zones of gold mineralisation, near surface and at depth, often with a broad low grade gold halo that can extend over 10 metres between the two zones (Table 1). RC drill hole BSRC 160 in particular intersected **35m @ 0.71g/t** gold (from 18m) including **5m @ 1.65g/t** gold (from 20m) and **2m @ 2.66g/t** gold (from 27m). Detailed interpretation of this data is required to determine whether this broad gold zone in the near surface supergene zone reflects gold mineralised structures at depth or along strike.

The Cannon Gold Deposit was the first of several gold occurrences at the Bulong Gold Project to be RC drill tested in detail.

The positive gold hits achieved at SW Cannon and Pinner from this RC drill programme have confirmed that these prospects will be the second prospective area requiring further detailed drilling, as a clear target with the potential to grow the resource base at the Bulong Gold Project.

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Table 1: Gold intersections from the Cannon Trend RC Drill Programme.

Drill hole	Total Depth (m)	Drill Depth From (m)	Interval (m)	Grade (g/t Au)*
BSRC136	120	**26**	**4**	**5.22**
BSRC137	100	*16*	*17*	*0.37**
		including **17**	**1**	**1.17**
BSRC138	120	**86**	**3**	**1.3**
BSRC139	170	**78**	**4**	**1.45**
BSRC140	130	**96**	**3**	**2.38**
		100	*3*	*0.37**
		115	*3*	*0.42**
BSRC141	160	**112**	**3**	**1.86**
BSRC142	80	*19*	*9*	*0.67**
		including **19**	**5**	**1.01**
		49	*5*	*0.94**
		including **51**	**2**	**1.99**
BSRC143	140	*101*	*3*	*0.91**
		including **102**	***1***	**2.25**
BSRC144	100	*44*	*4*	*0.59**
		including 46	*2*	1.00
BSRC145	100	38	*2*	1.88
BSRC147	114	*25*	*7*	*0.36**
		39	*7*	*0.32**
		108	*5*	*1.60**
		including **108**	***3***	**2.48**
BSRC148	100	30	*4*	1.01
		27	***19***	***2.48****
		including **36**	***5***	**7.94**
		43	*1*	1.2
BSRC151	78	**16**	***7***	**2.85**
		16	*11*	2.0*
		37	*2*	1.06
BSRC155	108	31	*2*	0.89
		100	*2*	1.1
BSRC156	132	38	*1*	1.02
		9	*2*	1.29
		3	*10*	*0.55**
BSRC158	108	87	*2*	1.77

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Drill hole	Total Depth (m)	Drill Depth From (m)	Interval (m)	Grade (g/t Au)*
BSRC160	96	*18*	*35*	*0.72**
		including 20	***5***	**1.65**
		27	**2**	**2.66**
		31	1	1.96
		41	*11*	*0.65**
		including 41	1	1
		49	3	1.15
		57	*6*	*0.42**
BSRC161	144	98	3	1.66
BSRC162	90	42	2	0.75
		82	2	1.63
BSRC163	108	89	2	1.03

1m riffle splits. Analysis by 25gm fire assay, Genalysis, Perth. 1m minimum width of ≥ 1 g/t gold, 1m maximum width for dilution (intervals≥ 0.5g/t);

** Intervals in italics: Lower grade cut off 0.1 g/t Au, 3m minimum width for ≥ 0.1 g/t gold, 3m maximum width for dilution (intervals with below 0.1g/t).*

No top grade cut off. The downhole intersections comprise length weighted average and may not be 'true thicknesses'. QA/QC comprised external standards and blanks routinely inserted. Drill holes were downhole surveyed by north seeking gyroscope, preliminary collar location using GPS (± 2m). The drilling programme was planned and executed by Southern Gold personnel. Schramm RC drill rig provided and operated by Ausdrill Ltd.

Competent Person Statement

The information in this report has been compiled by Peter Hill (BSc) as an employee of Southern Gold and who is a member of the Australian Institute of Geoscientists and is bound by and follows the Institute's codes and recommended practices. As a Competent Person, as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' 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.