

27<sup>th</sup> January 2010

## **15m @ 9.55 g/t gold intersected at Southern Gold's Bulong South Project**

- **New high grade intersection of 15m @ 9.55g/t gold at Cannon prospect at Southern Gold's 100%-owned Bulong South Project near Kalgoorlie**
- **Includes very high grade zone of 20.26 g/t gold over 3m**
- **Drilling has extended mineralisation strike length by at least 100m in a southwest direction**
- **Results confirm and strengthen the potential indicated by 66m at 2.9 g/t gold from previous nearby drilling**
- **Further results from this program are expected shortly**
- **Follow-up drilling planned to commence next month**

Southern Gold Limited (ASX:SAU) is delighted to announce that results of new Reverse Circulation (RC) drilling at its Cannon Prospect has delineated and extended thick high grade gold mineralisation at its Bulong South Project, 30km east of Kalgoorlie in Western Australia.

High grade assay results received for one of the three holes drilled last month at Cannon, and partial results from a second hole, include **15m @ 9.55 g/t gold** from 138m (including **3m @ 20.26g/t gold** from 139m) and **8m @ 2.7g/t gold** from 56m. Further assay results from the second hole will be reported when they are received shortly.

Additional progress results from Cannon Prospect and nearby prospects at Bulong South are expected shortly.

Commenting on the significance of these results, Southern Gold's Managing Director, Mr Stephen Biggins, said:

"In Southern Gold's recent three holes to have tested gold mineralisation at the Cannon Prospect, Southern Gold has identified some very high grade and thick gold intersections which are particularly significant given they are only 30km from the mining town of Kalgoorlie.

"They also follow a previous intersection further north, of 66m at 2.9g/t gold. This expanding gold picture reinforces the potential of this new discovery.

"As a result, Southern Gold is now planning a further round of drilling at Cannon to commence next month with a view to extending mineralisation and to better define the gold lodes."

## Drillhole summary

Drillhole BSRC078 intersected high grade gold of 15m @ 9.55 g/t gold from 138m, a further 100m southwest along strike from the nearest prior intersection (BSRC010 43m @ 3.4g/t gold – a hole drilled in the tenement boundary area). The Cannon – George’s Reward gold zone is now more than 100m in strike length and is open to the southwest and at depth (Figures 1 and 2).

A higher grade zone of 3m @ 20.26g/t gold from 139m in BSR078 significantly increases the grade of the lower lode at the Cannon prospect.

A second hole, drillhole BSRC077, intersected 8m @ 2.7g/t from 56m in the interpreted upper lode of the Cannon gold zone. Sample assays from the part of the drillhole interpreted to represent the lower lode intercepted in BSRC078 (72m to 116m) are still to be received. Results will be reported shortly once assay results are received.

Table 1. Summary of best drilling results at Cannon Prospect

Hole	Drill hole			Intersections				
Number	Easting (GDA)	North (GDA)	TD (m)	From (m)	To (m)	Interval (m)	Grade* (g/t gold)	gram.metres (g/t x m)
BSRC078	381630	6590155	200	122	124	2	2.21	
				138	153	15	9.55	143
				<b>Including</b> 139	<b>141</b>	<b>3</b>	<b>20.26</b>	
BSRC077	381670	6590160	160	56 72	64 116	8 44	2.7 awaiting assay	
<i>Previous best results listed below (at tenement boundary)</i>								
BNRC010	381682	6590210	162	99	142	43	3.4	146
BNRC055	381770	6590213	109	32	74	42	2.7	113
BNRC057	381720	6590209	138	36	102	66	2.9	191

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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.*

*\*1m-riffle-splits. Analysis by 25gm Fire Assay, Genalysis, Perth. Lower grade cut-off 0.3g/t Au; length weighted averages; The intersections above comprise of length weighted averages, they are not true thicknesses. ‘g.m’ is the average grade multiplied by the interval. QA/QC comprised of external standards and blanks routinely inserted. Holes were gyro surveyed with provisional collar survey using hand held GPS (+/-2m). The drilling program was planned and executed by Southern Gold personnel.*

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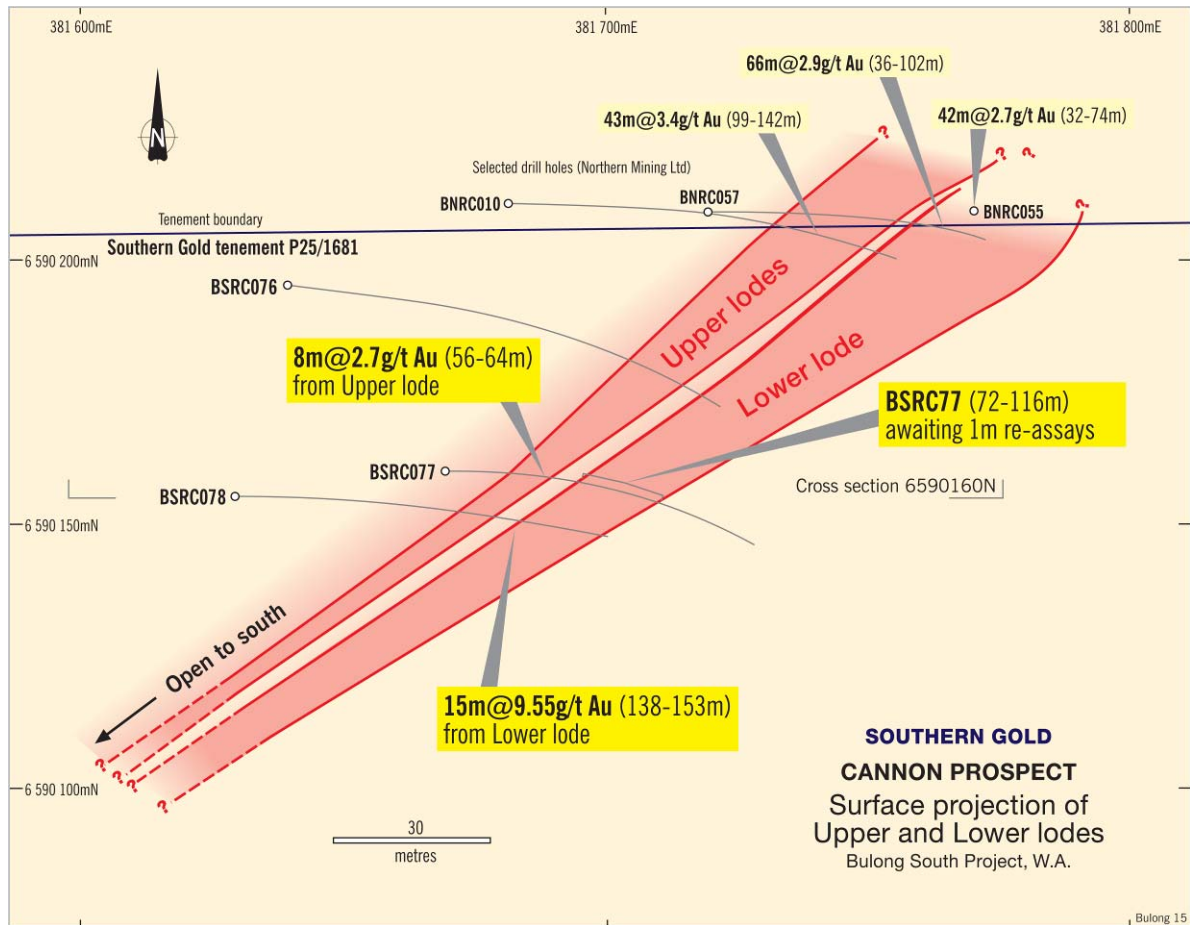


Figure 1 Plan view of recent drilling at Cannon Prospect with gold mineralisation (lodes) projected to surface.

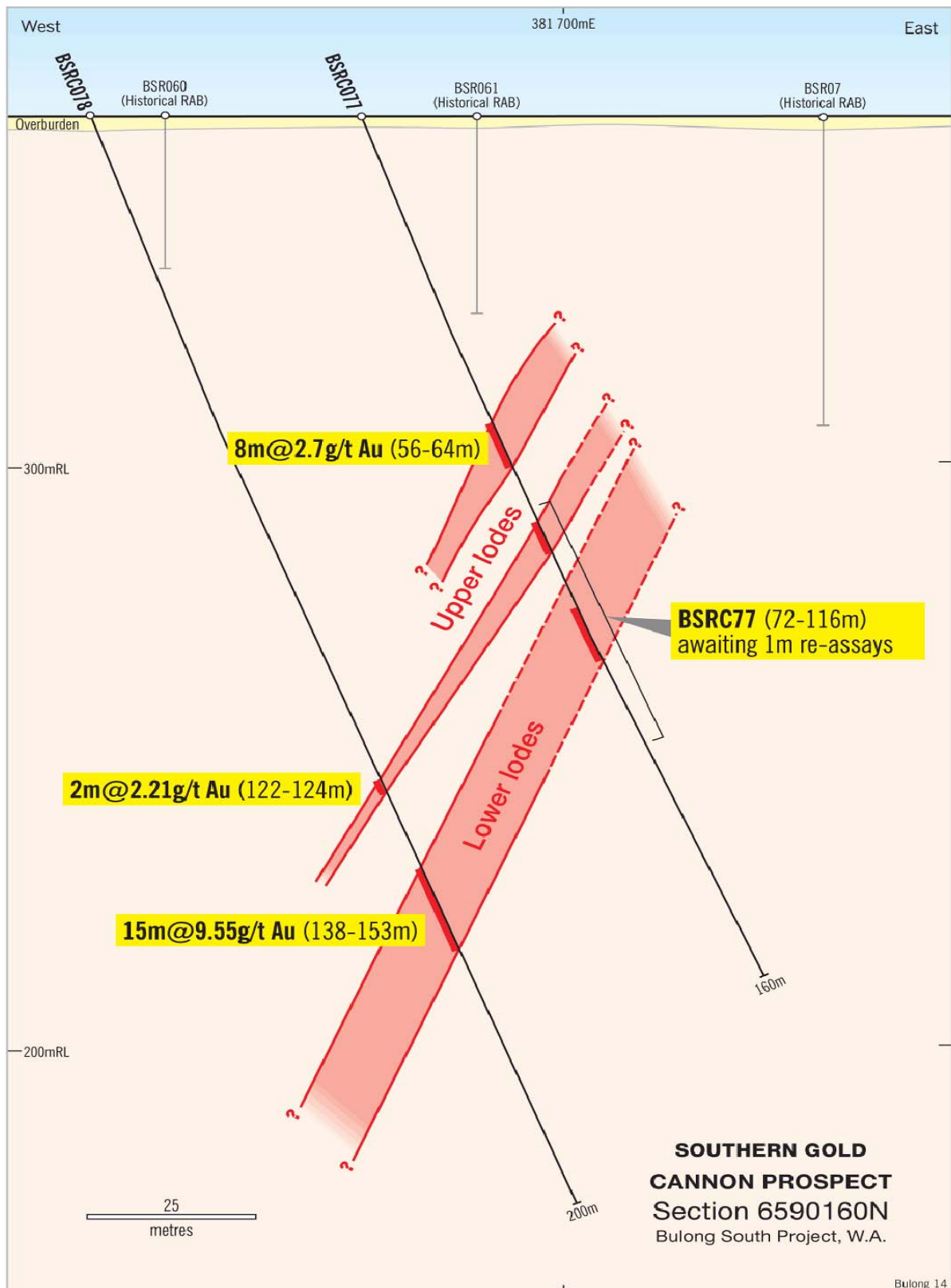


Figure 2. Cross-section of gold mineralisation intersected by Southern Gold's recent drilling at Cannon Prospect