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## First JV drilling identifies new gold near SA's Challenger mine

The first drilling program by Southern Gold under its JV with Dominion Mining (ASX : DOM) has confirmed previous company drilling and extended the gold mineralisation at Typhoon and Monsoon near Challenger. Shallow aircore drilling intersected both broad and higher grade intervals of gold mineralization such as 12m at 2.2g/t and 3m at 8.1g/t. A number of holes ended in gold mineralization (5gt at 50-51m) and over a much larger area than indicated by prior drilling (refer Table I below).

This initial drilling success provides encouragement for a number of drilling programs Southern Gold has scheduled on the incompletely tested gold prospects in the highly prospective region of the million ounce Challenger Gold Mine. Southern Gold strongly believes there is potential for more million plus ounce ore bodies in the Archean geology that hosts Challenger in northern South Australia (Figure 4).

The new results provide vectors to test for gold bearing shoots with similar dimensions and orientations to the ore shoots at Challenger.

Followup drilling is planned to test the depth extensions to the revitalized Typhoon and Monsoon prospects and to undertake drilling of other prospects initially delineated by calcrete geochemistry and shallow drilling in the 1990's before structural models were established for the Challenger region.

*Table I. Drilling results, Monsoon and Typhoon Prospects*

### Typhoon Prospect

<b>TY07AR27</b>	<b>12m @ 2.1 g/t from 39m</b> including 6m @ 3.1 42-48m	Sited 7 m north of Dominion hole 98TNR121 (angled to the south; 8m @5.5g/t from 48m)
TY07AR 19	3m @ 1.1 g/t from 48m	25 m west of TY27
TY07AR 19	1m @ 1.0 g/t from 54m	

### Monsoon Prospect - Northeast

<b>MN07AR 05</b>	<b>3m @ 5.6 g/t from 39m (Bold)</b>	Sited 15m south of Dominion hole 99MNR267 (angled to the south; 1m @9.8g/t from 47m)
MN07AR 07	6m @ 2.7g/t from 39	Sited 10m north of Dominion hole 99MNR267
MN07AR 17	1m @ 1.0g/t from 50 m to end of hole	Sited 7m north of Dominion hole 97MNR217 (vertical; 2m @0.7 g/t 49 m to EOH)

### Monsoon Prospect

MN07AR 20	3m @ 8.1 g/t from 15m	Sited 5m east of Dominion hole 97MNR126 (angled to the south; max Au 1m @0.8g/t from 33m)
<b>MN07AR 21</b>	<b>12m @ 2.2 g/t from 30m</b>	Sited 5m east of Dominion hole 97MNR122 (angled to the north; 5m @0.89g/t from 58m).
MN07AR 30	3m @ 4.3g/t from 36	

MN07AR 30	10m @ 0.4 g/t from 48m <u>to end of hole</u>	
MN07AR 31	9m @ 0.7 g/t from 45m	
<b>MN07AR 31</b>	<b>1m @ 5.02 g/t from 54m to end of hole</b>	(Bold)
MN07AR 36	3m @ 2.9 g/t from 30m	
MN07AR 47	3m @ 1.6 g/t from 27m	
MN07AR 53	3m @ 1.8g/t from 45m	

Note: 1. Drill holes are vertical.

2. Air core drill chips sampled and composited with spear from 1 m chip piles (splitter not used).

3. Gold analysed by Fire assay with ICPOES/MS (Amdel Laboratories).

4. Reported value includes averages of duplicate or repeat assays, if they exist.

5. a 0.50 g/t cut off was used for intervals which average greater than 1 g/t.

## Air Core Drilling Program, Typhoon and Monsoon

94 air core holes totalling 5,238 metres were drilled on the Monsoon and Typhoon Prospects during June. Drilling comprised 27 holes at Typhoon and 67 holes at Monsoon.

The holes targeted interpreted tight folding that parallels the broad trends seen at the nearby million ounce Challenger gold mine and also extensions to high grade gold hits identified in previous drilling by JV partner Dominion Mining Ltd.

## Drilling Results

Drilling at both prospects identified broad zones containing similar rocks and sulphides as at Challenger, reconfirmed gold mineralisation and extended the volume of known gold zones (Table I & Figures I – 3). Even though some Southern Gold drill holes were collared in the range of 5m to 30 m from previous drilling, these new holes are given high significance because these are on par with the dimensions of a Challenger style M1 shoot.

**Holes MN17, MN30 and MN31 finished in fresh rock whilst still assaying high gold levels.** The gold at the end of these holes is believed by Southern Gold to represent portions of the primary gold mineralisation (Table I).

Drilling delineated a broader gold ‘plume’ where gold has been remobilised from basement rock and concentrated higher up in the weathering profile. This presents a larger target enabling followup drilling directed toward primary gold targets in the basement.

## Geology

At Monsoon, near some previous gold drill intersections, drilling intersected a zone of gneiss similar to that seen in the Challenger Mine. This included coarse grained quartz rich gneiss showing abundant blue quartz, together with coarse to very coarse garnet, and lesser black biotite. Some of this zone includes trace to several percent sulphides (disseminated or as very fine vein infilling) identified as arsemopyrite and/or pyrrhotite. A preliminary interpretation indicates the zone follows the same structural trend as that outlined by recent ground magnetics.

At Typhoon, the gold distribution from both SAU and DOM drilling appears to be oriented along a northeast trending magnetic feature that extends the potential target.

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Figure 1. Gold 1g.m (gram-metre\*) contours of drilling overlain on ground magnetics image, Monsoon North East

\*gram-metre (g.m) = sum of assay grades downhole x assay interval for each hole (compares amount of gold in each hole)

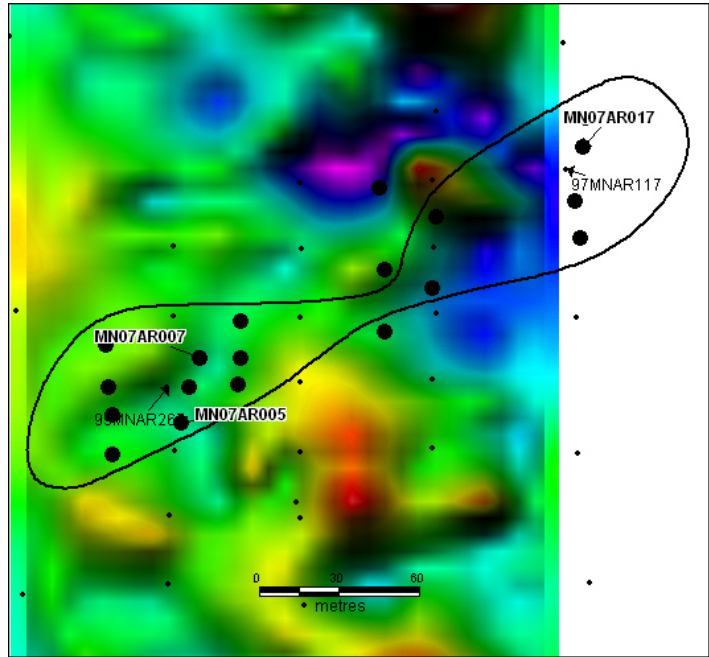
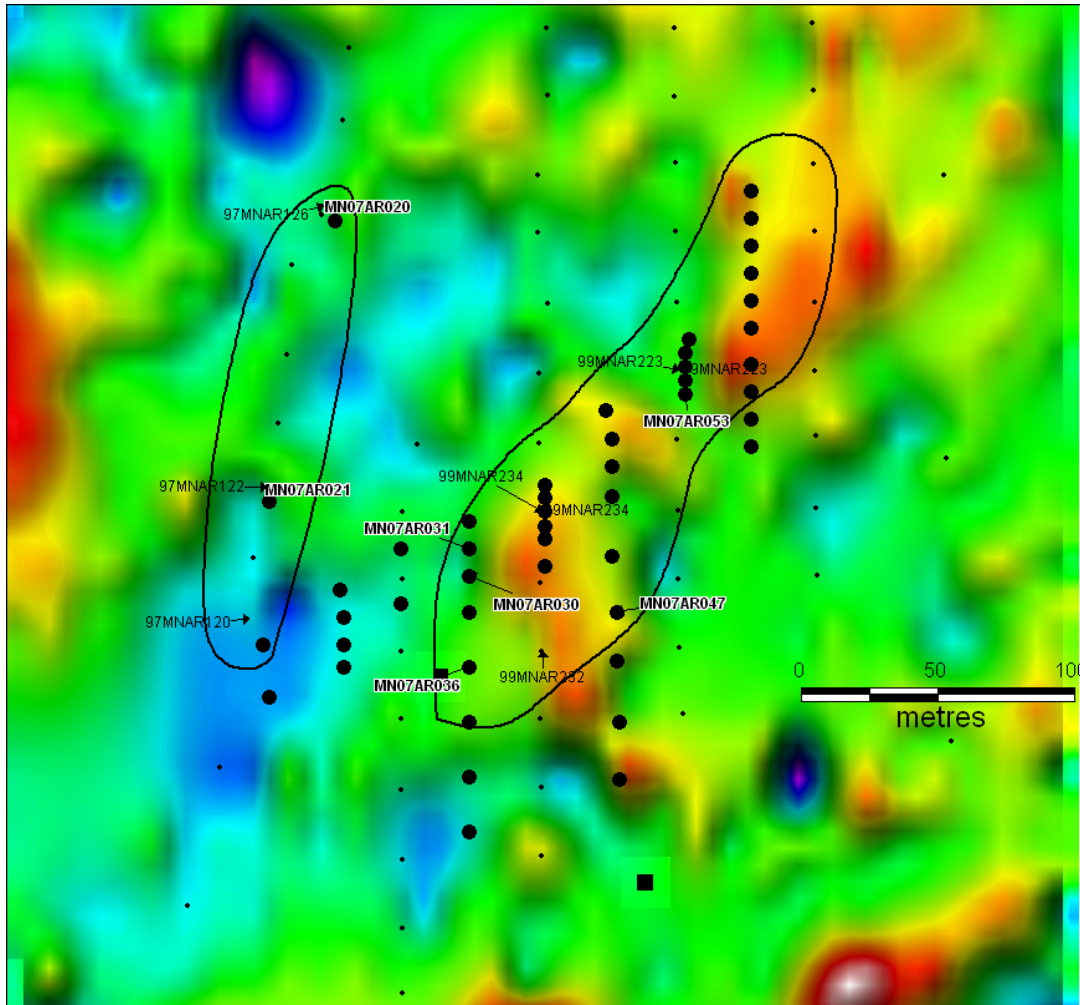


Figure 2. Gold 1g.m contours of drilling overlain on ground magnetic image, Monsoon Prospect



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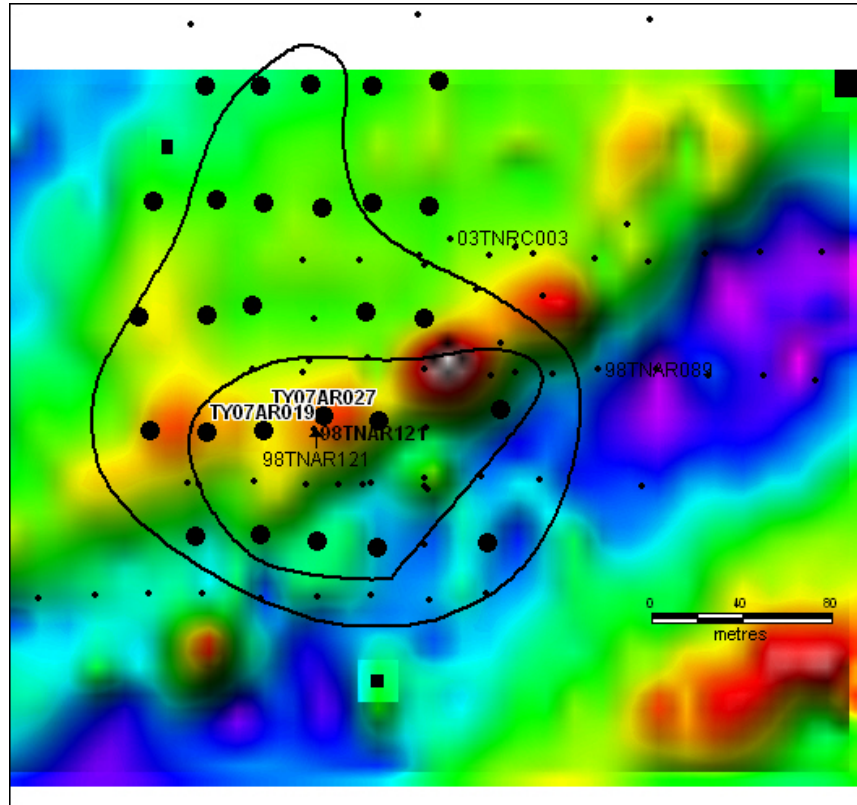


Figure 3. Gold 0.2g.m and 1g.m contours in drilling overlain on ground magnetic image, Typhoon Prospect



Photo 1. Air-core Drilling, Monsoon Prospect near Challenger gold mine, South Australia.

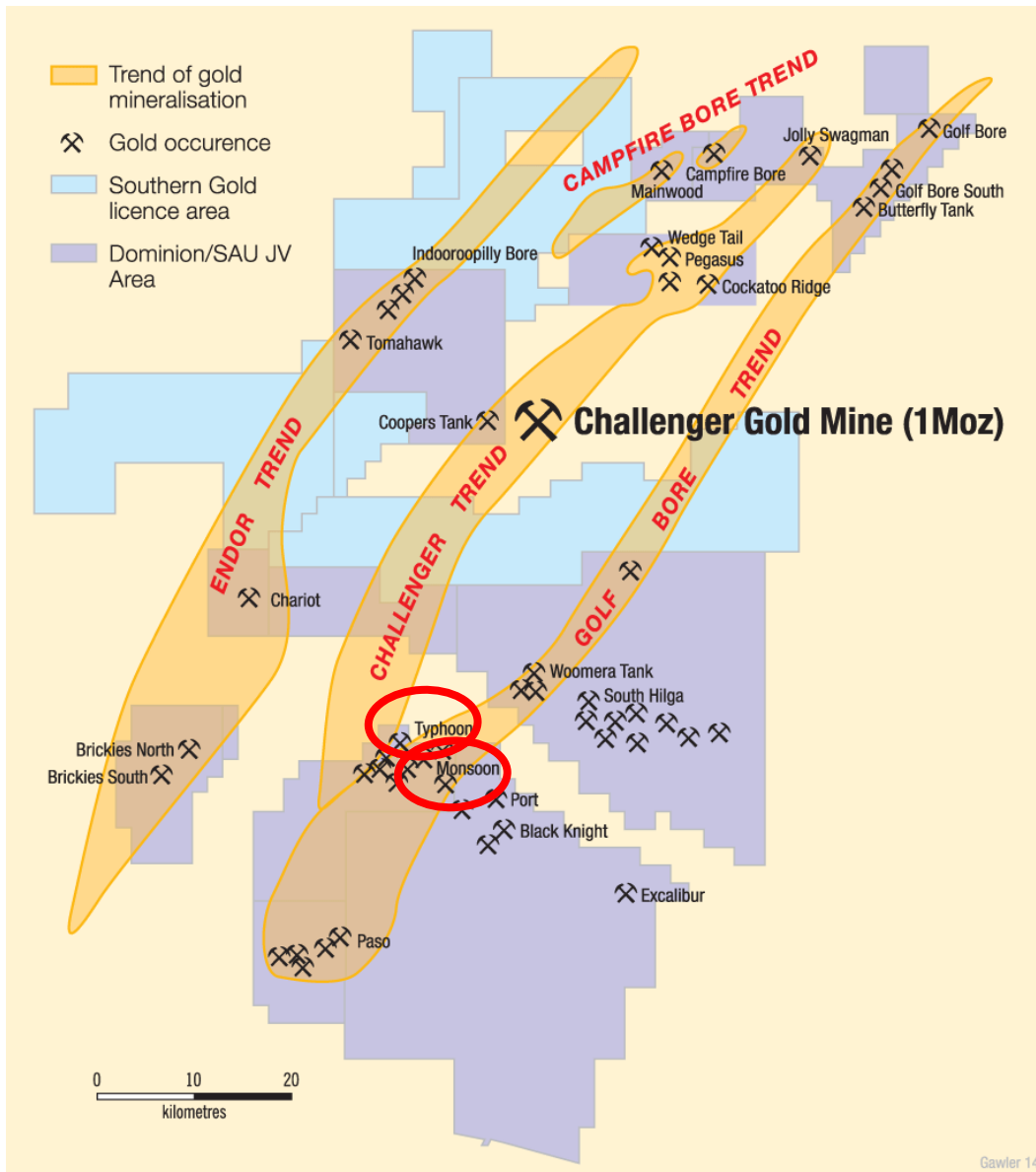


Figure 4. Typhoon and Monsoon Prospect locations and Southern Gold's 5000km<sup>2</sup> of tenure in the vicinity of the Challenger gold mine.

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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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