

8^h November 2007

Southern Gold proceeds to next stage of Gold JV with Dominion Mining, Challenger Area

Southern Gold has exceeded its first expenditure milestone on the Challenger Area Gold JV and has notified Dominion Mining of its intention to proceed toward the first equity earn-in stage of the JV.

Southern Gold can earn 30% of the gold rights in the eight JV tenements by spending \$1m by October 2008.

Southern Gold has the right to earn 51% of the gold rights on eight exploration licences by spending a total of \$2m by October 2009 (3 years).

If Dominion elects not to contribute proportionally, at that stage, Southern Gold can elect to earn a further 29% (80% Total) by additional expenditure of \$2m over the following 3 years.

Southern Gold's combined interests cover approximately 5000km² of South Australia's richest goldfield through this JV and Southern Gold's 100% owned tenure (Figure 1).

Drilling results of Southern Gold's first RC drilling program on the Golf Bore and Mainwood Prospects are expected to be received next week.

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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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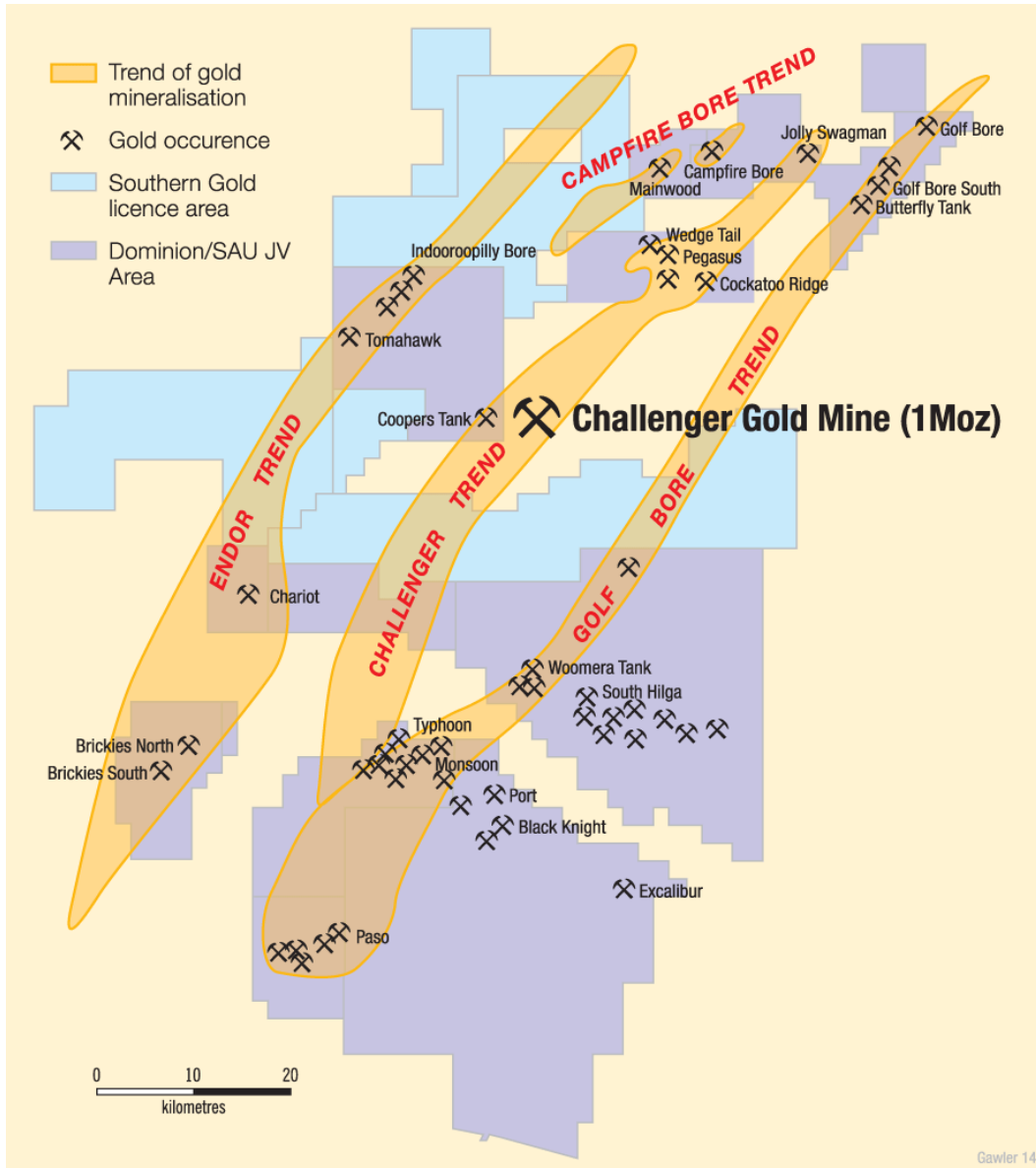


Figure 1. Southern Gold's 100% and JV tenure which combined cover 5000km² the vicinity of the Challenger gold mine.

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