Southern Andes Energy's New Uranium Discovery at Alpi-1 Project in Peru

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TORONTO, ONTARIO -- (Marketwire - Jan. 12, 2011) - Southern Andes Energy Inc. (TSX VENTURE: SUR), ("Southern Andes" or "the Company"), is pleased to announce the discovery of widespread uranium mineralization from preliminary work on its Alpi-1 target in the Chacaconiza project area in the Macusani Uranium District, Southeast Peru.

Alpi-1 Discovery

Initial results from a comprehensive exploration program consisting of detailed mapping, hand-supported radiometric surveys, trenching and channel sampling from a portion of the Alpi-1 target have returned significant widespread uranium mineralization from intensely fractured volcanic ash and ignimbrites. The mineralized area is characterized by a radiometric anomaly striking for 1.5 kilometres that was outlined during a regional survey completed by the Company's predecessor company in 2006.

Apli-1 is the second uranium discovery Southern Andes has made in the Chacaconiza project area following the Accocucho Sur discovery in September 2010. Alpi-1 is located approximately 6 kilometres northwest of Accocucho Sur. (Please visit our website for detailed project location maps at www.southernandes.ca)

Commenting on the results, Nick Tintor, President and CEO of Southern Andes Energy Inc., stated that "The results from Alpi-1, combined with the discovery of widespread uranium mineralization on surface at the nearby Accocucho Sur discovery underscores the significant potential we see in this new area." Tintor further added that "These new discoveries are priority drill targets for our 2011 exploration program which is expected to begin early in the second quarter."
Highlights of the limited sampling program include:

	PPM (U3O8)	%(U3O8)	Metres
• Zone 1: Trench T-2:	1,704	.17	5.2 m
• Zone 1: Trench T-5:	430	.043	17.15 m
• Zone 1: Trench T-8:	657	.0657	14.1 m
• Zone 1: Trench T-27:	520	.052	8.8 m
• Trench T-36:	254	.0254	17.0 m
• Zone 3: Trench T-38:	1,031	.103	8.9 m

The Company completed an exploration program in December 2010, in which a total of 42 trenches and eight channels totalling 402 metres were completed to test the most prominent portion of the radiometric anomaly. A total of 388 samples were collected. The samples were assayed for uranium and also a suite of 34 elements. A complete list of channel and trench sampling results are listed in the appendix at the end of this press release.

About Alpi-1 and the Chacaconiza Project Area

Alpi-1 is one of four large radiometric anomalies comprising the Chacaconiza project area. Covering more than 3,700 hectares and measuring approximately 8 kilometres by 5 kilometres, Chacaconiza is the largest radiometric anomaly identified in the Macusani Uranium District which has never been drill tested.

The Company's geologists tested three outcropping or sub-outcropping zones known as Zones 1 to 3 where high radiometric readings were recorded by hand-held scintillometres. The two most prominent zones, Zones 1 and 2, are 300 metres apart with each measuring approximately 150 metres by 100 metres. All three zones are within a much larger radiometric anomaly measuring 700 metres by 400 metres which will be tested by drilling later this year.

Alpi-1 is characterized by secondary autunite uranium mineralization associated with dense, closely spaced

NW-SE and NE-SW trending sub-vertical fractures and which also occurs as disseminations between fractures. Uranium in fractures occurs as spots, patches and in some cases sealing 3 mm wide fractures. Disseminated uranium mineralization is also associated with a 2 metre to 7 metre thick layer of oxidized crystal tuff.

Tupuramani Concession

The Company has also completed a reconnaissance sampling program on its Tupuramani concession. Turpuramani is characterized by a strong 1.5 kilometre long radiometric anomaly on strike with the Colibri II-III uranium deposit, owned by Macusani Yellowcake Inc., which is reported to host inferred uranium resources.

High radiometric readings, some associated with visible secondary uranium mineralization in outcrop, were recorded over the entire strike length of the anomaly and assays are expected later this month.

QC/QA Protocols

Sampling consists of rock chip samples taken over lengths varying from 0.5 metres to 2.0 metres with each sample weighing approximately 1.5 kilograms to 3 kilograms. Assays were performed by SGS Laboratories in Lima, Peru and CIMM Peru, both ISO/IEC 17025 accredited laboratories, using a multi-acid digestion process. Sample preparation was completed in Juliaca, Peru. A comprehensive Quality Control and Quality Assurance protocol has been implemented including the insertion of two blanks, three standards and three duplicates for each 100 samples processed.

Qualified Person

Mr. Alain Vachon, P.Geo, Southern Andes Manager – Exploration and the Company's Qualified Person as defined by National Instrument 43-101, has reviewed and approved the contents of this press release.

To view the map associated with this press release, please visit the following link: http://media3.marketwire.com/docs/SURMap112.pdf.

About Southern Andes Energy Inc.

Southern Andes Energy Inc. is focused on exploring and developing uranium resources to meet the world's growing demand for clean energy. The Company is the largest landowner in the emerging Macusani Uranium District in Peru with holdings of more than 100,000 hectares of land. The Company also owns a 10% interest in Macusani Yellowcake Inc., which controls two advanced stage uranium projects in the district. Southern Andes owns a 100% interest in Caracara Silver Inc., which has been created to advance and develop the Company's extensive silver and zinc projects in Peru.

Forward-looking Statements

This news release may contain forward-looking statements that are based on Southern Andes Energy Inc.'s expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Therefore, actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements. Statements speak only as of the date on which they are made, and the Company undertakes no obligation to update them publicly to reflect new information or the occurrence of future events or circumstances, unless otherwise required to do so by law.

Appendix
ALPI 1 GEOCHEM RESULTS

Zone	Sampling	Long (m)	Ave U3O8 ppm	U3O8 %	U3O8 lbs/s.ton
1	Trench-1	3,3	147,1		0,015
1	Channel-1	1,6	508,1		0,051
1	Trench-2	5,2	1704		0,170
1	Channel-2	1,6	1518,9		0,152
1	Trench-3	6,2	553,4		0,055
1	Trench-4	3	325,9		0,033
1	Trench-5	17,15	430,6		0,043
1	Trench-6	3,85	1691,2		0,169
1	Trench-7	4,15	296,1		0,030
1	Channel-3	3,8	565,7		0,057
1	Trench-8	14,10	657		0,066
1	Trench-9	2,05	1970,5		0,197
1	Channel-4	4,4	379,1		0,038
1	Channel-5	0,9	576		0,058
1	Trench-10	3	356,5		0,036
1	Trench-11	6,55	409,3		0,041
1	Trench-12	No significant values			
1	Trench-13	1	174		0,017
1	Trench-14	1,3	1344,3		0,134
1	Trench-15	2	déc-00		0,037
2	Channel-6	1,85	2140		0,214
2	Trench-16	3,3	848,9		0,085
2	Trench-17	2,95	996,1		0,100
2	Trench-18	4,4	234,6		0,023
2	Trench-19	5,4	404		0,040
2	Trench-20	1,8	868,1		0,087
2	Trench-21	1,50	1098,7		0,110
2	Trench-22	0,7	467		0,047
2	Trench-23	0,8	1324		0,132
2	Trench-24	5,45	488		0,049
2	Trench-25	4,75	330,1		0,033
2	Trench-26	4,9	288		0,029
1	Trench-27	8,8	520,2		0,052
1	Trench-28	No significant values			
1	Trench-29	No significant values			
1	Trench-30	2,65	257,5		0,026
2	Trench-31	2,7	420,5		0,042
2	Trench-32	No significant values			
2	Trench-33	2,25	2159,4		0,216
2	Trench-34	No significant values			
1	Trench-35	3,68	120,5		0,012
	Trench-36	17	254,4		0,025
2	Trench-42	5,1	691		0,069
3	Trench-37	2,25	942,8		0,094
3	Trench-38	8,9	1030,6		0,103
3	Trench-39	5,87	496,7		0,050
3	Channel-7	5,4	205		0,021
3	Trench-40	3,7	257,9		0,026
3	Channel-8	3,76	237,7		0,024
3	Trench-41	No significant values			

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