

HIGHLIGHTS

EXPLORATION DURING THE QUARTER

- **Visible nickel sulphide as pentlandite in grades of 2m @ 2.1% Ni at Bulong South, W.A**
- **Drilling extends base metals and gold mineralisation Eurow Project, N.S.W.**
- **High Grade Gold and basemetals identified in Cambodia**
- **IOCGU Gravity drill targets defined by detail gravity surveys Torrens South JV, S.A.**

CORPORATE NEWS

- **Southern Uranium IPO completed (worth over 25c per SAU share)**

UPCOMING DRILLING

- **Drilling High Grade Gold, Challenger Gold JV, S.A.** (2nd and 3rd Qtr 2007)
- **Drilling IOCGU Targets on Torrens South Project** (3rd Qtr 2007)
- **Drilling Nickel Sulphide Follow-up, , Bulong South** (3rd Qtr 2007)
- **Drilling Gold and Base Metal Targets Cambodia** (3rd and 4th Qtr 2007)

CASH AVAILABLE AT 31st MARCH - \$4.7 million

EXPLORATION ACTIVITY DURING THE QUARTER

Bulong South Project, W.A.

(PL 25/1680, 25/1681, 25/1729 & PLA 1896– 100%)

RC and diamond drilling program December 2006 to January 2007

Eleven RC drill holes were completed in December to January 2007, two of which were deepened with diamond core 'tails'. The program tested three geophysical targets, two gold targets and a nickel target.

High levels of gold and nickel were intersected in Archaean Komatiite. The best intersections from this program are tabulated below, with the notable discovery of nickel sulphide in hole BSRC004.

Table 1. BSRC004. (-60° to grid East, total drill depth 100 m).

Drill interval	Interval	Nickel	Cobalt	Sulphur	Copper	Mg	Au
52-54 m	2m	2.1%	372 ppm	2.7%	0.17%	18.0%	69 ppb
54-56 m	2m	0.4%	102 ppm	0.44%	0.03%	19.7%	9 ppb
56-58 m	2m	1.7%	219 ppm	2.1%	0.20%	16.8%	51 ppb
Average 52-58m	6m	1.4%	231 ppm	1.75%	0.13%	18.17%	43 ppb

Visible Nickel sulphides grading 2.06% nickel confirmed in BSRC004 by petrology.

BSRC004 was part of a fence of four holes sited to delineate gold anomalism intersected in holes BSR47 and 48 of Southern Gold's RAB drilling program in 2005. This fence of holes also crossed the southwestern most tip of a centrally located nickel rich komatiite earlier identified 650 m to the northeast in Southern Gold's RAB holes BSR23 – 25.

Petrological study of drill chips from BSRC004 has identified pentlandite and violarite as the nickel bearing minerals (Figure 1). Pentlandite and violarite are intergrown and formed interstitially with olivine.

Interpretation of assay drill data places the nickel bearing intervals near the base of a discrete komatiite sequence which is the typical for komatiite hosted nickel mineralisation. Though the mineralisation was not well developed in adjacent drill holes, the spatial continuation may be better developed along strike.

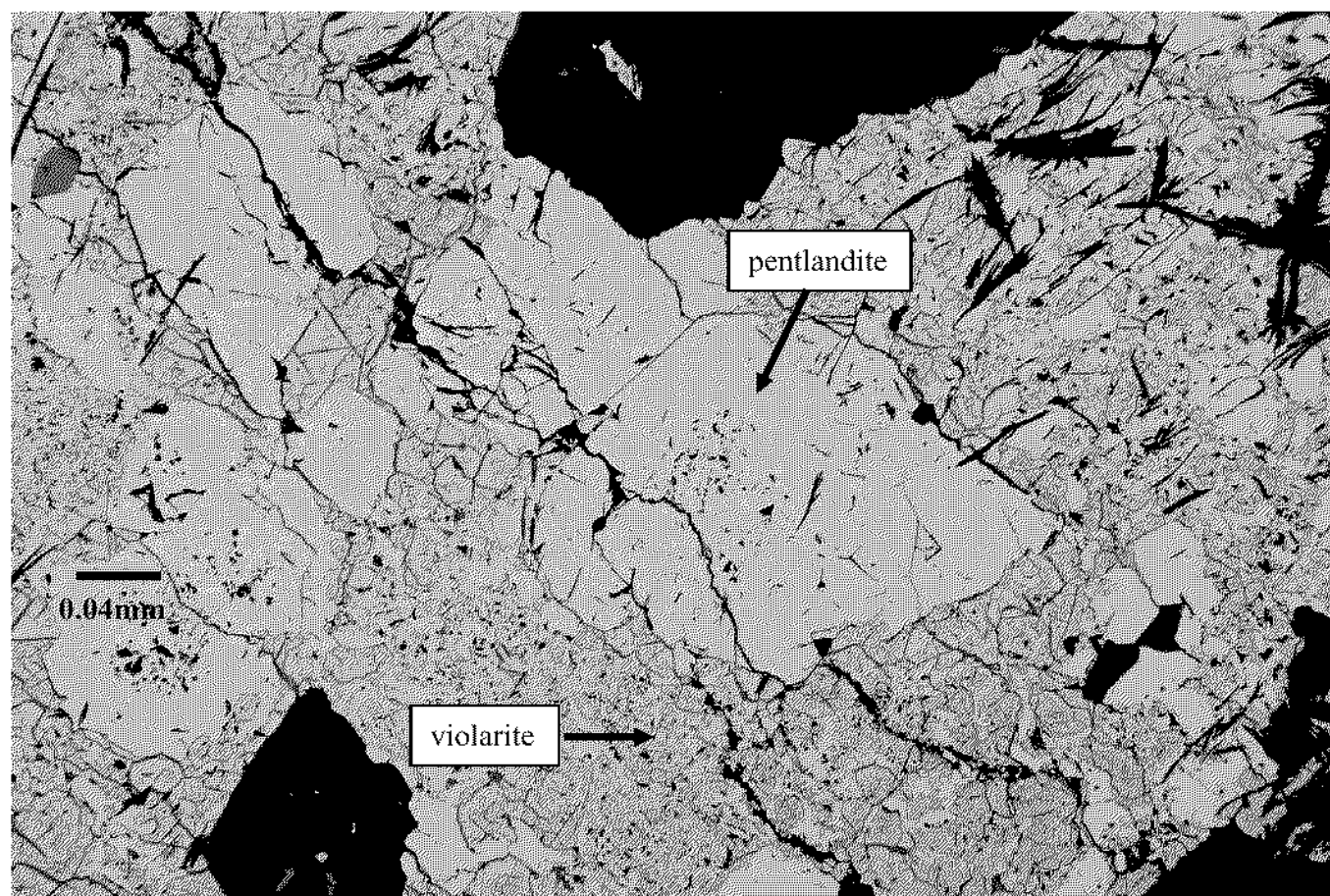


Figure 1. Polished thin section from BSRC004, 52-53m

Showing detail of composite crystals/aggregates of violarite (pale purplish and "clouded"), basically as a matrix enclosing and between cream-white crystals of pentlandite. (Pontifex and Associates).

Other Significant Results

Additional significant nickel intersections (10m at 1.2% nickel) and gold intersections (14m at 2.41g/t - Including 2m at 12.1g/t) have also been encountered in holes BSRC002, BSRC006 and BSRC007 (Table 2).

Table 2. Other significant intersections from the December 2006 RC drilling

Drill hole	Interval	metals	Geology
BSRC002 (angled -60° to 140°)	12-22m	1.2% nickel; 700ppm cobalt	Supergene enriched saprolite/saprock; follow-up to SAU's RAB program.
BSRC002	82-84m	5.4 g/t gold	ultramafic
BSRC002	86-88m	2.3 g/t gold	ultramafic
BSRC006	52-54m	1.42 g/t gold	granitoid
BSRC006	56-58m	2.9 g/t to 12.1g/t gold	Sheared margin to granitoid
	62-64m	0.86 g/t to 1.5 g/t	granitoid
	64-66m	3.82 g/t to 7.4 g/t	Sheared margin to granitoid

Geological Model for Continued Nickel Exploration at Bulong South

The large amount of valuable geological and geochemical data obtained from the December drilling program to guide the next phase of exploration of the Bulong South Project. Two main nickel zones have been identified, the Central and the Eastern komatiites (Figure 2)

Central Komatiite

The nickel intersection of BSRC004 comes from near the base of a komatiite layer informally named the Central komatiite. The Central komatiite layer consistently contains over 1500 ppm nickel (and commonly over 2500ppm Ni) and forms a 50 m thick tabular body which dips approximately 60 degrees to the northwest. These high levels of nickel infer the widespread development of olivine cumulates.

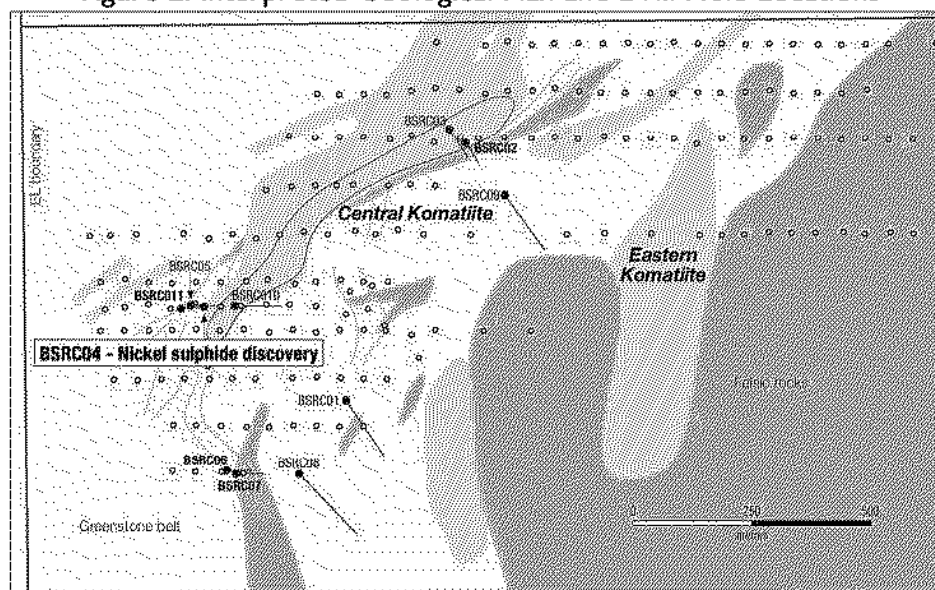
Interpretation of earlier Southern Gold drilling and historical drilling (Figure 2) shows that this komatiite body has a strike length of over 900m, trending in a northeasterly direction.

Eastern Komatiite

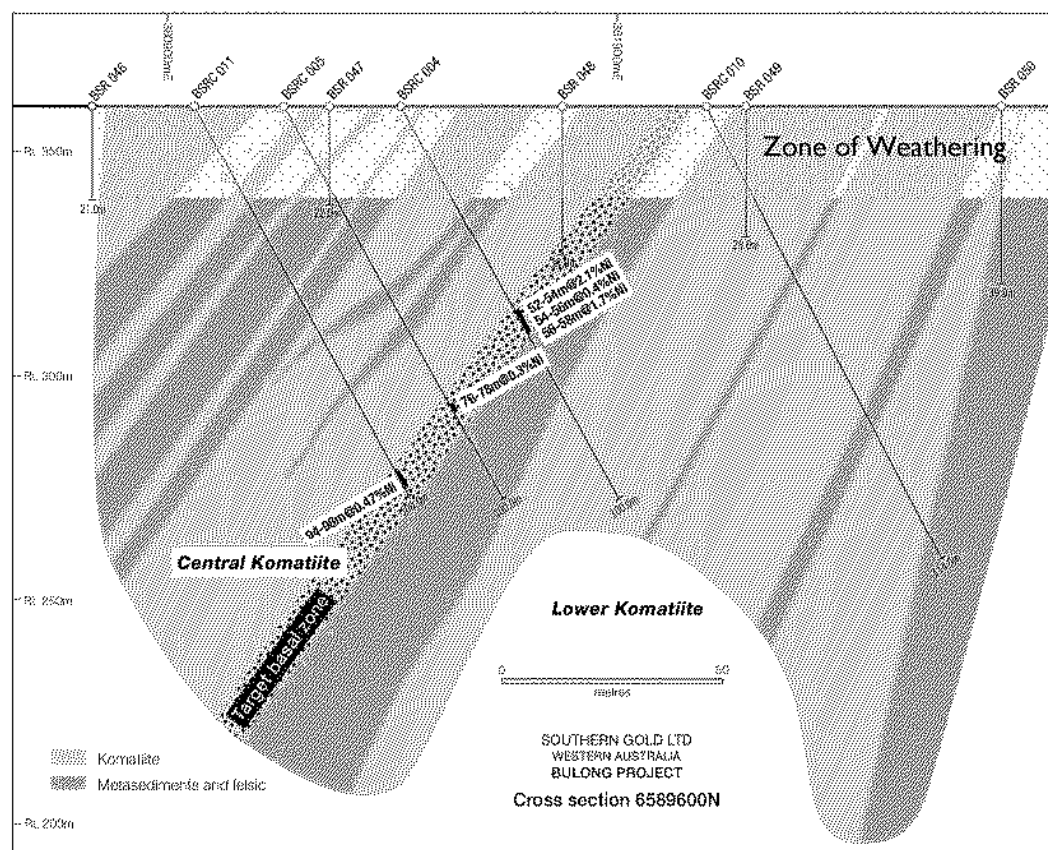
The lower 110 m of the diamond tail of BSRC009 intersected nickel rich komatiite with cumulate textures (see photo 1) containing rich intervals with 0.8%Ni (245-247m), 0.5% (247-249m), 0.58%Ni (323-325m) and 0.51% (327-329.3m, end of hole). The high nickel levels are typical of olivine rich cumulates which are the ore generating portions of a komatiite sequence.

The up-dip projection of this unit brings it to the surface approximately 300 m southeast of the hole's collar in an area where historical auger sampling had also found elevated nickel. Southern Gold's ground EM survey did not effectively cover this komatiite unit and there is further scope for detailed EM in this area.

Figure 2. Interpreted Geological Plan and Drill Hole Locations



- Recent drilling
- RAB drilling
- ▨ Granite, felsic volcanics, (with minor mafics and sediments)
- ▨ Komatiite and ultramafics (with minor mafics and sediments)
- ▨ Ni rich komatiite (>1 100 ppm Ni)



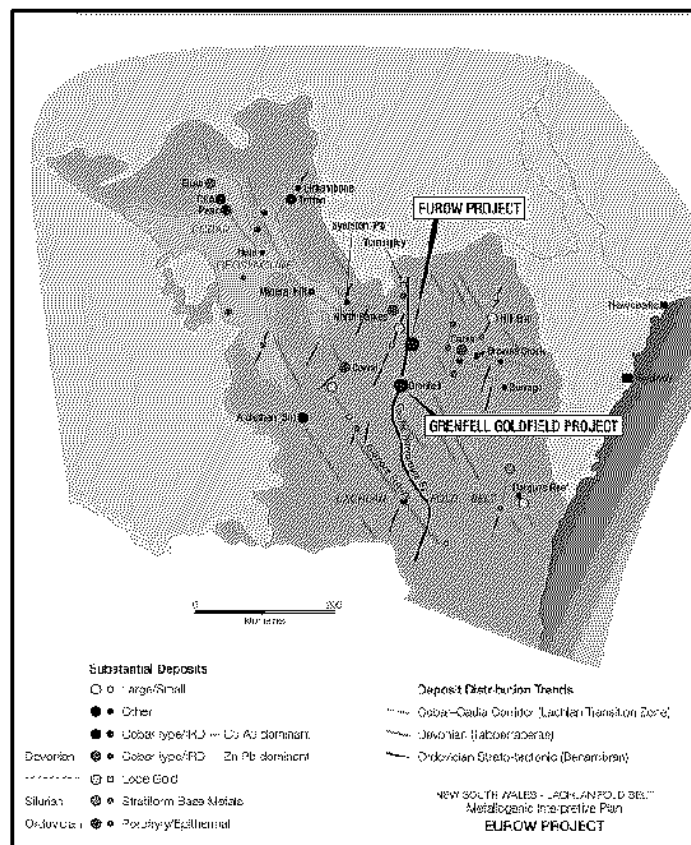
Eurow Project, N.S.W.

(EL 6653 & EL 6698 – 100%)

Southern Gold Limited's 100% owned Eurow project covers a major intrusive and mineralization centre with substantial base metals and gold potential in the Parkes district of the Lachlan Fold Belt of New South Wales.

The Eurow project is centred on the historic Eurow-Vychan copper-gold mine that has depth and strike potential for a large sulphide system. Southern Gold's recently completed drilling has substantially extended mineralisation at depth and southward long strike.

Geological interpretation indicates that the copper, gold and associated base metal mineralised zone is of a VHMS style.



RC and Diamond Drilling program March – April 2007

The drilling program of 12 reverse circulation (RC) drill holes (for 1566 m) and nine diamond core tails (for 1002.2 m of NQ core) was completed in early April. The Eurow sulphide deposit has been interpreted as a VHMS (Volcanic Hosted Massive Sulphide) deposit, with this style of deposit not having been previously identified in the immediate Orange-Forbes-Parkes region of NSW. The broader Lachlan Fold belt does, however, include known VHMS deposits such as Woodlawn and Captains Flat.

The recent drilling has extended the known massive sulphide mineralisation to a vertical depth of 240m (from the previously established vertical depth of approximately 80 m). Mineralisation is still open down dip and along strike to the south. As has been previously recognized and confirmed by the recent round of drilling, both the intensity and thickness of mineralisation are variable along strike and down-dip. (Figure 1).

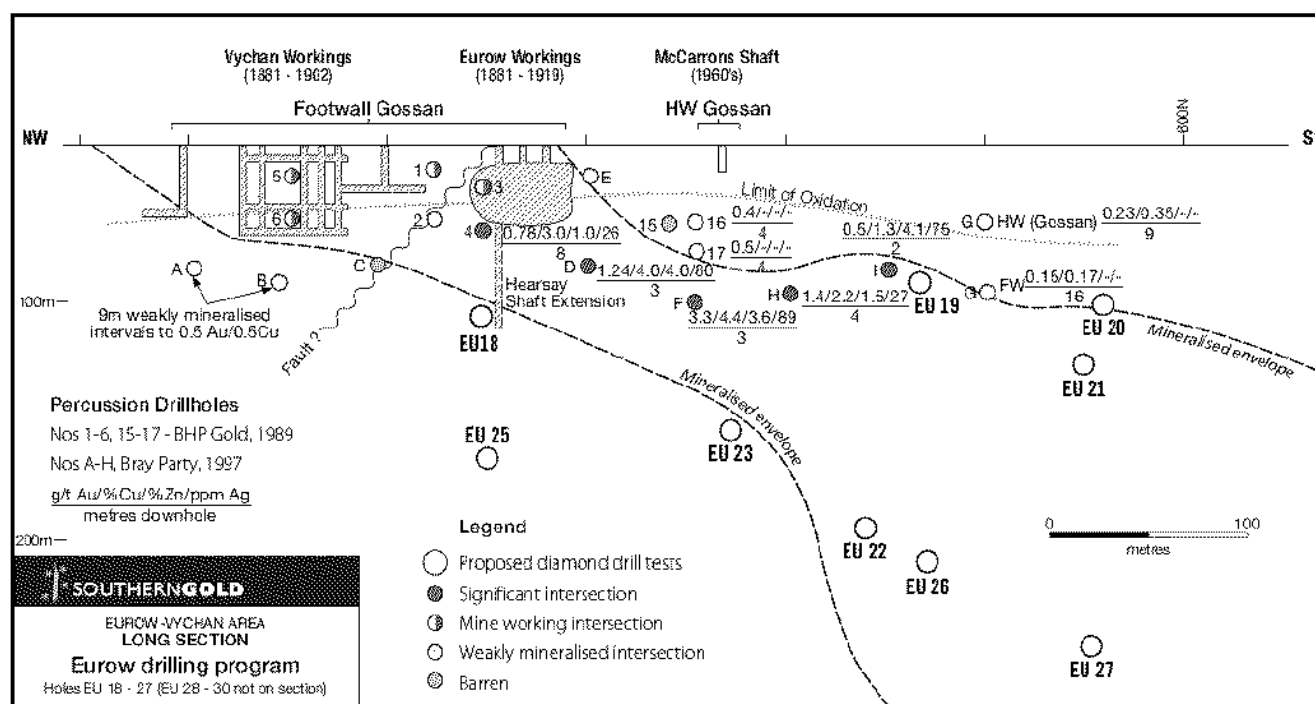
The mineralisation is stratabound and occurs near the contact between fine grained sediments and overlying medium to coarse grained acid volcanics/volcaniclastics. The mineralised horizon includes two or three zones of massive sulphide (pyrite-pyrrhotite>chalcopyrite>sphalerite and minor galena) hosted within the earliest thin volcanic layers interbedded within the upper most part of the fine grained sediment package. Individual massive sulphide layers vary in thickness from 5 cm to 1 m. The underlying and intervening fine grained sediments within the mineralised horizon include pyrite and chalcopyrite as vein and open-space filling.

Core analysis and sampling for assay of massive sulphide and associated veined/infill sulphide intervals is presently underway and results will be reported at a later time.

Volcanic and sedimentary lithologies, alteration and mineralisation styles and the stratiform nature of mineralisation support a VHMS origin for sulphide mineralisation. At other known VHMS deposits it is common for thin zones of mineralisation similar to that at Eurow to extend away from, and extend between, thick accumulations of massive sulphide ores.

The presently known massive sulphide has the potential to thicken significantly along strike and down dip. Not only is the immediate Eurow area highly prospective for an economically viable VHMS deposit(s), the on-trend region as a whole is also prospective for further discoveries of VHMS deposits. Southern Gold Ltd holds the EL which covers the prospective terrain.

Insert Figure 4. Interpreted Long-section based on from Southern Gold's RC Drilling, Eurow-Vychan Prospect, EL 6653.



Torrens South Project, S.A.

(EL 3513 & EL 3515 - SAU 100% ,Crescent earning 50%)

Potential IOCGU drilling targets have been identified and prioritized based on the recent detailed gravity surveys completed by Southern Gold during the quarter. 3,900 gravity stations at 250m spacing were completed during the quarter.

Southern Gold Limited (ASX:SAU) and its Joint Venture partner (Crescent Gold Limited : (ASX:CRE) have identified a number of IOCGU gravity targets from geophysical interpretation of the recently completed infill gravity surveys. Some of the new gravity targets on Southern Gold's Torrens South Project are 10km SE along strike from the Punt Hill discoveries being drilled on the adjacent tenement.

Discussions are currently underway with drilling contractors to enable drilling as soon as rigs are available.

The Torrens South project consists of two tenements encompassing approximately 1,500 square kilometres located on the eastern margin of the Gawler Craton within the Olympic IOCGU Province, host to the world-class Olympic Dam deposit, Prominent Hill and recently discovered Carrapateena prospect and recent IOCGU discoveries at Punt Hill.

Crescent can earn 50% in the Torrens Project by spending \$4,000,000 by 31/12/2008.

High Grade Gold and Base Metals, Cambodia

(Pnhum Khatong, Preak Khlong, O'Khtung MOU's – 100%)

(Snoul, Romdul, Srae Pok MOU's - 80%)

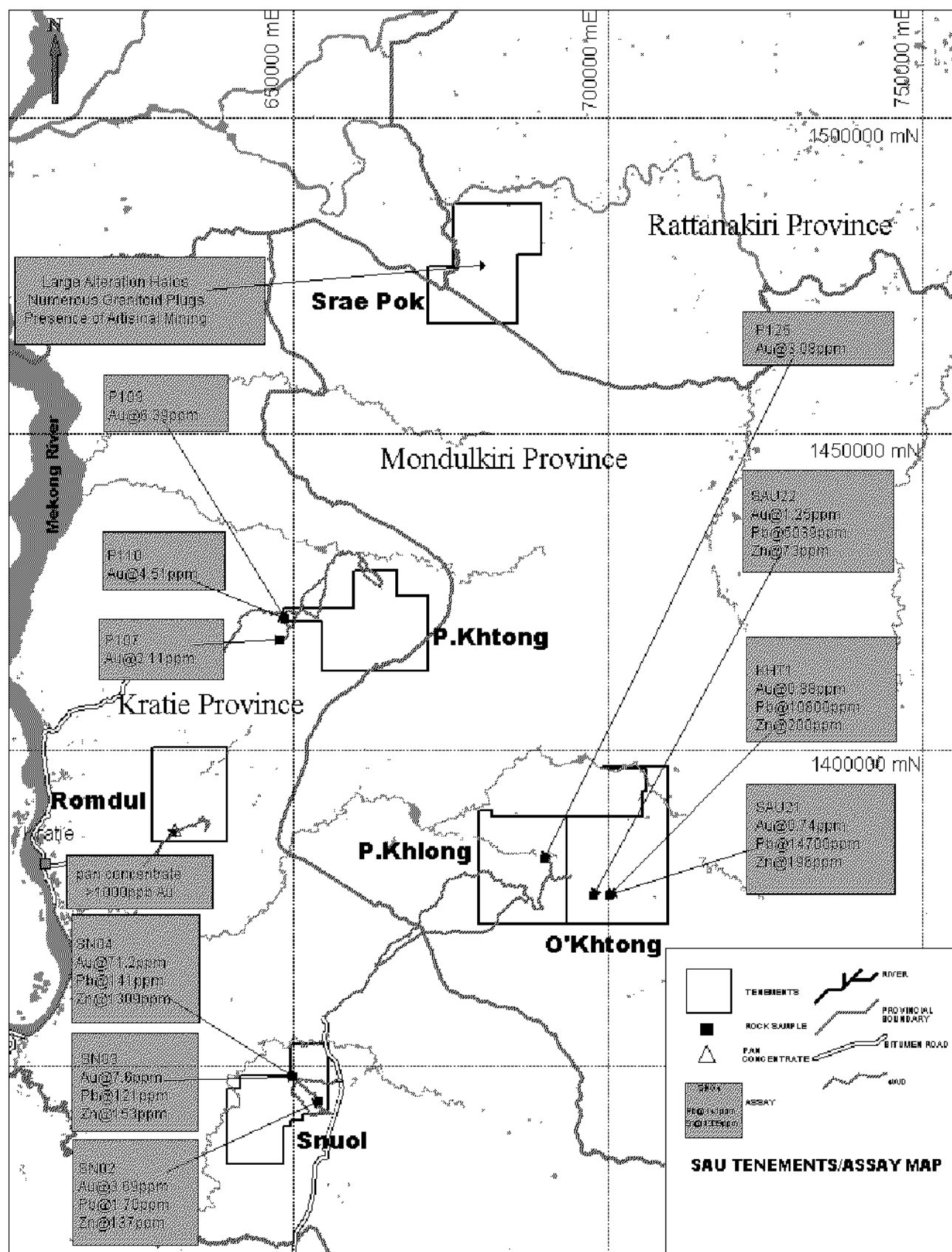
Southern Gold has identified a number of high-grade gold and base metal targets from its recent preliminary geological mapping and geochemical sampling programs in Cambodia.

Southern Gold is using its advantage as one of the first movers in Cambodia to increase the number of exciting exploration opportunities it controls. The addition of the new Srae Pok JV (SAU 80%) over a predicted mineralised intrusive system in the Ratanak Kiri province increases the tenement area now held by Southern Gold Ltd in Cambodia as granted MOU and under EL application is 1413km². SAU has commenced negotiations with the Ministry of Industry Mines and Energy for the conversion of its MOU's to Exploration Licences

Preliminary sampling on the Snoul MOU area returned gold values from 3.69 g/t up to 71.2 g/t and copper up to 0.94% from artisional mine workings.

Preliminary soil sample results from the Romdul MOU indicate a strongly anomalous zone of gold mineralisation in calcareous host rocks around the margin of a fine-grained diorite intrusive with evidence of epithermal mineralisation.

On the Okvau (P. Khlong) MOU held 100% by SAU a new discovery of gossan and quartz vein sets produced gold values between 0.74g/t and 1.29 g/t with highly elevated levels of lead (0.94%) and silver (130g/t)



Corporate Activity

Southern Uranium lists successfully on the ASX

Southern Uranium Limited (ASX Code : SNU) successfully listed on the ASX on the 3rd of April 2007 and closed at 48c on the first day of trade (market capitalization \$55million). This action heralds the beginning of an exciting new chapter in the further development of the uranium exploration projects initially generated by Southern Gold. The listing of SNU will create a strong platform for future growth in the uranium industry and provide improved benefits for SAU shareholders.

Southern Gold holds 45,000,000 shares as an asset on our Balance Sheet that are currently valued at over \$18 million the equivalent to over 25c per SAU share.

Southern Uranium expects to commence exploration immediately following the successful fund raising and looks forward to an active and productive first year of operation with considerable emphasis on drilling established and new targets.

Upcoming Drilling

Challenger Region Gold JV, S.A

(Eight EL's – SAU earning 51%)

Southern Gold has completed accurate surveying of drillholes and recognised opportunities for extending shallow high grade gold mineralisation at Monsoon and Typhoon Prospects near Challenger.

A shallow air-core drilling program is planned to start next month at Typhoon and Monsoon to extend the known high-grade mineralisation.

A deeper RC drilling program is scheduled for the 3rd Quarter in 2007 to target deep extensions of the previously drilled shallow, high grade gold intersections.

Southern Gold will be applying accurate drilling techniques and the updated structural model of the Challenger Mine to the Golf Bore, Mainwood, Typhoon and Monsoon Prospects over coming months. Southern Gold's substantial drilling program will also be complimented by geophysical methods previously untried in the region, to discover another high grade, low cost gold mine like Challenger.

Southern Gold entered in to the JV with Dominion Mining Ltd to find the next "Challenger" on Dominion's Exploration Licences in the north-west Gawler Craton, South Australia. Challenger is currently one of Australia's most profitable gold mines, with mine production during the 3 months to 31st March 2007 of 30,919 ounces at a cash operating cost of A\$273/ounce.

For further information, contact:

Stephen Biggins
Managing Director

Southern Gold Limited
58 North Terrace
Kent Town SA 5067

Telephone: 61 8 8132 0044
Facsimile: 61 8 8132 0199
Email: info@southerngold.com.au

This report and further information are available on Southern Gold Limited's website at:

www.southerngold.com.au

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.