

28th November 2007

First drilling program commences in Cambodia Snoul Gold Prospect

Southern Gold has commenced its first drilling campaign in Cambodia on its 80% owned Snoul Prospect, in the Kratie Province, South Eastern Cambodia. The drilling activity builds on the strong position that Southern Gold has established as an early mover into Cambodia in 2006.

The diamond drilling program at Snoul Prospect is focussed on a series of artisanal gold workings and new significant gold-in-soil anomalies.

Drilling will continue over the next few weeks with first assay results expected in early 2008.



Figure 1. Diamond core drilling at Snoul Gold Prospect, Snoul MOU, north-eastern Cambodia.

Snoul Gold Prospect

Snoul Prospect is centred on artisanal gold workings comprising a series of shallow slots and shafts that have been developed on a structurally controlled quartz-pyrite vein system. The NNW trending line of artisanal workings extend over a strike length of 530m (Figure 2 – next page).

Numerous rock chip samples taken from various locations throughout the mine workings have returned very encouraging results of between 7.6 g/t to 71.2 g/t gold.

The Snoul Prospect was also identified as a high priority target early by regional prospecting and mapping.

The mineralised structure is hosted by a fine grained biotite-hornblende quartz diorite intrusive. The structure controlling mineralisation is exposed in some of the workings and is often represented by an iron stained fault and several parallel structures have been noted in some of the workings. These structures have an associated sericite-pyrite alteration halo which potentially extends into the host country rock, giving the mineralised system greater width potential.

Southern Gold completed a 50 X 100m spaced soil sampling programme over the prospect which identified four gold-in-soil anomalies, one of which is the previously known line of workings (Figure 2).

The latest soil assays confirm the strongly coincidental Au-As-Pb-Cu anomalous zones within the sample grid and reinforce the view that the anomalous zones exhibit a north-northwesterly and NNE trends probably reflecting dominant structural controls within the area. The strong Au-As-Pb-Cu anomaly to the ENE of the Snoul Pits is open-ended north, south and east (Figure 2).

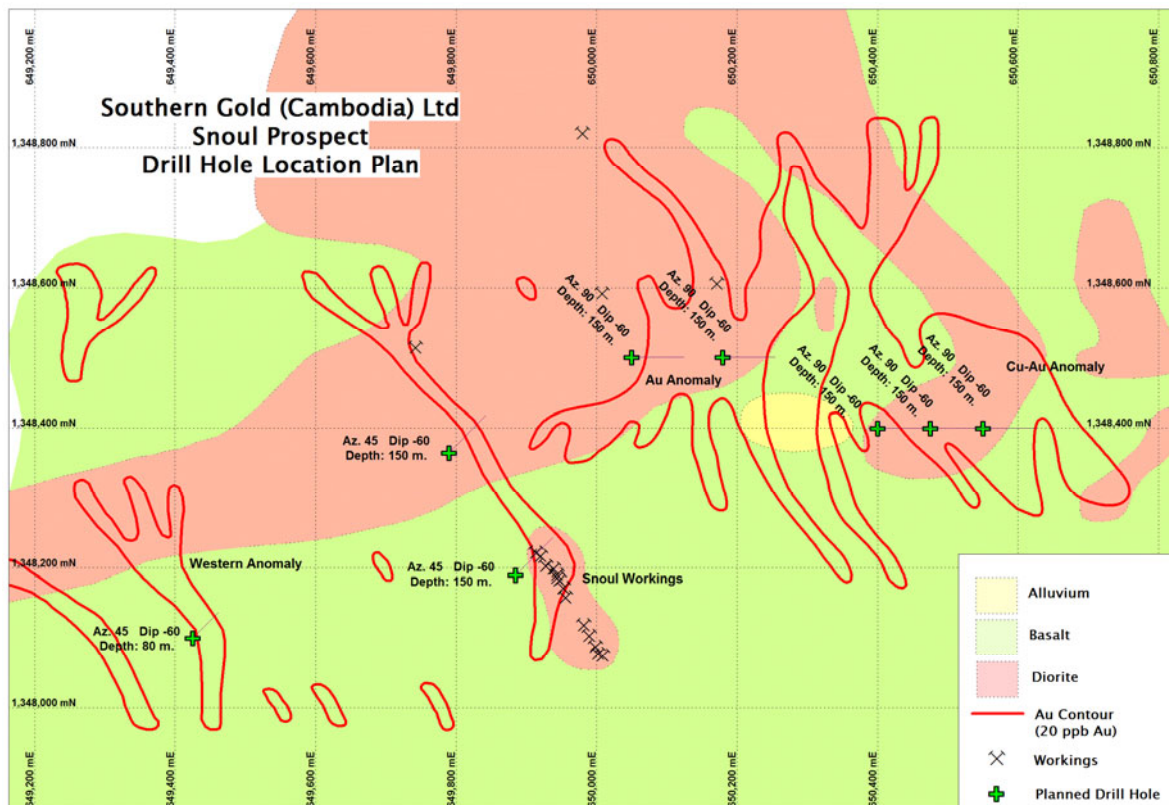


Figure 2. Location plan of gold in soil anomalies, artisanal workings and proposed drilling at Snoul Prospect.

Diamond Drill Program

To test the potential of these soil anomalies and mineralised structure, the Company plans to complete eight diamond holes at the prospect for approximately 1200m (Figure 2).

Southern Gold has planned two 150m diamond holes to drill test this line of workings, but has made provisions to drill additional holes if good visual results are identified.

The western anomaly is located 450m to the west of the line of workings and is oriented parallel to the workings, possibly representing a parallel mineralised structure. For this first up drill programme the company plans to test this anomaly with one diamond drill hole.

The remaining two soil anomalies to the east may potentially host different style gold mineralisation, as they are less linear than the two western anomalies and may possibly represent lithological control to mineralisation (i.e. larger volume) rather than a structural control. The most eastern being a coincident gold and copper anomaly, whereas the western of the two is a gold only anomaly. The company has planned two drill lines of 2 and 3 holes to test these anomalies.

Drilling will continue for a number of weeks. First assay results expected in early 2008.

Further Drilling in 2008

Southern Gold intends to make the most of the dry season in Cambodia by "scout" drilling key prospect areas on its tenement over the next six months. A number of separate drilling campaigns are planned during the first half of 2008 on targets defined by ongoing soil and rock chip surveys and geological mapping on all the Company's tenements.

Southern Gold also plans to fly an aeromagnetic survey in early 2008 over all its tenure in Cambodia.

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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.

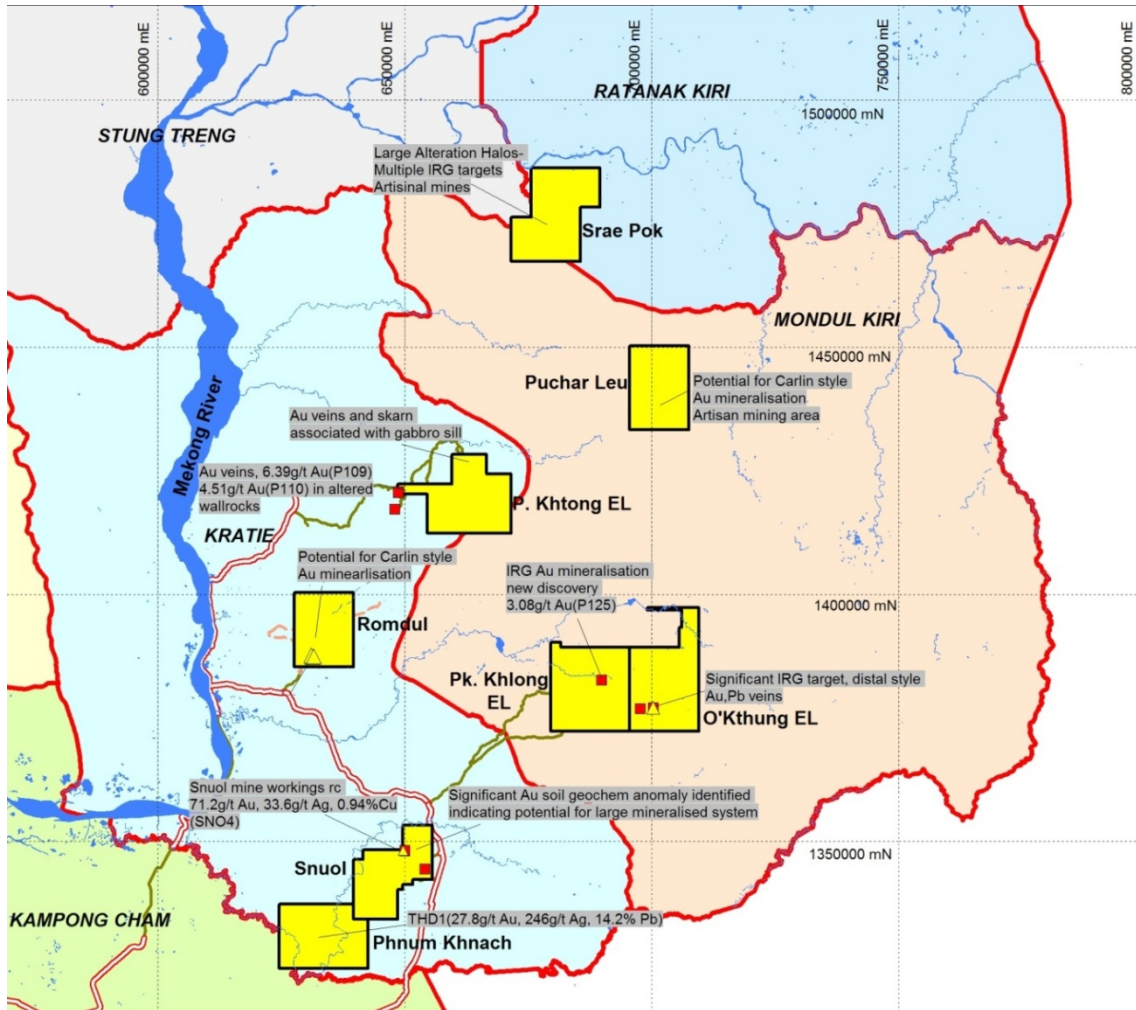


Figure 3. Southern Gold's 100% and 80% owned tenements covering 1800km² of prospective gold and base metal tenure in Kratie, Mondul Kiri and Ratana Kiri provinces, north eastern Cambodia.