

HIGHLIGHTS

AUSTRALIA

- **S.A. :** Very high grade gold in samples from **Golf Bore (1m @ 41g/t)** and **Mainwood, Challenger Area**
- **W.A. :** 4,900m of RC drilling starts at **Bulong**
- **N.S.W. :** Gold intersected in drilling at **Grenfell**

CAMBODIA

- **Agreement for potential \$US4.5 million JV with Japan's JOGMEC on three tenements**
- **First drilling program intersects gold grades at Snoul**
- **Multiple, large-scale gold-in-soil anomalies identified**

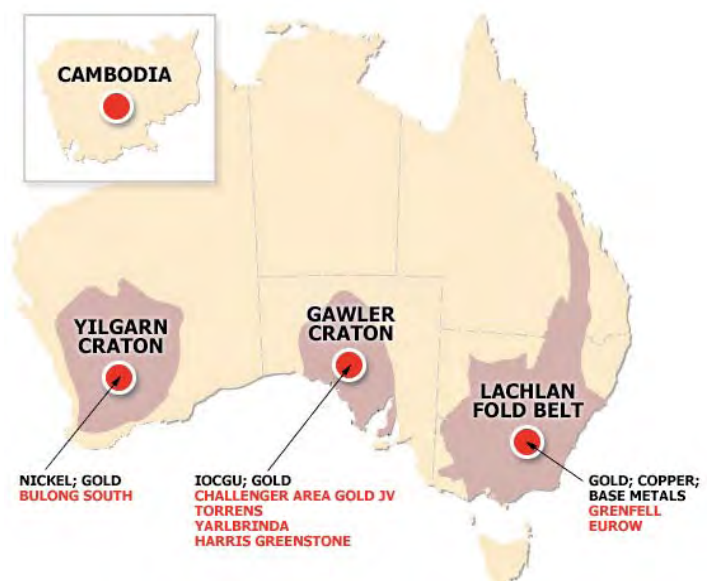
CORPORATE

- **Greg Boulton appointed as new Chairman**

CASH AT END OF QUARTER - \$4.5 million

MAJOR SHAREHOLDERS:

8.0% Talbot Group Holdings
 7.0% CITIC
 4.8% Macquarie Bank



EXPLORATION ACTIVITY DURING THE QUARTER

Challenger Area Gold Project, S.A.

(Eight tenements - SAU earning 51%, DOM 100%)

(Four Tenements – SAU 100%)

GOLF BORE PROSPECT

Detailed resampling (at 1m intervals) of drill chips during the Quarter from the 2007 drilling program with better than 0.2 g/t gold, confirmed and in majority of cases increased the gold values of the prior 3m composite sampling. In total, 81 samples returned gold better than 1g/t, of which 19 samples returned better than 5g/t gold. In many cases, re-sampling highlighted the presence of thinner zones with higher gold content than was evident in the original sampling. These represent significant mineralised intersections require followup drilling.

Table of resamples returning better than 5 g/t gold:

Hole ID	Metres from	Metres to	g/t gold in 3m composite sample	g/t gold in 1m resample
GB305	34	35	1.02 (33-36m)	5.09
GB306	68	69	6.44 (66-69m)	8.03
GB308	52	53	0.91 (51-54m)	5.16
	59	60	1.33 (57-60m)	6.52
GB311	49	50	5.07 (48-51m)	10.17
	83	84	6.92 (81-84m)	15.49
	87	88	21.23 (87-90m)	6.57
	88	89	as above	41.46
GB312	85	86	2.71 (84-87m)	13.67
GB317	50	51	1.55 (48-51m)	6.94
	136	137	5.11 (135-138m)	5.58
	137	138	as above	6.46
GB319	60	61	0.15 (60-63m)	24.27
GB320	55	56	3.83 (54-57m)	8.05
	56	57	as above	6.10
	57	58	6.61 (57-60m)	6.11
	58	59	as above	24.95
	59	60	as above	5.89
	60	61	6.92 (60-63m)	39.02

Note:

1. Reverse Circulation drill chips sampled using a three tier riffle splitter
2. Samples analysed by Genalysis
3. Fire assay with AAS finish

Southern Gold is continuing with the ongoing development of a 3-D geological model of the gold mineralisation at Golf Bore based on drillhole assay data, geological cross sections and recently obtained ground magnetic imagery. This modeling is creating an increasingly robust and coherent interpretation of the narrow and complex zones which host gold.

Southern Gold will next month re-commence air core/slimline RC drilling at Golf Bore and other prospects, with the objectives of measuring the extent of shallow (to 70m depth) gold mineralisation, and testing the down-dip extension of several interpreted mineralised structures. Southern Gold's primary focus of this program is to test the possibility of outlining a zone of shallow mineralisation.

MAINWOOD PROSPECT

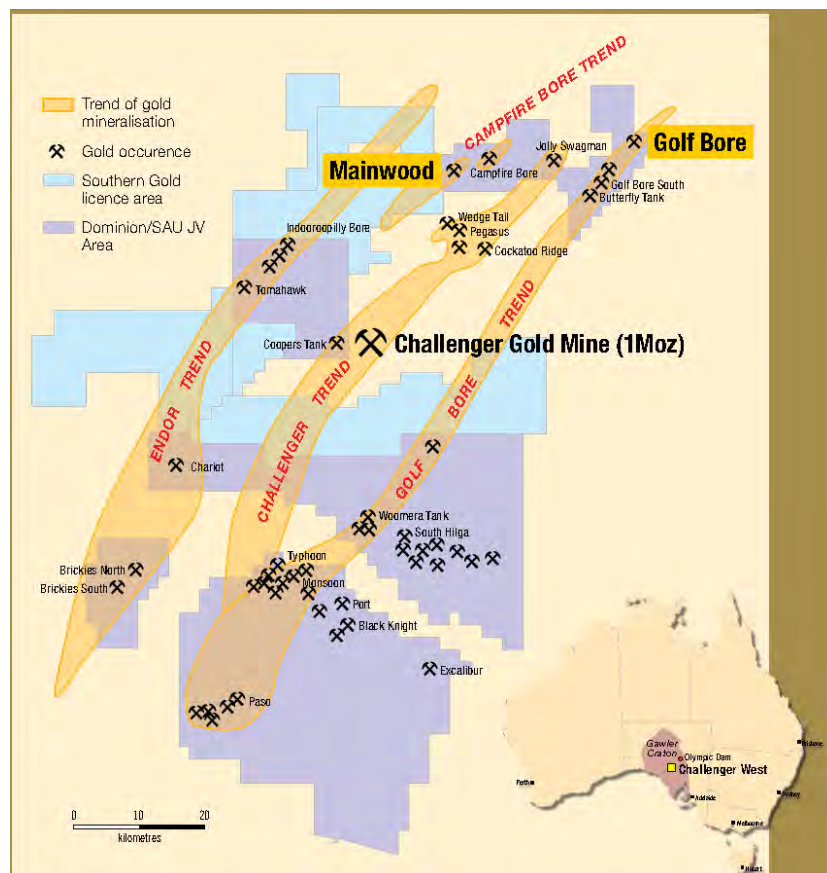
Ongoing assessment and interpretation of the results of the RC drilling program completed by Southern Gold at Mainwood in 2007 was also directed towards defining extent of gold mineralisation and delineating extensions for further drill testing. As with Golf Bore, drill intervals from the 2007 programme with better than 0.2 g/t gold were resampled at 1m intervals. Results were generally encouraging, confirming the gold values from the 3m composite sampling, and in some cases, highlighting the presence of thinner higher grade gold zones.

It is anticipated that targets defined by previous drilling will be tested with the aircore rig after it has finished at Golf Bore.

MONSOON & TYPHOON PROSPECTS

Detailed ground magnetics data obtained over these prospects in mid 2007 was processed and results became available early in 2008. The images are proving invaluable in helping to interpret the results of the aircore drilling program undertaken by Southern Gold in 2007.

As at Golf Bore and Mainwood, the mineralised targets are complex and will require close-spaced drilling. It is anticipated that these targets will be tested with the aircore rig after it has finished at Golf Bore and Mainwood.



Southern Gold's 100% and JV tenure covering over 5000km² in the vicinity of the Challenger gold mine.

Bulong South Project, W.A.

(Eight tenements - SAU 100%)

RC Drilling March to April 2008

51 reverse circulation (RC) drill holes (4877m) were completed during the quarter by Southern Gold. Drilling targeted newly identified nickel sulphide and gold targets within the Company's wholly-owned Bulong South Project located in the Eastern Goldfields district of Western Australia.

The program tested for lateral and down-dip extensions to nickel and gold mineralisation associated with the following targets:

Target 1: Gold zones, BSRC06 14m @ 2.4g/t gold in the south and BSRC02 6m @ 2.4g/gold.

Target 2: Ni sulphide intersection in BSRC004, 2m @ 2.1% Ni from 52m depth (within 6m @ 1.4%Ni) with pentlandite/violarite.

Target 3: Nickel rich ultramafic sequence, eg BRSC002 (10m @ 1.2%Ni from 12m).

Target 4: Northern Mining gold intersection in BNRC010, 25m @ 3.8g/t gold from 99m collared metres away from the common EL boundary between Northern Mining (ASX:NMI) and Southern Gold's tenure.

Drilling intersected predominately quartz veined dolerite, basalt, mafic and ultramafic schist, undifferentiated ultramafic and serpentinite intruded by felsic intrusive bodies and diorite. Alteration mainly comprised silicification, chlorite and lesser sulphide and hematite.

In addition, down-hole electromagnetic (DHEM) surveys were completed on three recently drilled RC holes (BSRC038, 045 and 54A) within the target 2 and 3 areas. The completed surveys were designed to establish the presence of any off-hole conductors. Modelling of the data is still awaited.

Significant shallow, gold intersections (3m @ 4.4 g/t from 24m) are evident, even though only 15% of the gold assay results have been received. Results received so far above 0.5g/t are tabled below:

Bulong South Project, RC Drilling Final results (>0.5g/t gold)								
Hole Number	Local Grid Co-ordinates				Intersections			
	Easting (mga)	Northing (mga)	Dip/Azimuth (magnetic)	Hole Depth (m)	From (m)	To (m)	Interval (m)	Grade gold(g/t)
BSRC027	380985	6589200	-60/090	106	97	99	2	0.94
BSRC028	380985	6589250	-60/090	100	76	80	4	1.03
					*90	96	6	1.82
BSRC029	380920	6589360	-60/090	54 Incl.	21	28	7	2.19
					24	27	3	4.38
BSRC30	381295	6589560	-60/090	107	68	70	2	2.42
BSRC031	381320	6589600	-60/090	70	38	39	1	1.04
					47	48	1	2.62

1m riffle-split samples. Analysis by AAS with >500ppb gold by 25g Fire Assay, Genalysis, Perth. Lower grade cut-off 0.5g/t gold; max. 2m-internal dilution. *3m composite samples by AAS

Grenfell Goldfield Project, N.S.W

(EL6122 – 100%)

Southern Gold’s wholly-owned EL 6122 covers approximately 250 square kilometres surrounding the town of Grenfell, including the historic Grenfell Goldfield where production from alluvial and hard rock sources totalled 350,000 ounces of gold. The tenement is within the Lachlan Fold Belt district of New South Wales.

A Reverse Circulation drilling program comprising 7 holes (total of 850m drilled) was completed during the quarter. The program follows promising regional soil surveys and follow-up detailed soil traverses primarily targeting the hard rock sources for several significant alluvial leads some kilometres east of Grenfell’s main historic goldfield.

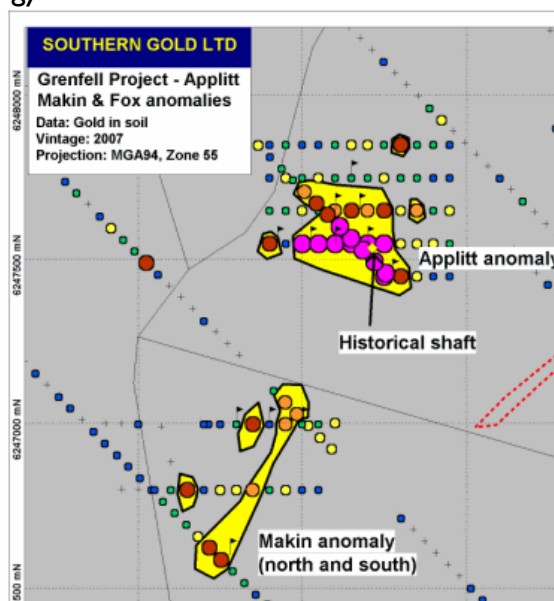
The drilling targeted the Applitt Prospect, focusing on a gold-only and also a coincident copper/zinc/arsenic soil anomaly, and historical workings and similar anomalism at the nearby Makin North Prospect (refer map).

A summary of the best intersections from the 7 hole program is tabled below.

Summary table of best intersections, Aplitt Anomaly EL 6122, N.S.W.

hole	Depth From(m)	Depth To (m)	Interval(m)	Gold g/t (Fire assay)
GRC007	75	76	1	2.78
GRC009	36	51	15	0.35
	47	48	1	1.42
GRC010	36	37	1	4.49

Southern Gold is in the process of collating and interpreting the relationships in gold levels between drillholes and the surface geology and soil anomalism.



Gold in soil geochemistry and RC drillhole locations,

Grenfell Goldfield Project, EL 6122 N.S.W

Eurow Project, N.S.W.

(EL 6653 & EL 6698 – 100%)

Previous work on EL6653 has been focused around the Eurow prospect where exploration for massive sulphides hosted in Silurian Glenisla Volcanics is centered around two historical copper mines, Eurow and Vychan.

Drilling (February-March 2007) down-plunge beneath the old Eurow Mine outlined a 2-3 m thick stratabound zone of massive and vein-breccia fill sulphide mineralisation with >2% Cu over a strike distance of 280 m. Narrower sub-intervals of 0.4-1 m grade up to 10% Cu. Mineralisation also includes gold (approx. average 1-2 g/t), silver (variable up to 120 g/t), sphalerite and minor galena.

The Eurow sulphide deposit has a distinct magnetic signature. A detailed aeromagnetic survey (50 m flight height and 50 m line spacing) commissioned by Southern Gold in 2007 highlighted several lookalike targets under recent cover which were followed up early in December 2007 with ground magnetic traverses in order to finalise drill targets.

Preliminary modeling during the March 2008 quarter indicates both plate-like and pipe-like bodies and present geological interpretation favours a series of stacked VMS sulphide deposits.

2300m of RC drilling is planned to commence shortly on the highest priority magnetic targets.

Torrens South Project, SA

(EL 3513 and 3515 – SAU 70%, Crescent Gold 30% & earning 50%)

The Torrens South project continues to be explored for Iron Oxide Copper-Gold Uranium (IOCGU) mineralisation under a joint venture agreement between Southern Gold and Crescent Gold. JV partner Crescent Gold (ASX:CRE) is fully funding this program by spending \$4 million on this and 2 other tenements held by Southern Uranium (ASX:SNU) by 31/12/2008 to earn 50% in the Joint Venture.

In addition to targeting extensions of the nearby Ground-Hog IOCGU system discovered by Monax (ASX:MOX) on its adjacent Punt Hill project, future drill programs are planned to target a conspicuous NW-trending magnetic linear with an interpreted depth to basement of <500m for unconformity related uranium-type deposits.

Southern Gold's models of this NW-striking magnetic linear highlight geological similarities to the Unconformity Style setting of the high-grade uranium deposits in the Athabasca Basin, Canada (viz. McArthur River and Cigar Lake).

Cambodia: High Grade Gold and Base Metals

(Phnum Khatong, Preak Khlong, O’Khtung EELs - 100%

Puchar Leu MOU – 100%

Snoul, Romdul, Srae Pok, P. Knach MOUs - 80%)

JOGMEC JV on 3 of Southern Gold’s 8 Cambodian tenements

The large Japanese government organisation, JOGMEC, (Japan Oil, Gas and Metals National Corporation) and Southern Gold signed a LOI to enter into a Joint Venture (JV) over three of Southern Gold’s wholly-owned granted Exploration Licences in Cambodia.

Under the LOI, JOGMEC may invest US\$4.5 million within 3 years to earn a 51% interest in the three tenements – Phnum Khtong (Kratie North Project), and two adjoining blocks, Preak Khlong and O’Khtung (Kratie South Project), all to the northeast of Phnom Penh.

The agreement includes an upfront payment to Southern Gold of approximately US\$400,000 on signing of the LOI for current exploration costs, followed by a possible decision to proceed with a full joint venture on the Kratie North and/or the Kratie South Projects by June 2008.

The three tenements are among eight gold and base metal projects wholly or majority owned by Southern Gold under its “first mover” strategy to establish a cornerstone gold business in Cambodia to compliment the Company’s Australian gold focussed projects across three states.

Snoul Project

(Snoul MOU - SAU 80%)

Gold grades have been intersected in the first drilling program into gold-in-soil anomalies at Snoul. The highest grade intersection was 3.45 g/t gold (SNDD002, 74-75m).

Snoul Prospect, due to its proximity to sealed road, was able to be accessed during the wet season, and therefore, was the first prospect ready to be drilled in Cambodia.

The initial 11 hole diamond drilling program was completed by Southern Gold in March for a total of 1,236 metres over four targets on the Snoul Concession.

Table of Snoul Drilling, Anomalous Intercepts

Hole ID	Easting*	Northing*	Dip (°)	Az (°)	From (m)	To (m)	Width (m)	Grade (g/t gold)
SNDD001	649418	1348101	-60	45	24	29	5	0.45
Including					28	29	1	1.13
SNDD002	649883	1348202	-60	45	74	75	1	3.45
SNDD004	649790	1348365	-57	42	92	93	1	0.41
SNDD005	650050	1348501	-59	90	70	71	1	0.58

* UTM WGS84, zone 48N

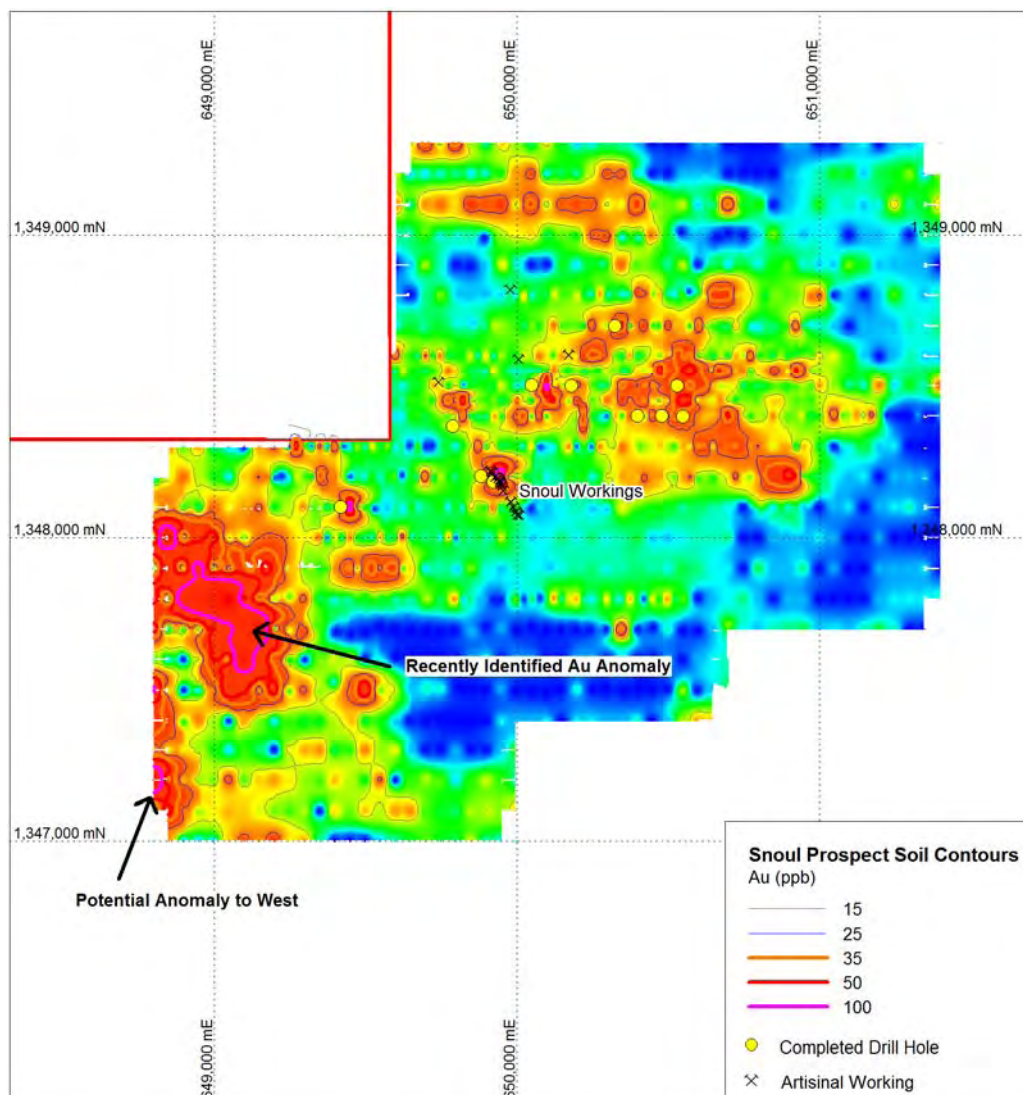
The dominant lithology intersected in all holes was diorite, with minor dykes of basalts. Pyrite was logged in many of the holes, as well as minor arsenopyrite and chalcopyrite.

Southern Gold selectively sampled only the visually sulphide mineralised sections of the core for analysis by fire assay for gold.

SW Snoul Prospect – New Gold Anomalies

A new gold in soil anomaly that is an order of magnitude higher than those previously drilled at Snoul, has been identified by an additional 440 soil samples collected in February.

At a 50ppb gold contour, this anomaly is 650m x 250m in dimension, and has a peak value of 484ppb (0.48g/t) gold. This anomaly is oriented NW-SE (parallel to the existing anomalies at the Snoul Prospect) and is still open to the north-west. Sampling also indicates there may be another parallel gold anomaly further to the west.



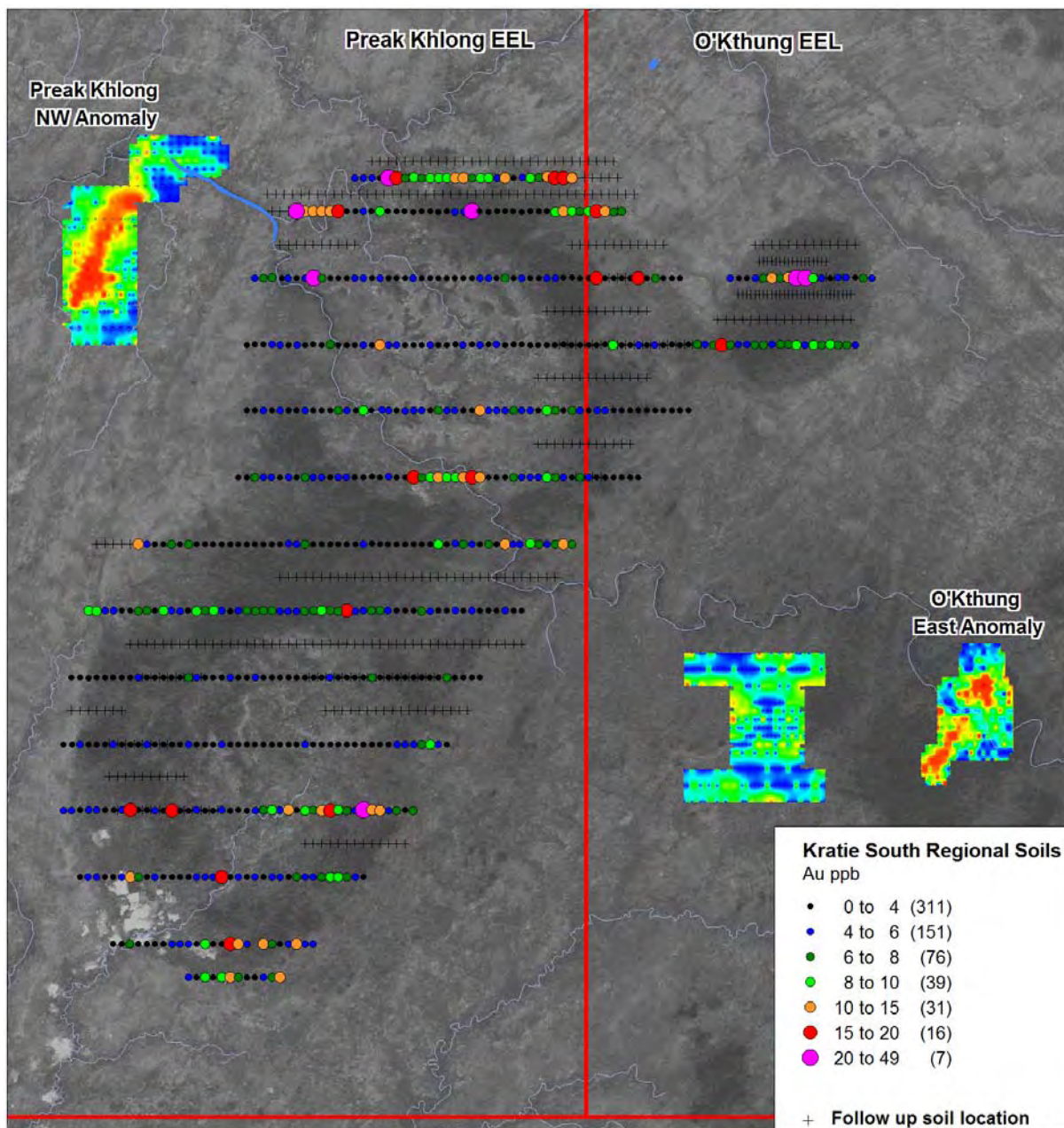
New high-order gold in soil anomalies recently identified at Snoul, SW of previous drilling, Snoul MOU.

Kratie South Project

(Preak Khlong & O’Khtung EELs, SAU 100% - JOGMEC earning 51%)

Regional soil sampling was designed to cover the three interpreted intrusives and associated alteration haloes. Anomalous results were returned from the regional sampling, although spacing was too wide to make any interpretation of results.

It is interesting to note that all gold anomalism is associated with the alteration haloes to the intrusives. A 470 sample follow-up program has been designed to infill around anomalous gold(Au) and copper(Cu) values. See figure below for location of these samples. This sampling is currently ongoing.



Kratie South Locations and gold Results of Regional Soil Geochemistry over Satellite Image.

Results have also been returned for the extension soil programs on the detailed grids within the Kratie South tenements. Both extension grids extended the limits of anomalism, but not necessarily closed them off.

The Preak Khlong NW Anomaly (see Figure above) is the most encouraging prospect at this time, and mapping and prospecting is currently being completed on this prospect to aid in explaining the anomalism and help plan the next step in testing the anomalism.

The table below contains the results from 4 rock chip samples collected during soil sampling. Two samples were taken from the O’Kthung Concession, one from each of the detailed soil grids. These two rock chip returned very encouraging results of gold and lead (Pb). The other two samples were taken from a gossan unit located in the north of the large regional grid on Preak Khlong. Again, one of these samples returned very encouraging results of 4.7 g/t gold and 2.86% lead.

Rock Chip Samples from Kratie South

Prospect	East	North	gold (g/t)	Cu (ppm)	Pb (%)	Comments
OKT	697430	1376693	1.41	110	0.35	Qtz Vein Outcrop
OKT	700199	1377899	3.17	52	6.71	Diorite + Galena Float
PKL	693206	1383185	0.03	1112	0.04	Gossan Outcrop
PKL	693206	1383185	4.70	478	2.86	Gossan Outcrop

Kratie North Project

(Phnum Khtong EEL, SAU 100% - JOGMEC earning 51%)

Soil sampling is also underway on the Kratie North Project. During the month of February, access tracks were established, as well as a temporary field camp constructed to service the project area.

Both detailed (200m x 50m) and regional (800m x 200m) soils have been planned for a total of 2015 samples. The detail grids are planned to test areas with known historical gold workings as well as interpreted intrusive alteration haloes.

The sampling has been completed in the Oh Tron Area, where reports suggest the dominant lithology is sediments with significant hornfels alteration.

The sampling is almost complete at the detailed grid surrounding the Ska Alluvial Workings.

South Pass Sedimentary Gold Project Wyoming, U.S.A.

Southern Gold's commitment to the project South Pass project in Wyoming, USA was to fund drilling and sampling of six holes for an aggregate of 525.4 feet (175 metres approximately). Initial (Phase I) sampling of the deposit was undertaken using a Becker hammer drill for in-situ penetration of the gravel, sand and silt placer deposits.

With the total data base of the geology, geometry, lithology, sampling and analysis now accumulated, a clearer picture of the South Pass Gold Project can now be drawn.

The South Pass Prospect is a paleodrainage controlled, stratiform "protore" gold deposit, but it is not a placer accumulation of economic value and for these reasons the project has been terminated.

Corporate : Appointment of new Chairman

Mr Greg Boulton was appointed as a Non Executive Director and Chairman of the Company during the Quarter. He joins the board of Southern Gold as a replacement for founding Chairman, Mr Ric Horn who has resigned to pursue other interests.

The addition of Mr Boulton's skills to the Board strengthens the Company's capabilities as Southern Gold continues to grow and move toward the development of its gold-focused resources business within Australia and Cambodia.

Mr Boulton is on the board of a number of private and public companies, including major publicly listed Australian trucking and freight group, K & S Corporation, venture capital specialist, Paragon Private Equity and is also on the boards of Business SA and Statewide Superannuation Fund. He has broad experience in capital raisings, acquisitions and commercial negotiations, is a Fellow of the Institute of Chartered Accountants, CPA Australia and the Australian Institute of Company Directors. Mr Boulton is also Chairman of the Port Adelaide Football Club,

Directors resolved, subject to shareholder approval, to issue 500,000 options to Mr Boulton. The unlisted options are issued with an Exercise Price of 30 cents and Expire on the 28 February 2013.

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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.