

Southern Cross Goldfields Limited Quarterly Activities Report to 31 December 2013

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Perth, Australia - [Southern Cross Goldfields Ltd.](#) (ASX: SXG) announce the Quarterly Activities Report to 31 December 2013 with the following highlights.

PROJECT DEVELOPMENT

Marda Gold Project positioned for development

- Feasibility Study review confirms attractive economics:

-- IRR 90% and NPV10 \$41M at A\$1,350 per oz gold price

-- Operating costs of A\$794 per oz with all in sustaining cost of A\$1,007 per oz

-- \$24M required to fund Project

-- Gold production of 167,000 oz over 4 years

- Permitting well advanced with Works Approval, Mining Proposal, Mine Closure Plan and EPA Referral documents all submitted to regulators.

Asset rationalisation & capital management program commenced

- Tenement rationalisation underway

- Withdrawal in December 2013 from earn-in and joint venture agreements to preserve \$2.5M of capital through June 2014:

-- Radio Mine earn-in with Renaissance Minerals Limited (ASX:RNS)

-- Turner River Gold Project joint venture with [De Grey Mining Ltd.](#) (ASX:DEG) ("De Grey")

-- Turner River Base Metals Project earn-in with De Grey

- PCF Capital Group mandated to divest SXG non-core assets.

CORPORAT

Cash reserves increased

- Cash at bank increased by \$1.9M to \$7.0M due to return of the Sandstone Bond and receipt of proceeds from the sale of Queensland corporate offices.

EXPLORATION

- Planning continued for RAB testing of a number of targets along the Evanston Shear Zone

- Stratigraphic drilling & geochemical sampling program (93 holes; 3,425m) completed.

PROJECT DEVELOPMENT

Marda Gold Project

SXG holds approximately 1,700 km² of tenements within the highly prospective Marda-Diemals Greenstone

Belt in the Southern Cross district of Western Australia (Figure 1). The Marda district is a highly prospective gold province that has neither benefited from access to a modern processing facility, nor from the intense exploration activity that has occurred in the Sandstone and Southern Cross districts.

Feasibility Study

In May 2012, SXG completed an externally-prepared Feasibility Study on the development of a new greenfields gold operation at its Marda Gold Project, located 200km north of Southern Cross in Western Australia. The study generated positive results, targeting an initial gold production rate of 35,000oz per annum over five years from SXG's internal resource base, treated through a centrally located 480,000 tpa gold processing facility at Marda Central.

In August 2012, SXG announced the acquisition of the Sandstone Gold Project including a 600,000 tpa gold processing facility and a 100-person camp with a view to relocating these assets to support cost effective development of the Marda Project.

In August 2013, SXG completed a merger with Polymetals which brought together the advanced Marda Gold Project with Polymetals's in-house project development expertise.

In December 2013, SXG announced completion of an extensive re-evaluation of the development methodology, operational strategy and cost estimates which identified an improved project economics from configuring the process facility to treat 720,000 tpa and produce around 50,000 oz pa of gold.

CORPORATE

Cash at the end of the December Quarter was \$7.0 million. The Company continues its conservative approach to activities and cash management.

The cash balance increased by \$1.9 million during the Quarter primarily due to receipt of proceeds from the sale of the Queensland corporate office along with the return of environmental bonds from the Company's WA tenements as part of the change over to the State's Mine Rehabilitation Fund (MRF) approach.

To prioritise and preserve capital for key growth activities, particularly the Marda Gold Development Project, the Company commenced an asset review and rationalisation process during the Quarter. The asset review process has identified a number of assets as non-core, principally as a result of the ongoing capital required to maintain and progress any value creation activities. These assets will be the focus for divestment.

To view the full report, including diagrams and tables, please visit:
<http://media.abnnewswire.net/media/en/docs/ASX-SXG-666167.pdf>

About Southern Cross Goldfields Limited:

Southern Cross Goldfields (ASX Ticker: SXG) is an Australian mining and exploration company that is on the move. Investors in SXG are exposed to a compelling combination of near-term cash flow and outstanding exploration potential in the gold sector.

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