

Southern Cross Goldfields Ltd.: Quarterly Activities Report - 30 June 2014

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Perth - The focus of activity for [Southern Cross Goldfields Ltd.](#) (ASX: SXG) during the June Quarter was the negotiation of a landmark A\$60 million debt package and the introduction of a new cornerstone investor to fully fund the company's existing project pipeline.

As announced on July 8, TrailStone Group, a \$1 billion international mining fund and an offshoot of the US\$26 billion Riverstone investment house, is to provide the debt package to Southern Cross in two tranches. The first tranche is a A\$25 million gold loan and the second is a vanilla line of credit of up to A\$35 million, to be drawn down in stages beginning in the first half of 2015. The maximum debt at any time is expected to peak at approximately A\$35 million.

SXG is simultaneously undertaking a recapitalisation, raising a minimum A\$6 million to strengthen its balance sheet and create a platform for future growth.

This includes a placement of shares to professional investors at a price of A\$0.01 per share, with one free attached option for each two shares issued (exercisable at no more than A\$0.014 per option).

Existing shareholders are to be offered the opportunity to participate in the capital raising on terms similar to the placement.

The finalisation of the transaction will see SXG emerge with a strong balance sheet, access to ample development funding, a strengthened share register and a solid pipeline of attractive development projects with the potential to deliver excellent returns to investors in a short time frame.

The Company intends to proceed initially with development of the Mt Boppy project, with gold production scheduled to commence within 12 months. Planning for development of the Marda project will occur in parallel to ensure that future value is maximised and optionality is maintained.

CORPORATE

Funding

- Relationship with new cornerstone investor, TrailStone Group, announced on 8th July 2014
- Agreement to provide A\$60M debt funding and up to a A\$2M equity contribution
- Existing project pipeline to be fully funded
- Mt Boppy Gold Project to be in production within 12 months
- Placement: \$6M minimum to be made, \$3M commitments secured
- Existing shareholders to be provided an opportunity to participate in capital raising on similar terms
- Southern Cross positioned to seize further expansion opportunities

Asset value realisation and capital efficiency program

- Mt Holland tenements sold to Convergent Minerals Ltd (ASX: CVG) for \$0.2M
- Tenement rationalisation program progressing
- The Company is in advanced discussions on a proposal that will fully divest the Sandstone tenements, whilst retaining existing plant and infrastructure

Cash reserves conserved

- Cash at bank maintained at \$2.7M

PROJECT DEVELOPMENT

Mt Boppy Gold Project, NSW

- Mt Boppy currently prioritised ahead of Marda Gold Project to deliver quicker cash flow
- Permitting status refreshed enabling an accelerated development path
- Key mining contract discussions are well advanced

Marda Gold Project, WA

- Permitting proceeding following successful conclusion of court action which confirmed that the Marda project does not require a formal EPA assessment

EXPLORATION

- Auger drilling along the Evanston Shear Zone at the Marda project continued during the Quarter

To view the full quarterly including diagrams, please visit:

<http://media.abnnewswire.net/media/en/docs/ASX-SXG-685570.pdf>

About Southern Cross Goldfields Limited:

[Southern Cross Goldfields Ltd.](#) (ASX: 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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