

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

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Perth, Australia - Initiatives and transactions completed in the September Quarter fundamentally reshape [Southern Cross Goldfields Ltd.](#) (ASX:SXG), leaving it in a much stronger financial position with a clear growth path.

Acquisition of the Manuka Silver Project in central NSW and completion of the recapitalisation program together, provide a platform for growth that will see the Company transformed into a metals producer around year end.

Manuka Silver Project acquisition

The Company announced in early September that it was to acquire the Wonawinta Silver Mine, since renamed the Manuka Silver Project, from the liquidators of [Cobar Consolidated Resources Ltd.](#) for \$375,000.

The acquisition included the Manuka process plant and infrastructure built at a cost of more than \$60 million with a production capacity in excess of 2 million ounces per year, a 60 million ounce silver JORC Resource, and around 840 square kilometres of exploration territory in the highly prospective Cobar Basin.

The Company is currently upgrading the plant including installation of a larger ball mill. This will remove grinding and recovery bottlenecks that hampered previous production. First revenue from silver production is expected in January 2015.

The initial focus is on optimally mining exposed and easily accessible ore in the Manuka pit.

Importantly, the Manuka plant provides processing capability for ore from the Mt Boppy Gold Mine approximately 100 kilometres to the north-east.

Previously, the Company had planned to re-develop Mt Boppy and upgrade its existing plant. We now plan to truck the ore 150 kilometres to the Manuka plant for processing. This removes the need to upgrade the Mt Boppy plant and reduces up-front capital expenditure by around \$9 million.

Recapitalisation completed

Recapitalisation of the Company is complete. This encompassed an equity raising of approximately \$4.3 million comprising: a share placement to professional investors, directors and management that raised \$1.8 million; a shareholder entitlement offer that raised \$1.5 million and was completed in September; and a \$1 million share placement with TrailStone finalised in October.

The placement and entitlement offer were made on the same terms, with shares issued at a price of one cent per share, with one free option attached to each two shares purchased. The options remain exercisable until 31 December 2019, at a price of 1.3 cents per share. Shares issued to TrailStone do not have any free options attached.

In addition, in October, the Company issued 1 billion warrants to TrailStone as partial consideration for its debt funding facility. The warrants are convertible into ordinary shares at a strike price of 1.3 cents per share, at any time until 31 December, 2019.

Completion of the equity raising enabled the Company to access the \$60 million debt funding package provided by the TrailStone Group. Draw down of the first tranche of a \$25 million gold pre-payment facility in September provided funds to complete the Manuka acquisition and enabled full repayment of the Company's \$5 million debt facility with RMB Australia Limited. The remaining \$11.7 million of the gold pre-payment facility has now also been drawn down on 31 October.

To view the quarterly report, please visit:
<http://media.abnnewswire.net/media/en/docs/ASX-SXG-698062.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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