

**Southern Cross Goldfields Ltd**

ABN 71 124 374 321

Dominant and strategic 4,000km² tenement holding in prolific Marda & Southern Cross regions of Western Australia

Approximately 600,000 ounces of gold contained in high quality resources (as of October 2010)

Resource updates underway following extensive drilling in the first half of 2011

Outstanding results announced

Production strategy based on establishment of a central gold processing facility at Marda

Street Address:

Unit 16, 162 Colin Street, West
Perth 6005

Mailing Address:

PO Box 708,
West Perth 6872

Telephone: +61 8 9215 7600
Fax: +61 8 9485 1283

Board of Directors

Samantha Tough
Non-Executive Chairman

Glenn Jardine
Managing Director

Graham Brock
Non-Executive Director

John Rowe
Non-Executive Director

Capital Structure

Shares on Issue: 200.4M

Options on Issue: 36.6M

Corporate Shareholders

Mineral Resources: 9.5%

Western Areas: 5.25%

Heron Resources: 3.1%

WESTERN AREAS READY TO COMMENCE NICKEL EXPLORATION AT BULLFINCH NORTH

Highlights

- **Key agreements completed under the transaction announced in August with Western Areas NL (ASX Code: WSA).**
- **Paves the way for WSA to explore on SXG's Bullfinch North nickel project area including the Trough Well nickel project.**
- **Total cash consideration of \$1.5M now received by SXG.**
- **WSA minimum expenditure commitments include \$1M in the first year.**
- **SXG retains 30% interest and upside in any nickel discovery.**
- **Maintains SXG's focus on developing its gold assets at Marda.**

Southern Cross Goldfields Limited (ASX: SXG – "SXG" or "the Company") is pleased to advise that it has completed key agreements under the transaction (refer ASX announcement 2 August, 2011) with Australian nickel producer Western Areas NL (ASX: WSA – "WSA") whereby WSA acquired 70% of SXG's nickel rights over SXG's tenement portfolio (**see Figure 1**) in the Marda and Southern Cross regions of Western Australia.

Completion of the key agreements paves the way for WSA to explore on SXG's Bullfinch North nickel project area that includes the Trough Well nickel project (**Figures 2 and 3**). Under the transaction with SXG, WSA has minimum expenditure commitments including \$1 million in the first year. In addition, with completion of the key agreements the Company has now received the total cash consideration of \$1.5M from WSA.

The agreement with WSA ensures that appropriate resources are allocated to testing the nickel potential of the SXG's tenements. It provides SXG shareholders with a highly leveraged exposure to any nickel exploration success across the tenements. WSA plans to commence exploration immediately and it is anticipated that drilling activities at Trough Well will commence in the December quarter.

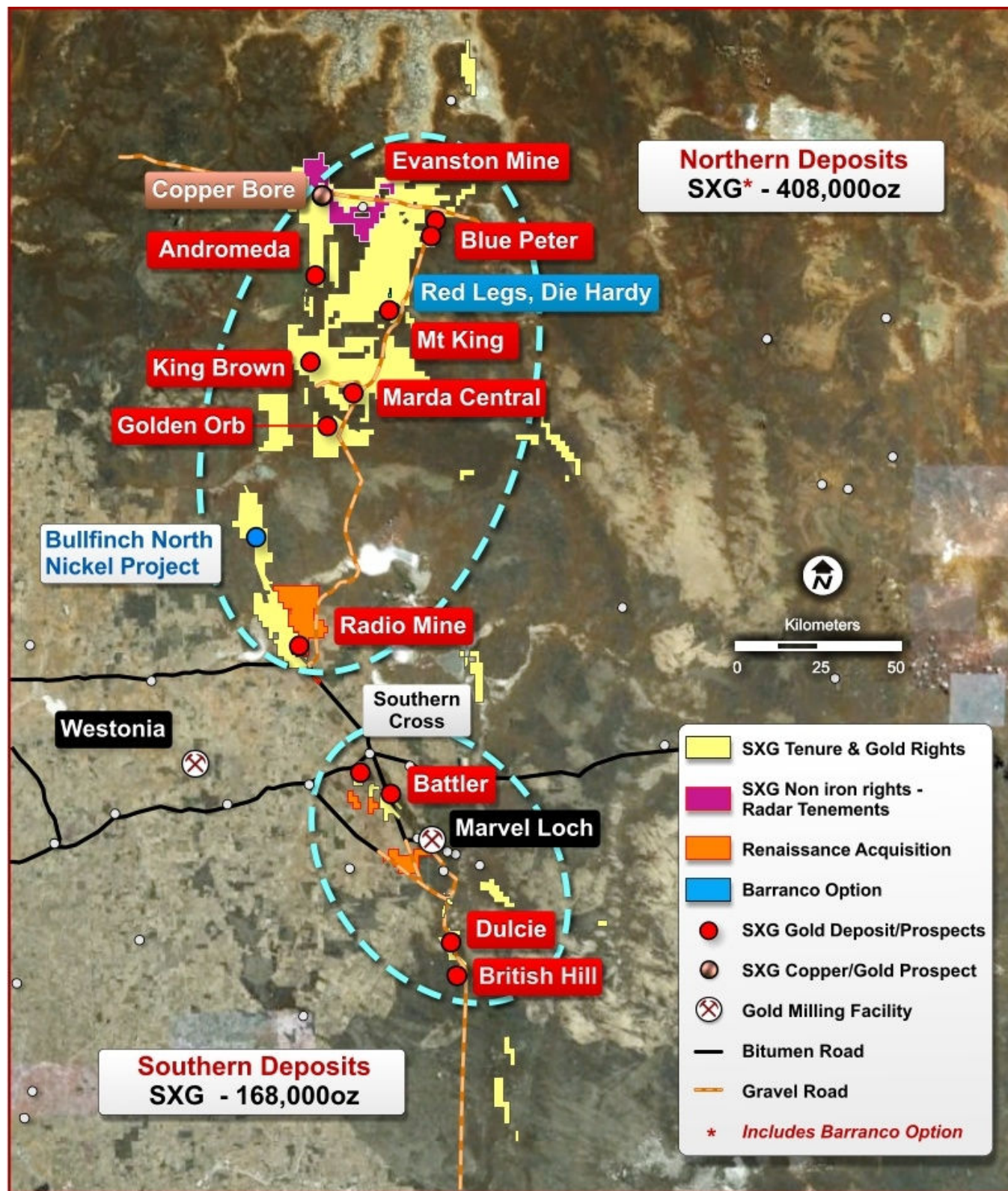
Results at the Company's gold projects this year and the recent discovery of VMS style mineralisation at the Company's Southern Gossan project (refer ASX announcement 29 August, 2011) point to excellent potential for further discoveries.

SXG is a dominant tenement and gold rights holder in the Marda region with a quality resource base of approximately 600,000 ounces of gold contained. The Company believes that the Marda region is underexplored for gold and base metals where significant gold and base metal mineralisation has been identified previously.



SOUTHERN CROSS GOLDFIELDS LTD

Figure 1 – SXG Gold Deposits and Exploration Tenements Location Plan



SOUTHERN CROSS GOLDFIELDS LTD

Figure 2 - Trough Well Nickel Deposit Long Projection

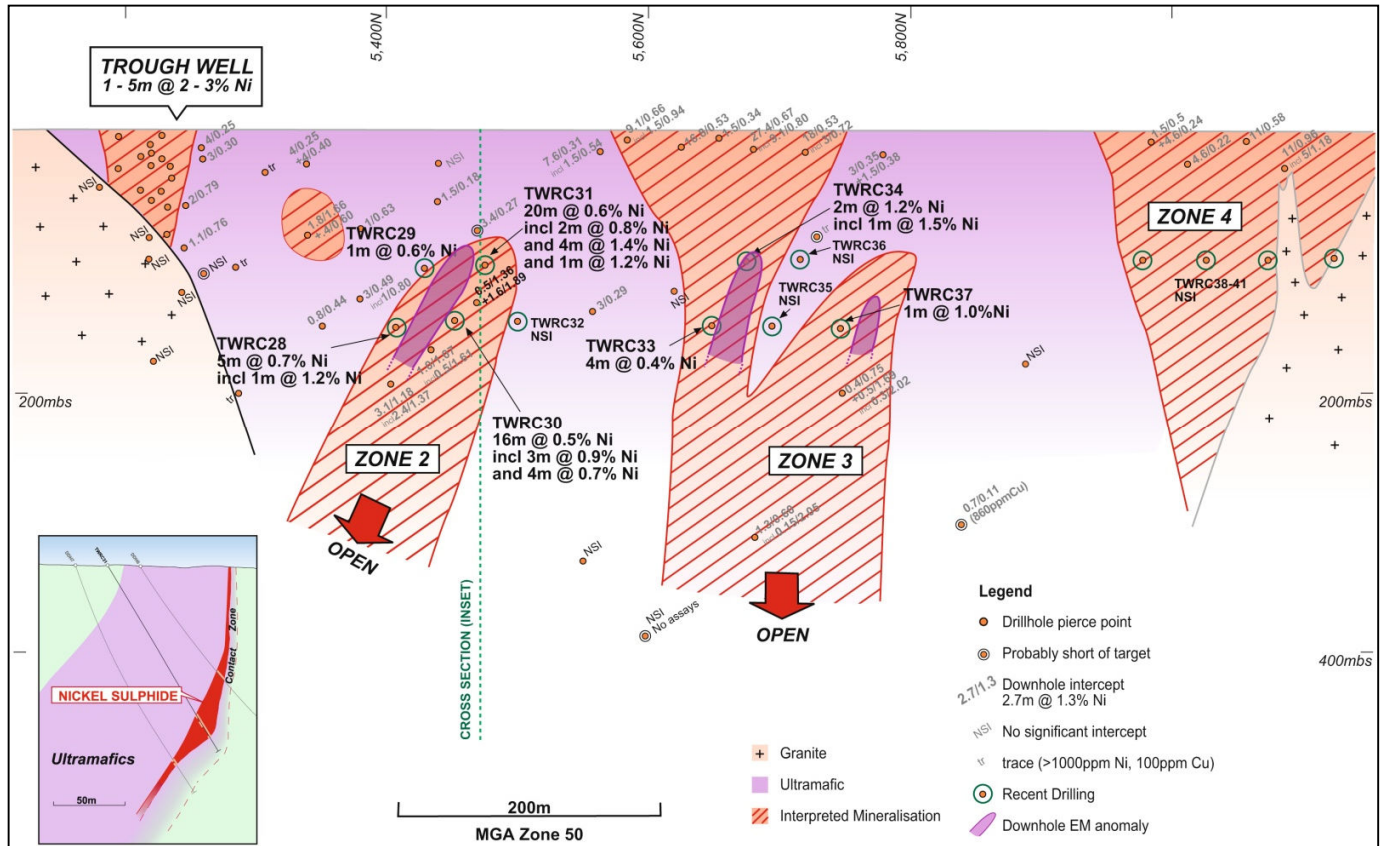
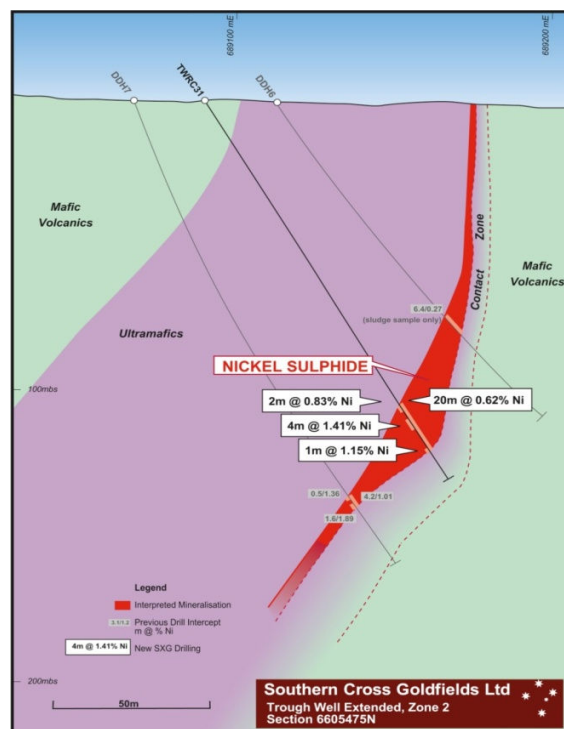


Figure 3 - Trough Well Cross Section





SOUTHERN CROSS GOLDFIELDS LTD

- ENDS -

For further details, please contact

Glenn Jardine, Managing Director – Southern Cross Goldfields Ltd

Telephone: +61 8 9215 7600, email glennj@scross.com.au

Refer to www.scross.com.au

For media inquiries, please contact:

Nicholas Read – Read Corporate

Telephone: +61 9388 1474, email nicholas@readcorporate.com.au



SOUTHERN CROSS GOLDFIELDS LTD

TABLE 2 – SXG JORC MINERAL RESOURCE ESTIMATE

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Northern Deposits												
Marda Central	1,386,000	2.0	87,000	527,000	1.7	29,000	229,000	1.6	12,000	2,141,000	1.9	128,000
King Brown				176,000	3.0	17,000	25,000	2.2	2,000	201,000	2.9	19,000
Golden Orb							1,023,000	2.2	71,000	1,023,000	2.2	71,000
Mt King							523,000	3.0	50,000	523,000	3.0	50,000
Sub Total	1,386,000	2.0	87,000	703,000	2.0	46,000	1,800,000	2.3	135,000	3,888,000	2.1	268,000
Barranco Option							1,711,000	2.5	140,000	1,711,000	2.5	140,000
Sub Total	1,386,000	2.0	87,000	703,000	2.0	46,000	3,511,000	2.4	275,000	5,599,000	2.3	408,000
Southern Deposits												
Battler				432,000	2.4	33,400	72,000	1.8	4,100	504,000	2.3	37,500
British Hill				1,166,000	1.9	71,000	557,000	1.9	35,000	1,724,000	1.9	106,000
Sub Total	-	-	-	1,598,000	2.0	104,400	629,000	1.9	39,100	2,228,000	2.0	143,500
Total	1,386,000	2.0	87,000	2,301,000	2.0	150,400	4,140,000	2.4	314,100	7,827,000	2.2	551,500
Laterite												
Dulcie				1,020,000	0.7	22,300	100,000	0.7	2,300	1,120,000	0.7	24,600
Total Laterite	-	-	-	1,020,000	0.7	22,300	100,000	0.7	2,300	1,120,000	0.7	24,600
Total	1,386,000	2.0	87,000	3,321,000	1.6	172,700	4,240,000	2.3	316,400	8,947,000	2.0	576,100

Notes to Accompany Mineral Resource Estimate table:

- Numbers may not add due to rounding
- The resource table was last updated on 18 October 2010. Results of drilling announced since that date have not been included in the above table which will be updated when the data has been compiled.
- Resource models except for Battler and the Barranco Option resources, were constructed within the GS3 software, a proprietary resource modelling software developed by Hellman and Schofield.
- The resource model for Battler was constructed within the Minesight software. The resource estimation for Barranco Option resources was by polygonal cross-sectional methodology with the mean of all assays within a polygon used as the calculated grade.
- The Dulcie resource was estimated using Ordinary Kriging within a wireframe of laterite using 20m by 20m by 1m blocks. The resources for all other deposits are estimates of recoverable tonnes and grades using Multiple Indicator Kriging with block support correction into model blocks customised to the average drill hole spacing for each deposit and assuming smallest mining unit for ore selection in mine grade control of 3 metres (across the general strike of mineralisation) by 5 metres (along strike) by 2.5 metres (elevation).
- The Marda Central resource is comprised of the Python, Dolly Pot, Dugite and Goldstream deposits.
- Gold estimation and model blocks were constrained within either geologically derived or grade based wireframes.
- Resource assaying data sets derived from all available reverse circulation and diamond drill sampling. No RAB drilling or trenching assays have been used in the estimates.
- Geology has been used to constrain mineralisation as appropriate.
- Weathering domains have been used to constrain mineralisation where appropriate.
- Data density varies and is reflected in the resource category which has been applied. All measured resources have a drill-hole density of approximately 12.5m x 12.5m. All indicated resources except Dulcie and Battler have a drill-hole density of approximately 25m x 25m. Dulcie has a drill density of 40m x 40m. Battler has a drill density of 20m x 12.5m. Inferred resources have variable density but always less than 50m x 50m except for Mt King which has variable drill-hole spacing between 25m and 100m and the Barranco Option resources which have an approximate drill hole spacing of 100m x 20m and were assigned an Inferred Resource status.
- Assays are generally fire assay, with limited aqua regia assays in the weathered zone.
- All drill-hole collars are surveyed by GPS. Down hole surveys are limited, except at British Hill, where most drill-holes are surveyed.
- A lower cut-off of 1.0 g/t Au has been used except at Dulcie where a lower cut-off of 0.4 g/t Au has been used.

JORC Code Compliance Statement

The geological information in the report to which this statement is attached that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Richard Simmons who is a Member of The Australasian Institute of Mining and Metallurgy. Richard Simmons is a full time employee of Southern Cross Goldfields Limited. Richard Simmons has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Richard Simmons consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



SOUTHERN CROSS GOLDFIELDS LTD

JORC Code Compliance Statement (continued)

The resource estimation of the Battler deposit is based on work completed by independent consultant Mr Dean Fredericksen of Fredericksen Geological Solutions based on resource drilling data sets provided by SXG. Mr Fredericksen is a Member of The Australasian Institute of Mining and Metallurgy and qualifies as a Competent Person in respect of the 2004 JORC code by virtue of having sufficient experience which is relevant to the style of mineralisation and deposit types being estimated. Mr Fredericksen has consented to the inclusion of this information in the form and context in which it appears in this report.

The resource estimation of the Dulcie deposit is based on work completed by Mr Jonathon Abbott utilising resource drilling data sets provided by SXG. Mr Abbott is a full time employee of Hellman and Schofield Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Mr Abbott has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The resource estimation of the King Brown, Golden Orb, British Hill, Python, Dolly Pot, Dugite, Goldstream and Mount King deposits is based on work completed by Mr Nic Johnson utilising resource drilling data sets provided by SXG. Mr Johnson is a full time employee of Hellman and Schofield Pty Ltd and a member of the Australian Institute of Geoscientists. Mr Johnson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Johnson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The resource estimation of the Red Legs and Die Hardy deposits is based on information compiled by Mr A J Maynard, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves'.

Disclaimer

This document has been prepared by Southern Cross Goldfields Limited (SXG). The information and opinions contained in this document are derived from public and private sources which we believe to be reliable and accurate but which, without further investigation, cannot be warranted as to their accuracy, completeness or correctness. This information is supplied on the condition that SXG, and any director, agent or employee of SXG, are not liable for any error or inaccuracy contained herein, whether negligently caused or otherwise, or for loss or damage suffered by any person due to such error, omission or inaccuracy as a result of such supply.

Forward-Looking Statements

This document contains forward looking statements concerning the projects owned by SXG. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements are based on SXG's beliefs, opinions and estimates as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.