



ASX RELEASE

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EM Anomalies Outlined at Bullfinch North Nickel Project

During December, 2008, Southern Cross Goldfields Limited (SXG) commissioned geophysical contractors to undertake surface moving loop electromagnetic (MLEM) surveys and down-hole electromagnetic (DHEM) surveys at its Bullfinch North Nickel Project with the aim of identifying sub-surface conductors, which may directly represent massive nickel sulphides, in several areas with favourable geology and geochemistry.

Results of these surveys have now been received and SXG is pleased to announce that **three strong MLEM conductors plus several lower order conductors have been outlined at Mt Colreavy and Lady Agnes and one strong and two moderate order DHEM conductors have been outlined at Trough Well Extended.**

All conductors identified are interpreted by SXG's geophysical consultants, as having **responses typical of massive sulphides** and have supporting favourable geology (**mapped olivine cumulates which are the most favourable host rocks for Kambalda/Forrestania style nickel sulphide deposits**) and geochemistry (**elevated nickel and copper in gossans, soil samples or RAB drill holes, typical of the surface expression of nickel sulphide deposits**) and thus represent high priority drill targets. As all conductors are between 80m and 170m below surface, only relatively shallow drilling will be required to test these targets.

GROUND EM SURVEY RESULTS

Three areas were selected for ground based MLEM surveys based on mapped olivine cumulate host rocks, anomalous nickel and copper geochemistry and/or mapped gossans (Figure 1). The Colreavy survey identified two strong conductors, the Lady Agnes survey one strong conductor and the Sunset survey failed to identify any significant conductors, possibly due to conductive overburden. All of the conductors require follow-up RC and/or diamond drill testing.

Mt Colreavy

Two strong conductors interpreted by SXG's consultant as having responses typical of massive sulphides have been identified at the Mt Colreavy prospect (Figures 1 & 2).

The first of these is evident on two lines of the MLEM survey, suggesting a potential length of about 300m, but is closed off by lines either side. It is spatially associated with mapped olivine cumulate and serpentinite units on the surface. These are the most favourable host units for Kambalda/Forrestania style nickel sulphide deposits. **The identification of several small outcrops of gossan with elevated nickel, copper and gold coincident with the surface projection of the MLEM anomaly is considered to be highly encouraging:**

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| Sample Number | Northing | Easting | Ni % | Cu % | Pb ppm | Zn ppm | Au ppm | Comments |
|---------------|----------|---------|------|------|--------|--------|--------|--|
| COL001 | 6578438 | 695677 | 0.03 | 0.03 | 5 | 28 | 0.01 | leached low weight gossan from old costean |
| COL003 | 6577786 | 696301 | 0.16 | 2.53 | 7 | 69 | 1.98 | gossan, olivine cumulate textures, malachite, magnetic |
| COL004 | 6577786 | 696301 | 0.11 | 0.01 | x | 108 | 0.01 | iron stained talc chlorite schist |
| COL005 | 6577787 | 696302 | 0.16 | 3.84 | x | 79 | 0.85 | gossan, olivine cumulate textures, malachite, magnetic |
| COL006 | 6577789 | 696300 | 0.18 | 1.02 | 9 | 99 | 1.17 | gossan, olivine cumulate textures, malachite, magnetic |
| COL007 | 6577779 | 696301 | 0.09 | 0.17 | x | 539 | 0.02 | micaceous, iron rich material |
| COL008 | 6577777 | 696305 | 0.09 | 0.06 | x | 838 | 0.06 | micaceous, iron rich material |
| SX6021 | 6577765 | 696303 | 0.13 | 1.35 | 5 | 190 | 0.40 | gossan, olivine cumulate textures, malachite, magnetic |
| SX6022 | 6577764 | 696302 | 0.15 | 0.88 | x | 175 | 0.21 | gossan, olivine cumulate textures, malachite, magnetic |

The moderate nickel, high copper and gold and low lead and zinc values are typical of nickel sulphide gossans although the copper and gold are higher than normal. The low lead and zinc suggest this gossan is unlikely to be related to sulphidic sediments. The isolated nature of the anomaly also tends to suggest graphitic shales and sulphidic sediments are less likely sources. The top of the conductor is interpreted to be about 80m below surface, suggesting the observed surface gossans are low grade "distal" expressions of the conductor.

The second conductor is closed off to the north but not to the south and is at least 600m long. It is closely associated with mapped banded iron formations (BIFs) but also with known ultramafic rocks with elevated nickel and copper geochemistry. It is possible that this anomaly represents a sulphidic part of the BIF although a nickel sulphide source cannot be ruled out at this stage. Nickel sulphides at the high tonnage Windarra and Spotted Quoll deposits are known to be directly associated with BIF. The top of the conductor is estimated to be about 170m below the surface.

As an alternative explanation of the target, the stratigraphic package of BIF and ultramafic hosts the plus one million ounce Copperhead gold deposit approximately 9km to the south (Figure 1) and hence potential can be seen for gold as well as nickel mineralisation.

Lady Agnes

Several strong MLEM conductors with responses interpreted by SXG's consultant to be typical of massive sulphides have been identified at Lady Agnes, possibly merging into a single, plus 1000m anomaly open to the north (Figure 1). This anomaly is coincident with the interpreted lower contact of a major ultramafic flow unit which is largely obscured by laterite. Surface soil sampling and very limited previous drilling in the area (none within the anomaly) has returned elevated nickel (to 0.9%) and copper (to 0.06%). The top of the conductor is interpreted to be between 140m and 170m below the surface.

Two other weaker conductors have also been identified. The first is located approximately 300m east of, and parallel to, the main anomaly. This is interpreted on two lines and may have a strike of up to 300m.

The second is located approximately 1,200m east of the main anomaly in a similar stratigraphic position on the opposite limb of a regional fold structure. It is approximately 300m north of gossan sampled by BHP during the 1970s which returned assays of up to 0.46% nickel and 0.05% copper. A fixed loop electromagnetic survey (FLEM) was conducted as follow-up but this failed to return any significant conductors. While this is disappointing, the source of the elevated nickel and copper and the weak MLEM conductor remain to be explained.

Sunset

No significant bedrock conductors were identified in this survey although the western part is highly conductive in the overburden and this may mask any underlying anomalies. The elevated nickel and copper in RAB drilling remains to be explained.

DOWNHOLE EM SURVEY RESULTS

Six SXG drill-holes at Trough Well Extended have been logged using down-hole electromagnetics (DHEM) – TWRC29, 30, 33, 37, 38 & 41.

A strong off-hole conductor was located in Zone 2 near TWRC29 and 30. This is estimated as having dimensions of 45m X 100m and responses typical of massive sulphides. This fits with the previous interpretation of a thickening of the matrix sulphide channel and up to 4m @ 1.4% nickel in TWRC 31 (Figure 3). This anomaly is a high priority drill target.

Two other weaker conductors were located within Zone 3, potentially the same unit which has pinched out. These are interpreted as having dimensions of 40m x 40m and 20m x 20m and responses within the range expected from massive sulphides. These are both associated with plus 1% nickel in nearby holes (Figure 3).

These results are encouraging and suggest potential for massive nickel sulphides remains good in the Trough Well area.

- ENDS -

For further details, please contact

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JORC Compliance Statement

The 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 Antony Truelove who is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Antony Truelove is a full time employee of Southern Cross Goldfields Limited. Antony Truelove 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'. Antony Truelove consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Att: Figures 1-3

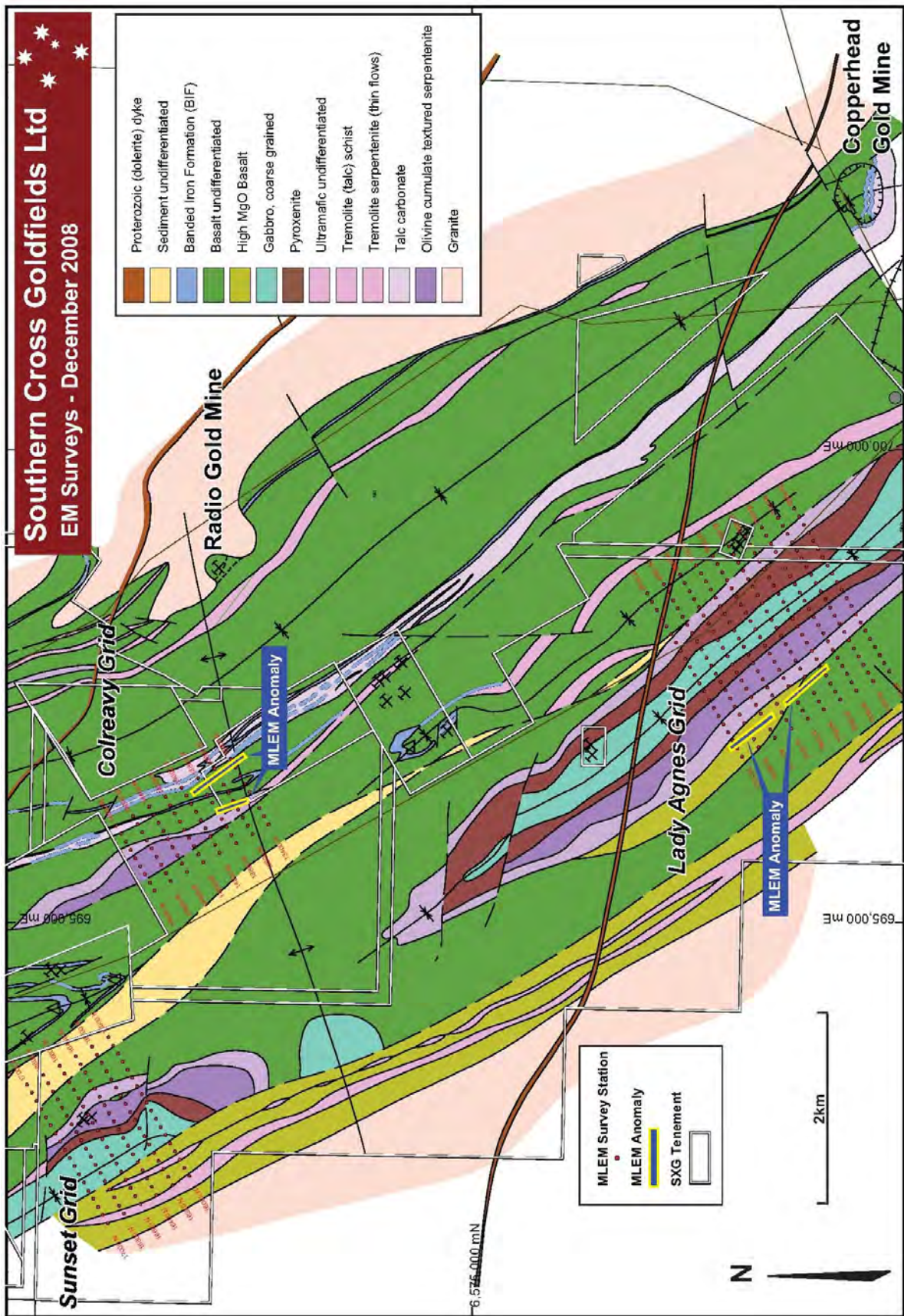


Figure 1 - MLEM Survey Summary Plan

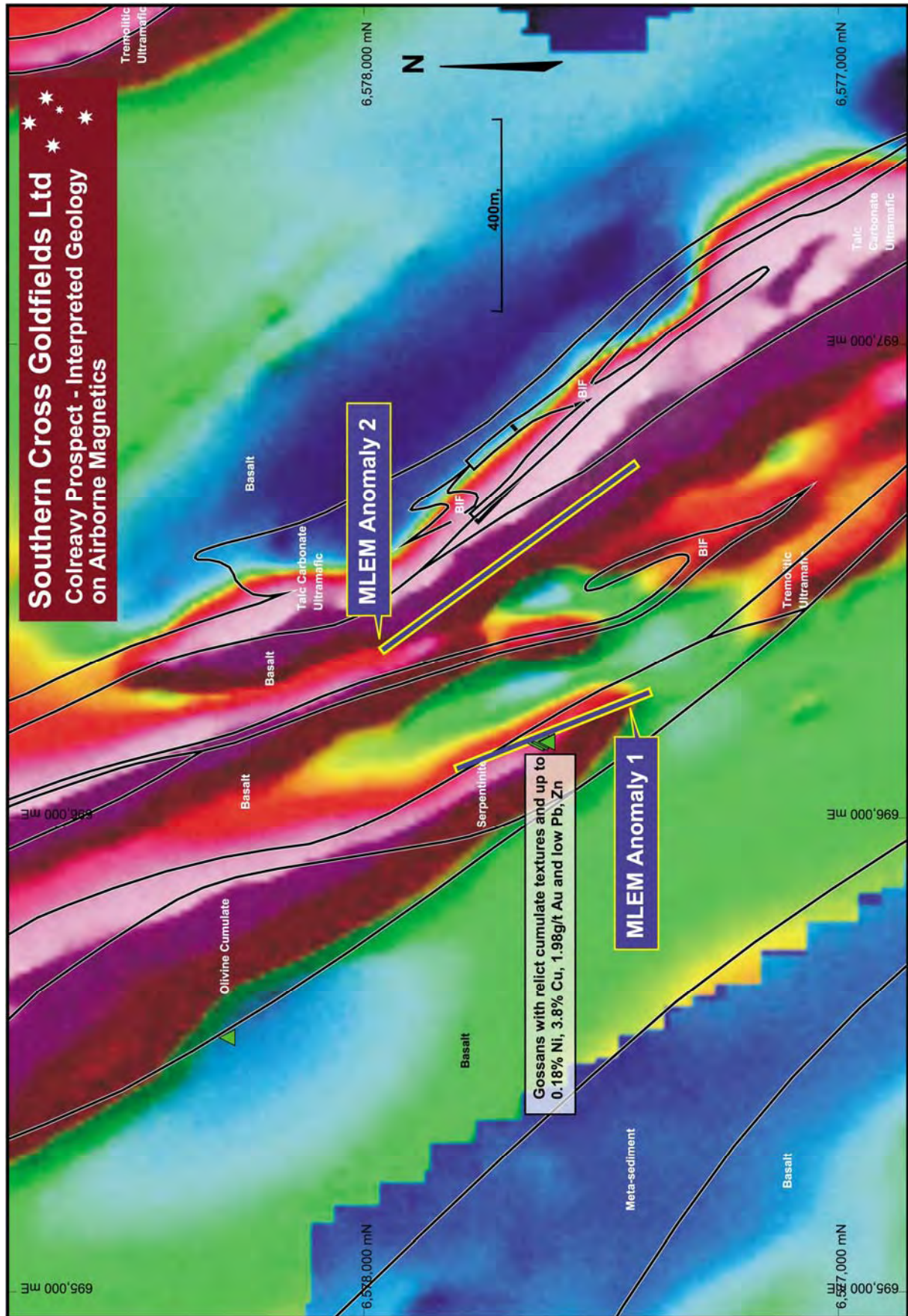


Figure 2 – Colreavy Prospect Summary Plan

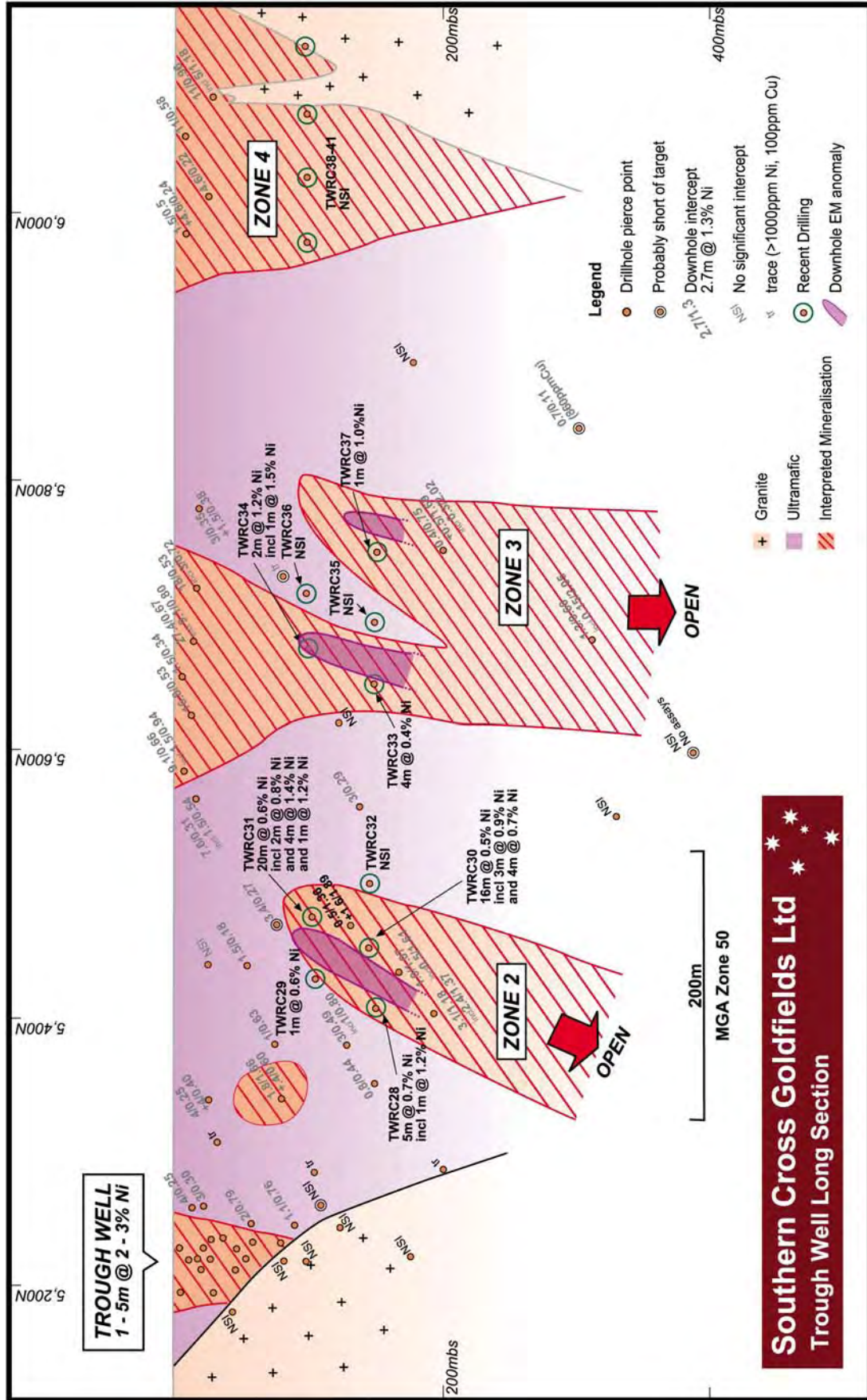


Figure 3 – Trough Well Extended DHEM Conductors