



ASX RELEASE

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Additional High Priority Gold Targets Identified, Production Strategy Moving Forward

Southern Cross Goldfields Ltd (SXG) is pleased to announce that ongoing field studies, compilation and interpretation of all previous exploration data has highlighted **over 100 high priority drill targets**, most with potential for large, stand-alone, high margin gold deposits. Potential for nickel sulphides, copper-lead-zinc and uranium mineralisation has also been identified. These targets have been ranked according to priority as shown on Figures 1-4. A selection of the highest priority gold targets is presented as Annexure1.

This is an outstanding outcome and a solid endorsement of SXG's tenure as one of the dominant land-holders in the Central Yilgarn Gold and Nickel Province. SXG continues to deliver on its commitment to effective, focussed exploration in this highly prospective area.

In order to fund ongoing exploration of these high priority targets, SXG is currently looking at **early production options**.

Production Strategy

In the year since listing, the SXG Strategy has been to:

1. Complete the Prospectus-nominated drill programs, to rank the projects' production potential and having completed this exercise, SXG has been focusing on field assessments with compilation of public domain data.
2. From these targeting studies, the 100 drill targets have now been generated, and potential production quantified.
3. In terms of the Company's on-going funding, initial drill assessment will be focused on potential early cash flow, short lead-time, low capex gold projects.

Initial focus will be on:

1. Colreavy, 400m long EM anomaly associated with gossan, up to 2.99g/t Au, northern end of a 400m gold soil anomaly associated with the old Mistletoe gold workings, EM anomaly is both a gold and nickel sulphide target.
2. Battler, JORC resource 401,000t @ 2g/t Au, follow up SXG RC drill-hole below previous drilling of 21m @ 4.15g/t Au, quantify high grade zone for production Pre-Feasibility Study.
3. Dulcie, based on previous drilling, soil geochemistry, and old pits, 2km strike of gold-mineralised laterite, define resource for SXG-operated heap leach Pre-Feasibility Study.

Drilling will commence during the June 2009 Quarter at Colreavy.

SXG – 'Low Capex Gold Production to fund Exploration for High Margin Company-Makers'

ENDS

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Annexure 1: Selection of High Priority Gold targets

PARKER RANGE PROJECT

SXG's prime early stage production project, reflecting the presence of an operating gold plant in the region as well as widespread gold laterites on SXG tenure amenable to low capex heap leaching.

- ***Blackbournes***
This was recently acquired as part of the Crusader package and includes the historical Greenmount and Blackbournes workings. Previous RC drilling has returned up to **4m @ 4.4g/t Au from 16m**; data is still being compiled and assessed.
- ***Devlin's Reward***
Part of the Crusader package and includes historical workings along strike of the Transvaal open pit mined by Sons of Gwalia during the 1980s and 1990s; previous drilling has returned results including **4m @ 7.81g/t Au from 54m, 13m @ 3.26g/t Au from 24m and 2m @ 12.0g/t Au from 35m**; limited deeper drilling has returned broad, low grade intercepts including **44m @ 0.40g/t Au and 21g/t Ag from 68m**, suggesting a large mineralisation system.
- ***Battler***
Drilling by SXG during 2008 discovered significant mineralisation beneath the existing resource; results include **21m @ 4.15g/t Au from 74m including 3m @ 13.2g/t Au from 76m**; high potential to increase the resource by additional drilling at depth; potential strike extension confirmed by previous drilling just north of SXG's tenement boundary which returned up to **6m @ 2.39g/t Au from 71m**; 700m of untested strike exists within SXG's tenements between Battler and the northern intercept.
- ***Centipede***
A package of BIFs within amphibolites is consistently mineralised within the Parker Range area over 20km; approximately 1.4km of the BIF sequence is located within SXG's Centipede tenements with previous drilling returning intercepts of **10m @ 4.22g/t Au from 35m and 4m @ 10.4g/t Au from 48m**; potential for a high grade zone.
- ***Centipede East***
Soil sampling has highlighted a zone to the east of the BIFs which has been tested by broad spaced (200m lines) RAB, aircore and limited RC drilling which identified a plus **1000m zone of plus 0.5g/t Au** with better intercepts of **24m @ 1.97g/t Au and 3m @ 3.83g/t Au**; high potential for small to moderate sized zones of mineralisation; some surficial gold bearing laterite is evident in the north of the tenement with drilling results up to **3m @ 1.28g/t Au from surface**. This may be an adjunct to any other SXG laterite operation in the district.
- ***Garibaldi***
A zone of shearing within amphibolites and ultramafics is periodically mineralised over 30km within the Parker Range area; SXG holds 3.5km strike of this structure within its Garibaldi tenements; previous soil sampling has identified a plus **2600m soil anomaly with a maximum value of 2255ppb Au**; a group of old workings occurs over 500m strike within the central part of the soil anomaly; two RAB traverses approximately 1500m apart failed to penetrate deep enough to adequately test this zone; potential for a large mineralisation system.
- ***Olga Rocks***
This was recently purchased as part of the Crusader package and hosts an additional 900m long part of the same mineralised BIF package seen at Centipede; previous explorers have identified a zone of mineralisation beneath a salt lake with intercepts including **8m @ 4.69g/t Au from 51m and 3m @ 10.6g/t Au from 33m**; this appears to have a northeast trend but has been tested based on a north-south interpretation; if the new interpretation of a northeast trend is correct, the system is open to the northeast and requires additional drill testing; potential for a moderate to high grade deposit.
- ***Dulcie***
Part of the Crusader package, an additional 3400m of the mineralised BIF sequence present at Centipede and Olga Rocks; previous drilling suggests that at least three sub-parallel BIFs occur, and that they are **mineralised where tested over the entire 3km at between 0.5 and 10g/t Au over 1 to 5m in each BIF**; potential for a large low grade system if the three BIFs can be shown to be consistently mineralised and close enough together to be mined within a single pit; potential for small, high grade shoots can be seen within the overall low grade system as suggested by intercepts of **3m @ 7.97g/t Au from 42m and 5m @ 10.1g/t Au from 39m**.

- **Dulcie East**
Approximately 500m east of the Dulcie BIFs is a high order soil anomaly (**contourable at 200ppb Au, plus 2000m long, maximum 1405ppb Au**); follow-up auger sampling extended the anomaly to the south under transported cover; a limited amount of broad spaced RAB drilling (200-400m line spacing) has returned several significant intercepts including **22m @ 0.98g/t Au from 17m and 3m @ 1.98g/t Au from 33m**; potential for a large mineralisation system.
- **Dulcie Laterite**
Mining of gold-bearing laterite by Thames Mining NL (a predecessor to Sons of Gwalia Ltd) during the 1980s was conducted to the north of SXG's tenements; thick laterite (up to 5m) is developed within SXG's tenements along strike from the Thames mineralisation and several drill holes through the laterite have returned significant gold values (**2m @ 1.28g/t Au, 5m @ 0.78g/t Au, 3m @ 1.87g/t Au**, all from surface); potential for significant tonnages of potentially low capex, heap leachable laterite; it is intended to quantify this resource in the short term with a view to generating cash flow through heap leaching.
- **Dulcie West**
Approximately 3km west of the Dulcie BIFs; a discrete soil anomaly (contourable at 50ppb Au, **2000m long, maximum 180ppb Au**) co-incident with an arcuate magnetic high adjacent to a granite dome; limited RAB and RC drilling (400m line spacing) has returned up to **2m @ 1.17g/t Au from 48m**; potential for a large mineralisation system can be seen and infill RAB drilling is required.

MARDA PROJECT

Extensive gold resources controlled by SXG, being 268koz, excellent exploration potential at all known deposits, centre of gravity of current SXG resource inventory. Current SXG studies evaluating potential for bulk tonnage lower grade mineralization at known deposits, as well as quantifying higher grade resources localized within cross-structures not identified by previous explorers.

- **Copper Bore**
A black shale horizon with anomalous gold, copper, lead, zinc and silver has been identified over a strike length of over 10km; several areas have been tested by shallow RAB and RC drilling and have returned intercepts of up to **17m @ 2.5% Cu, 2.55g/t Au from 2m, 7m @ 5.08% Cu, 2.05g/t Au from 10m and 3m @ 4.5% Zn from 18m**; potential for a large gold-VMS mineralisation system.
- **Andromeda**
Target identified during 2008; partially drill tested by SXG – best intercept **16m @ 3.07g/t Au from 88m**, plus 1g/t Au over at least 300m; open to the north and at depth; potential for large stand-alone gold deposit.
- **Zone F**
A zone of laterite and oxide gold mineralisation has been identified by previous explorers over 360m strike; better intercepts include **4m @ 17g/t Au from 6m and 5m @ 6.13g/t Au from 29m**; potential for a small, high grade gold deposit.
- **Zone B**
A laterite resource (~170,000t) was mined during the 1990s; a small zone of oxide mineralisation remains, with intercepts including **4m @ 5.17g/t Au from 59m and 4m @ 4.93g/t Au from 20m**; potential for a moderate grade deposit; the mineralised trend between and along strike of Zones F and B requires additional follow-up; potential for several small, moderate to high grade deposits.
- **Evanston**
Over 70,000 ounces mined previously; large mineralisation system with potential for extensions and repetitions; potential for a large stand-alone gold system.
- **Mt King**
Better intercepts include **15m @ 7.38g/t Au from 120m and 4m @ 7.15g/t Au from 70m**; drilling to date is sub-parallel to the controls on mineralisation; potential for a moderate tonnage, high grade underground resource.
- **Marda Central**
All drilling oriented north-south but a strong north-south control on mineralisation is evident, confirming inadequate previous drill evaluation; potential to increase the resource; several nearby targets require additional drilling e.g. Cobra – previous intercepts including **2m @ 30.7g/t Au from 97m**.

- **Allen's Find**
Good soil anomaly over at least 400m strike associated with a felsic intrusion hosting several historical gold workings; potential for a large mineralised stockwork system.
- **Trap Door Trend**
A 4.5km patchy soil anomaly trending north south; previous RAB drilling and limited RC drilling on north-south oriented lines has returned significant intercepts including **2m @ 8.16g/t Au from 44m** and **4m @ 2.29g/t Au from 60m**; potential for a significant mineralised system; east-west oriented drilling follow-up is required.

BULLFINCH NORTH PROJECT

Bullfinch North has been thought of as SXG's prime nickel sulphide exploration target and has considerably less previous drilling than Marda or Parker Range. This is an unexpected outcome of the compilation exercise as the Bullfinch North project is the northern continuation of the Southern Cross Greenstone Belt, which hosts at least five gold deposits of greater than one million ounces, the northernmost located just outside the southern boundary of SXG's tenements (Figure 1). The northern part of the Bullfinch North project has considerable transported cover and potential for a major stand-alone gold deposit is considered to be excellent in this district.

- **Newfield West**
A patchy soil anomaly (**2000m long, maximum 290ppb Au**) associated with an unusual "hook" shaped magnetic anomaly near the northern part of the Copperhead Shear Zone (CSZ); broad spaced RAB (500m to 200m lines) has returned up to 0.62g/t Au but most lines did not reach the peak of the soil or magnetic anomaly; potential for Copperhead (plus 1Moz deposit) style mineralisation.
- **Mt Correll**
A high order soil anomaly (**1800m long, maximum 651ppb Au**) with 200m spaced RAB drilling returning **plus 1g/t Au over 1000m** (open to the south); associated with the CSZ, magnetic low with highs either side; potential for Copperhead style mineralisation.
- **Mt Correll South**
A moderate soil anomaly along strike to the south of Mt Correll (**1600m long, maximum 559ppb Au**); no drilling; potential for a large mineralisation system.
- **Yellow Elephant**
Large, low order soil anomaly (**1600m long, maximum 90ppb Au**) adjacent to a Proterozoic dyke within the pressure shadow of a granite dome; broad spaced RAB drilling (200m lines oblique to mineralised trend) has outlined a **450m zone of plus 0.5g/t Au with up to 1.25g/t Au**; potential for a large mineralisation system.
- **EUR56**
A moderate gold in soil anomaly (**1000m long, maximum 66ppb Au**) within the pressure shadow of a granite dome; broad spaced RAB drilling (200m lines) has returned up to **1.79g/t Au from the last hole of the last line**; potential for a large mineralisation system.
- **Sirius**
A patchy, low order soil anomaly (**1000m long, maximum 34ppb Au**) in an area of transported soils; 300m spaced RAB lines oblique to the interpreted trend have returned **plus 1g/t Au over at least 800m** of the interpreted trend; this is probably a splay off the CSZ; potential for Copperhead style mineralisation.
- **Scorpio**
A high order soil anomaly (**500m long, maximum 2138ppb Au**) identified with previous drill intercepts including **4m @ 8.2g/t Au**; associated with a small discrete magnetic high adjacent to the CSZ; a revised interpretation suggests that the system is open to the northeast. Potential for a moderate size, high grade gold deposit.
- **Fishiron**
A poorly defined soil anomaly (**700m long, maximum 580ppb Au**) co-incident with a magnetic high; this has not been drill tested and represents a good early stage target.

- **Rebel**
A low order soil anomaly (**1600m long, maximum 62ppb Au**) adjacent to a distinct magnetic high at an oblique angle to the general geological trends in the area; this is undrilled and represents a good early stage target.
- **Marionette**
A well defined, open ended soil anomaly (**2500m long, maximum 620ppb Au**) associated with a complex zone of BIF and ultramafic rocks which have been sheared and faulted; this package hosts the Copperhead deposit to the south; a magnetic high suggests some structural repetition; some RAB and RC drilling has targeted old workings but the soil anomaly has not been systematically tested; potential for Copperhead style mineralisation.
- **Violet**
An elongate, north-south trending soil anomaly (**3000m long, maximum 386ppb Au**) associated with the same geological package as the Marionette and Copperhead gold mines; untested by drilling; potential for Copperhead style deposits, particularly where the sequence is intersected by cross cutting shears or flexures.
- **Colreavy**
A **400m long EM anomaly** was identified by SXG during January 2009; gossan float and sub-crop has returned **up to 2.99g/t Au** as well as elevated copper and nickel; this is located at the northern end of a 400m gold in soil anomaly associated with the old Mistletoe gold workings; potential for a large gold deposit.
- **Colreavy East**
A **plus 800m EM anomaly** was identified by SXG during January 2009; this is located within the same geological sequence that hosts the Copperhead gold mine 10km to the south; it is probable that the EM anomaly is due to sulphidic BIF at depth (similar host to Copperhead); a low order soil anomaly improves in tenor to the south, suggesting a possible northerly plunge; as the top of the EM anomaly is 170m to 180m below surface, shallower targets will be drill tested first.
- **Mistletoe**
Two sub-parallel soil anomalies (**2000m long, maximum 81ppb Au**) within the same geological sequence that hosts Copperhead, 8km to the south; limited drilling around old workings has returned **up to 4.2g/t Au**; no systematic drilling has been undertaken and potential for Copperhead style mineralisation.

Whilst this list is by no means exhaustive, it gives a feel for the excellent potential for large, standalone gold deposits within SXG's extensive tenement package. Potential for nickel, copper-lead-zinc and uranium have not been discussed here due to SXG's priority for gold mineralisation. However, potential for these commodities is also excellent, with numerous walk-up drill targets identified.

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.

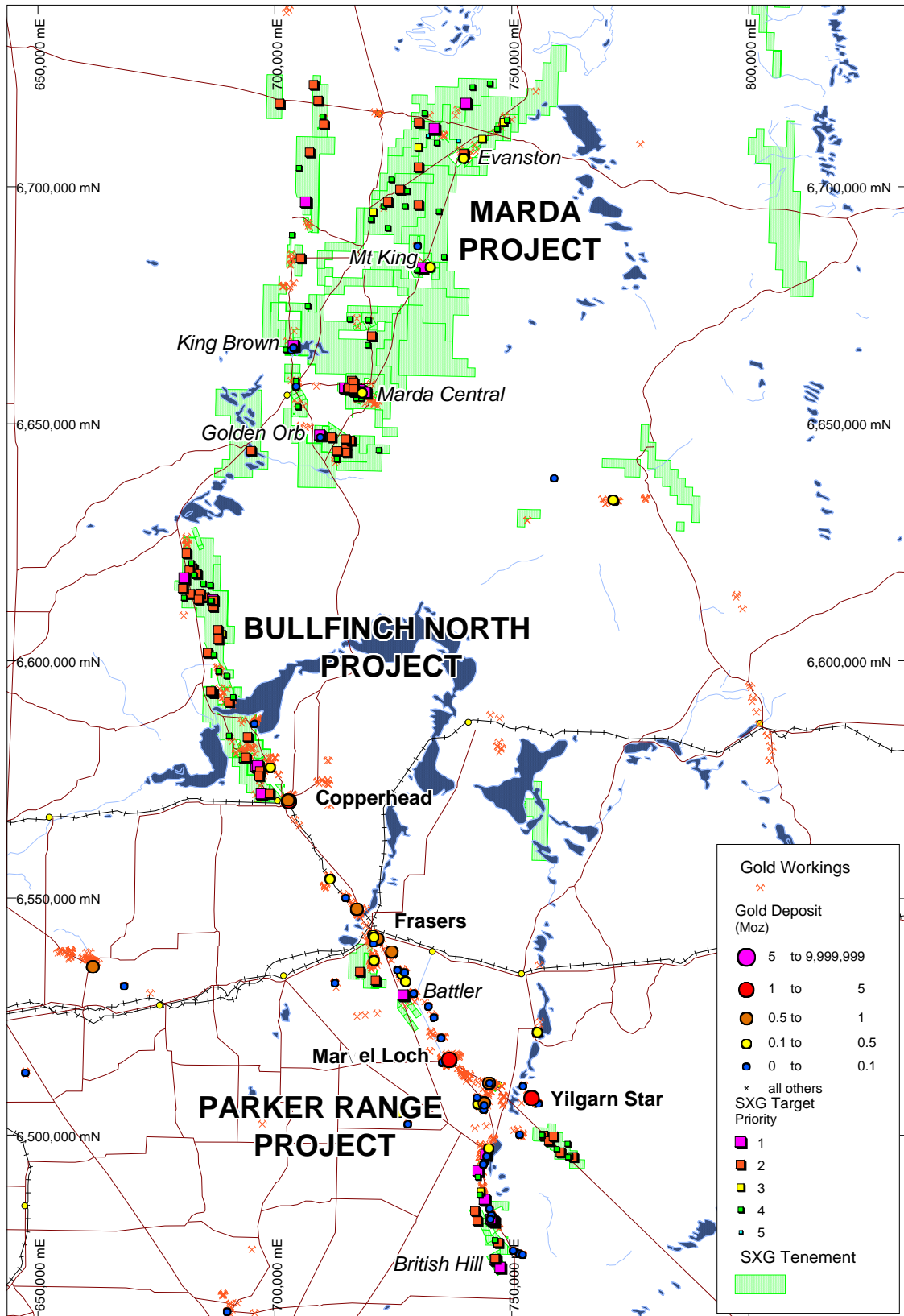


Figure 1 – Southern Cross Goldfields Ltd – Target Summary Plan

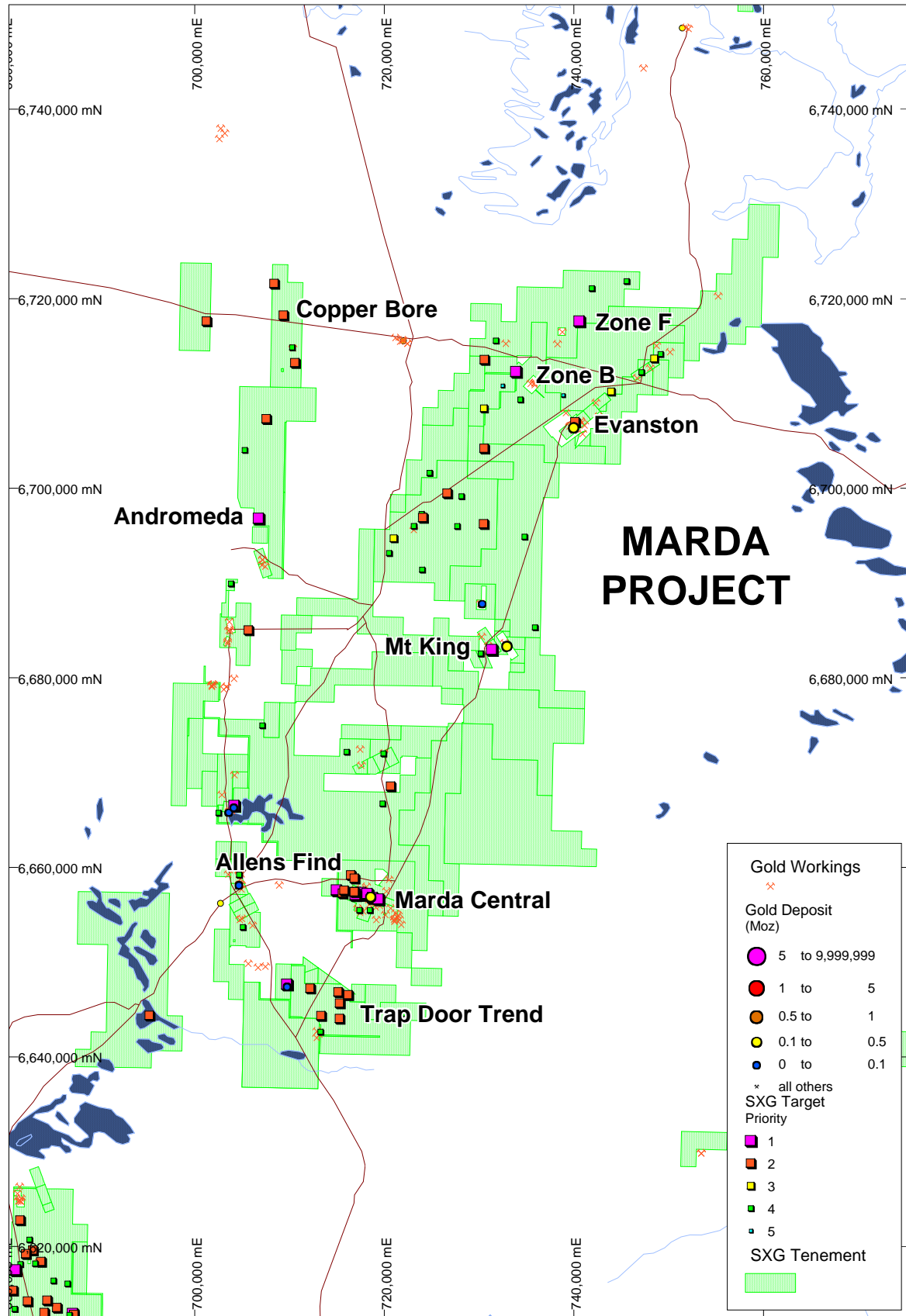


Figure 2 – Marda Project Targets

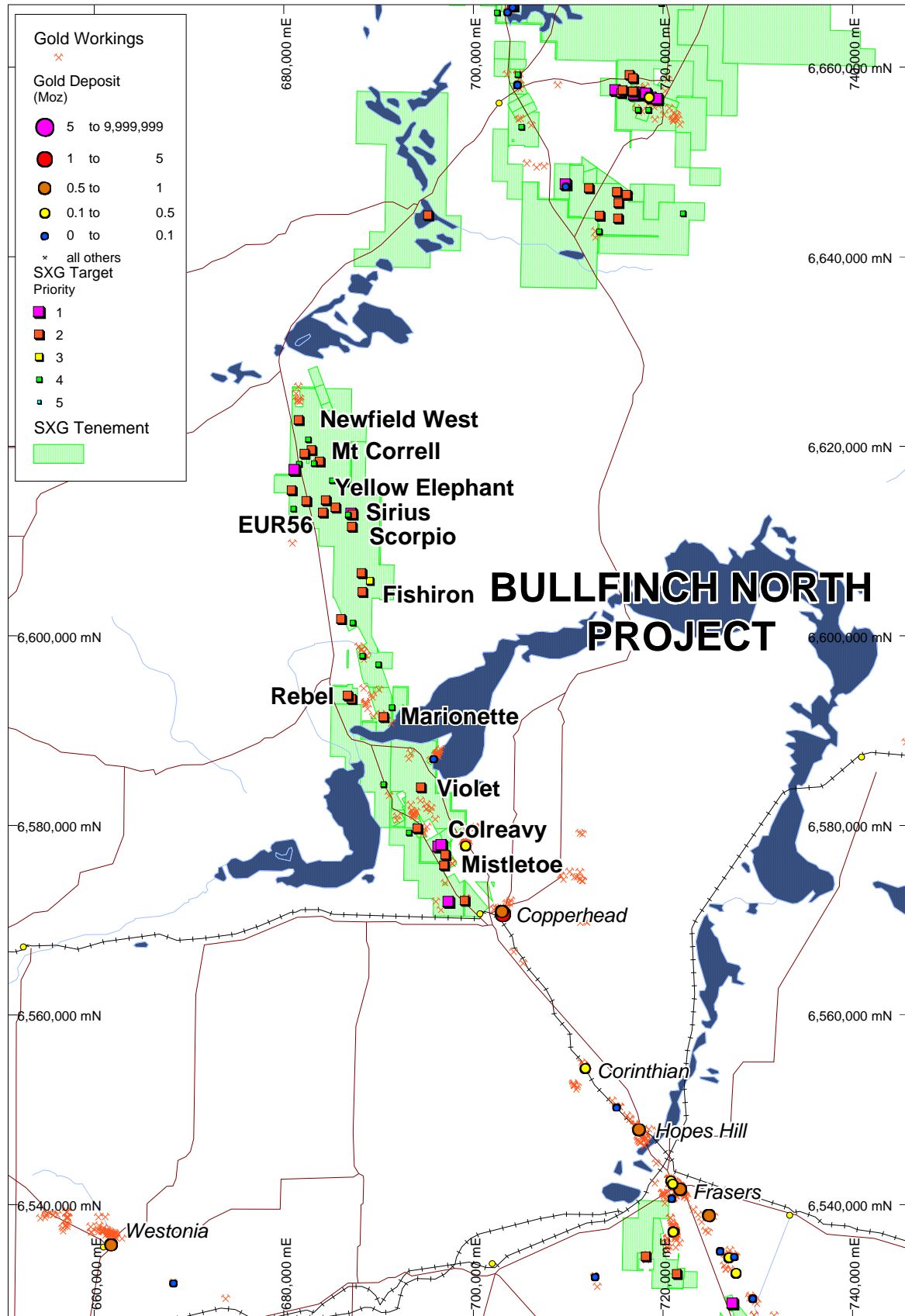


Figure 3 – Bullfinch North Project Targets

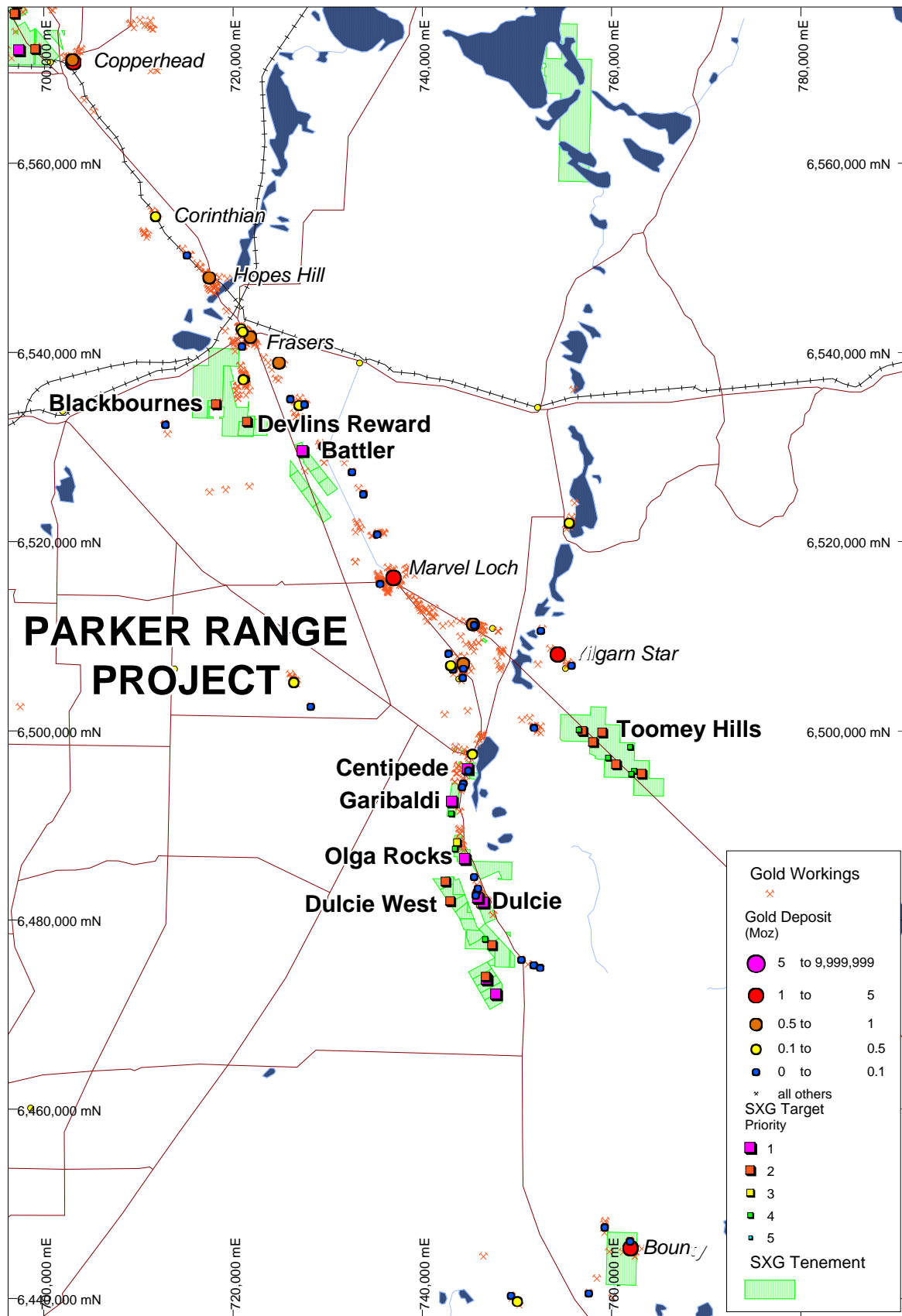


Figure 4 – Parker Range Project Targets