



ASX RELEASE

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EARLY PRODUCTION SCENARIO MOVING FORWARD

Southern Cross Goldfields Limited (SXG) is pleased to announce **significant gold mineralisation has been confirmed within outcropping laterite at the Dulcie Project**. These tenements are being acquired as part of the Crusader Resources Ltd (CAS) agreement (formal completion expected by May 18th 2009).

As foreshadowed in the announcement dated 8th April 2009, SXG is evaluating the gold laterite mineralisation at Dulcie, in combination with the Battler Deposit, as an early production scenario with the aim of funding ongoing exploration for high margin, company making deposits.

The presence of gold mineralised laterite is considered to be a very exciting development for SXG's strategy of early production as this style of gold mineralisation has the following favourable characteristics:

- Very low overburden resulting in an extremely low stripping ratio.
- Generally good metallurgical characteristics suitable for heap leaching (metallurgy is currently being evaluated).
- Previous successful heap leaching of the northern extension of the Dulcie laterite is most encouraging for amenable metallurgy.
- Heap leach operations have a low capital requirement and generally low operating costs.
- As gold mineralisation is shallow, resource drilling will be cost effective and quick.
- Grade control should not be required as the resource drilling can be used for this purpose.
- Because of the above factors, this style of gold mineralisation can be profitable at much lower grades than other forms of gold mineralisation.

Sampling of outcropping laterite within existing pits and costeans has returned **plus 0.4g/t Au in laterite over an area of at least 300m by 100m** (Figures 1 to 4). **Assays of up to 2.08g/t Au** have been obtained over a vertical interval of 105cm. Two main zones of mineralised laterite have been identified, the northern area averaging 0.9g/t Au and the southern area 0.8g/t Au (Figure 3). The area between these two zones consists of loose, unconsolidated, low grade pisolites and it is possible that this central zone will also be mineralised beneath 1m to 2m of transported cover.

A single line of six drill-holes has been located within the northern zone (Figure 4) and this shows that the **gold mineralised laterite is between 3 and 5 metres true thickness**, well in excess of the depth covered by the surface sampling.

Data compilation and assessment shows that gold mineralised laterite is widespread throughout the tenement package (Figure 2), with **two sub-parallel zones defined by broad spaced drilling, each 2km long**, returning plus 0.1g/t Au in surficial laterite, with several zones of plus 0.4g/t Au. Most of this drilling was designed to test for oxide and primary gold mineralisation and hence the surface laterite mineralisation was generally not adequately sampled. The mineralised trend is along strike of laterite mineralisation previously very successfully mined during the 1980's and 1990's (Figure 1). The target area has had fragmented ownership and it is surmised that this precluded systematic exploration and mining in this area.

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A zone of gold laterite mineralisation within M77/581 at the northern end of the tenements has enough drilling to be able to estimate a target of between 70,000t and 130,000t at between 0.7 and 1.3g/t Au. Similarly, if a true thickness of 3m is assumed, a target of between 70,000t and 200,000t at between 0.7 and 0.9g/t Au can be estimated within the area sampled by SXG. **A target of between 0.5Mt and 2Mt at between 0.7 and 1.0 g/t Au** is considered realistic within the 3km strike of the Dulcie tenements. This mineralisation is conceptual and there has been insufficient exploration to define a mineral resource and there can be no guarantee that future work will enable resource definition.

Based on the favourable characteristics of this style of mineralisation, SXG will progress evaluation of the Dulcie project as rapidly as possible, with initial bottle roll metallurgical testwork currently in preparation and drilling programmes being designed.

Potential bore-fields, a critical aspect of any heap leach operation, are available within SXG tenure.

Statutory approvals processes are currently being examined, with initial assessment indicating favourable timelines.

- 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 to 4

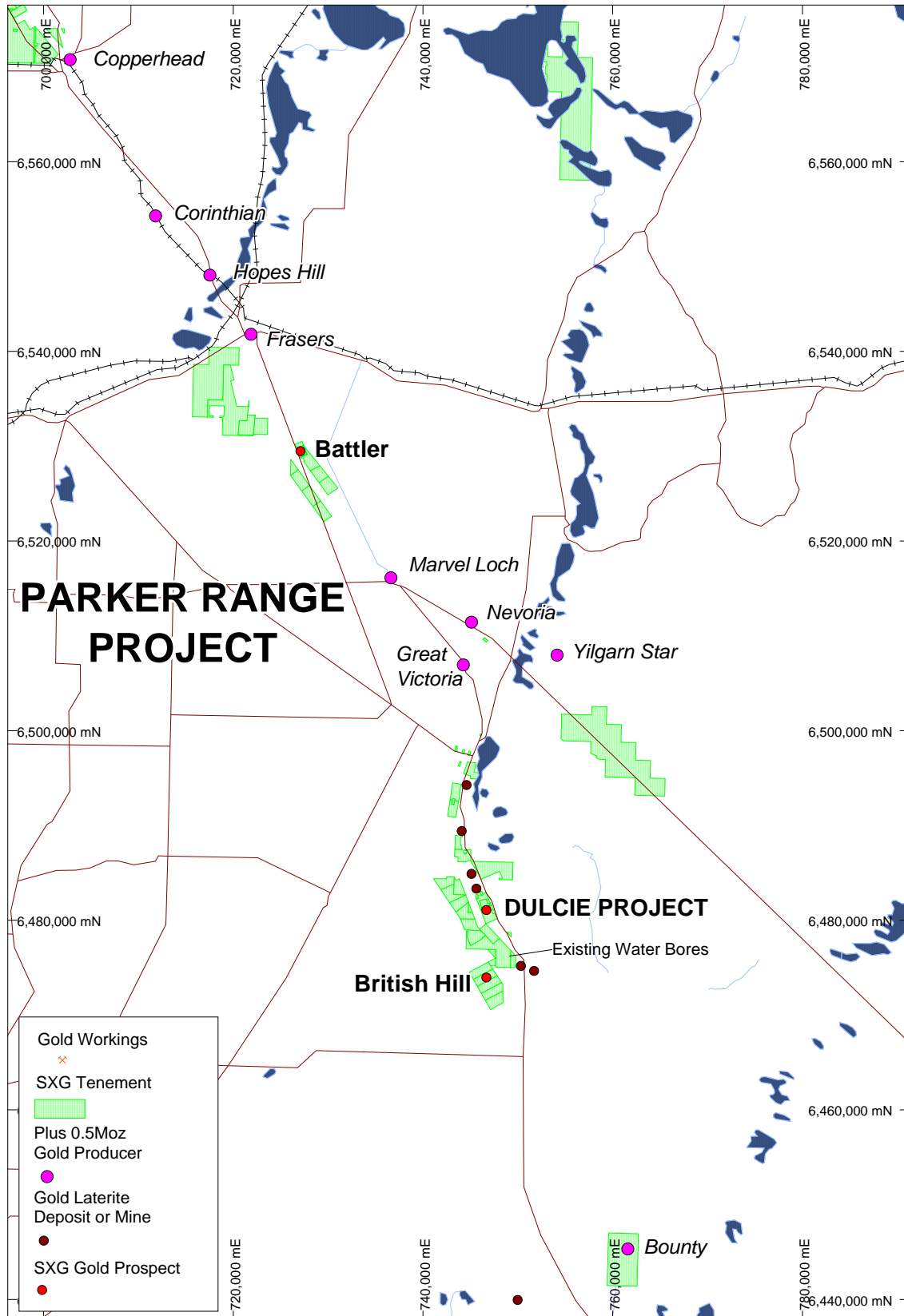


Figure 1 - Dulcie Project Summary Plan

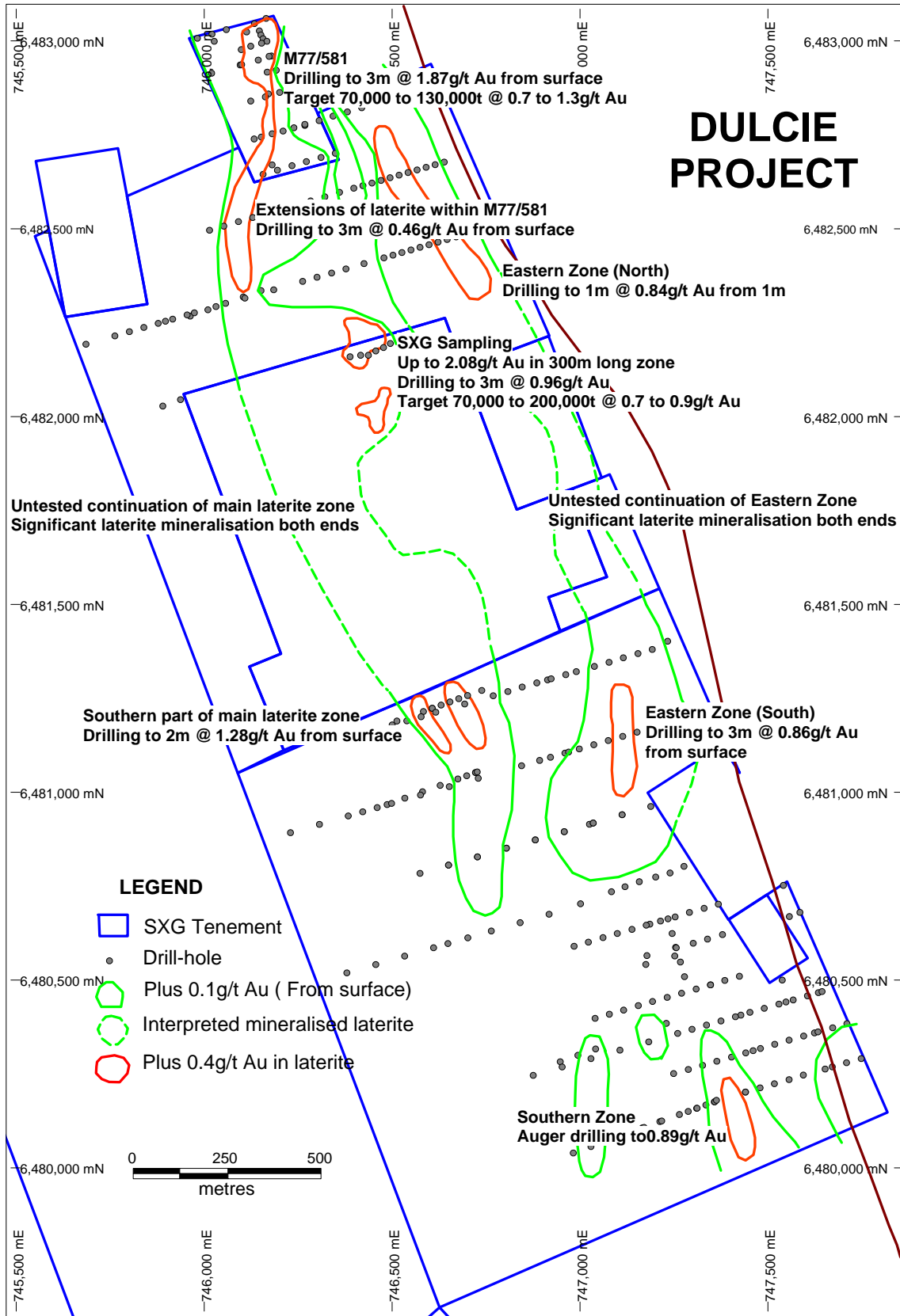


Figure 2 – Dulcie Project Summary Plan

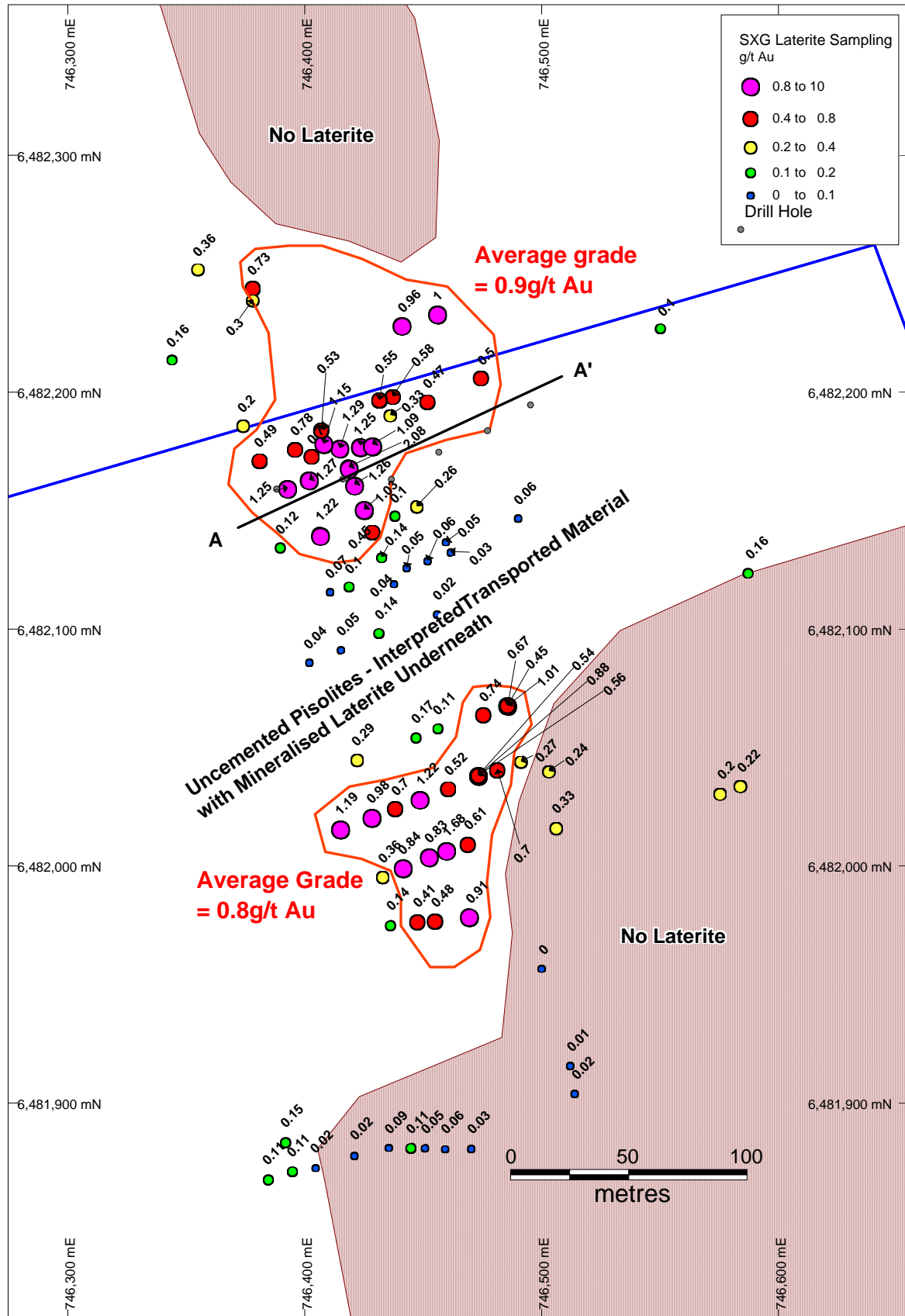
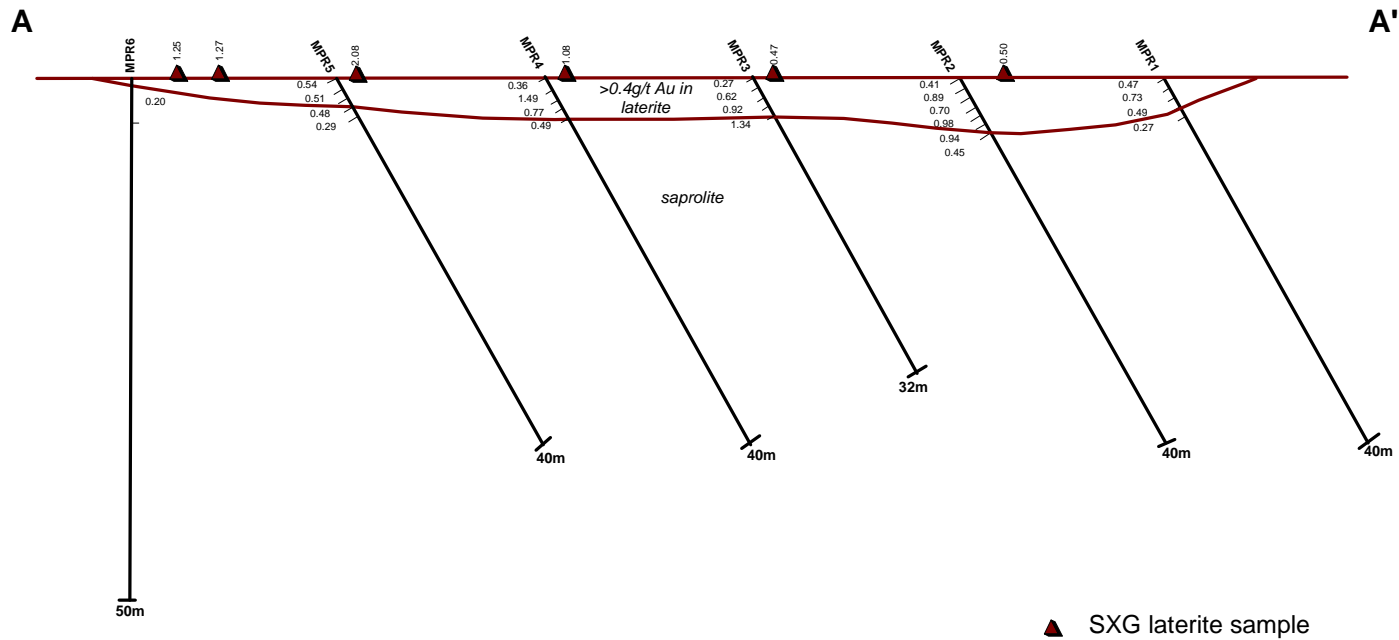


Figure 3 – Dulcie Project SXG Laterite Sampling



DULCIE PROJECT CROSS SECTION A-A'

(Refer to figure 2 for location)



▲ SXG laterite sample

1m sample intervals except for MPR6 which is a 5m composite sample

All assays in g/t Au

Figure 4 – Dulcie Project Cross Section A – A'