



## ASX RELEASE

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### Dulcie Gold Laterite Resource Estimate

Results of an independent resource estimate of the Dulcie gold laterite project by consultants Hellman & Schofield have been received by Southern Cross Goldfields Ltd (SXG).

Using selected lower cut-offs the estimates are:

Cut-off (Au g/t)	Classification	Tonnes (Million)	Grade (Au g/t)	Contained Gold (Ounces)
0.2	Indicated	2.18	0.47	32,900
	Inferred	0.4	0.4	5,100
	<b>Total</b>	<b>2.58</b>	<b>0.46</b>	<b>38,100</b>
0.4	Indicated	1.02	0.68	22,300
	Inferred	0.1	0.7	2,300
	<b>Total</b>	<b>1.12</b>	<b>0.68</b>	<b>24,600</b>
0.6	Indicated	0.49	0.88	13,900
	Inferred	0.1	0.9	2,900
	<b>Total</b>	<b>0.59</b>	<b>0.88</b>	<b>16,800</b>

Notes to accompany these estimates are presented in Appendix 1.

The discovery and definition of this mineralisation is a significant step forward on SXG's path to production and represents a low technical risk lead in to SXG's gold production, in an area with significant additional resources and resource targets.

Addition of the resource estimate for Dulcie has increased SXG's combined Mineral Resources to 425,000 ounces as shown in the Appendix 2, using the 0.4g/t Au lower cut-off estimate at Dulcie.

This resource estimate will form the basis of a study on the feasibility of mining and treatment using proven "Heap Leach" technology similar to that used by Thames Mining NL to treat the Parker Range deposits, approximately 1km along strike to the north, in 1988-1989. This is a low technical risk method of mining and treating gold laterites.

The mining and treatment of gold bearing laterite by heap leach techniques has the following favourable characteristics when compared with conventional open pit mining and treatment by a CIP/CIL milling operation:

- Very low strip ratio means little waste has to be mined, thus reducing mining costs.
- Most of the material is likely to be free dig, meaning low mining costs.
- Geotechnical considerations are likely to be negligible.
- No mill needs to be purchased and constructed. Heap leach pad construction, pumps and reticulation, water ponds and carbon tanks are the only major capital items required.
- Hence capital and construction costs are low and the time frame from final "decision to mine" until production is relatively short.

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- As the treatment basically consists of reticulating a chemical solution through the heaped up ore, the power and staffing components of treatment post stacking are very low, thus making production costs low.
- If a cost-benefit analysis (to be conducted as part of the feasibility study) suggests that additional recovery may be obtained by crushing the ore, contract crushing can be used in order to keep capital costs low.
- Carbon loaded with gold can be sent to either Perth or Kalgoorlie for stripping, thus reducing capital costs.

Based on these favourable characteristics, relatively low gold grade mineralisation can be recovered. The resource at Dulcie will be progressed through feasibility study as rapidly as possible, in order to ascertain the economic viability of mining this deposit. Metallurgical samples are currently being tested and all permitting is being fast tracked. Water search is also in hand, with production bores identified 4km north and 10km south of the project area and water tests are also being conducted as part of the deeper drilling program currently in progress at Dulcie.

- ENDS -

**For further details, please contact**

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**JORC Code Compliance Statement**

*The information in the report to which this statement is attached that relates to Exploration Results, bulk densities, cut off grades, and SXG's comments on the Hellman & Schofield estimates 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 Ltd. 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.*

*The information in this report that relates mineral resource estimation the Dulcie deposit is based on work completed by Mr Jonathon Abbott who 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 information in this report that relates mineral resource estimation the King Brown, Golden Orb, British Hill, Battler, Python, Dolly Pot, Dugite, Goldstream and Mount King deposits is based on work completed by Mr Nic Johnson who 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.*

**Att:** Table 1



### *APPENDIX 1 – Notes to Accompany Dulcie Mineral Resource Estimate*

- The estimates are based on 1003 vertical, 40m x 40m spaced reverse circulation (RC), 5.5 inch face sampling hammer, drill holes for a total of 3797m completed between July and September, 2009.
- Special care was taken with the collar to ensure the top 1m sample (and all following samples) are high quality and representative.
- Samples were riffle split on site to a nominal 2kg sub sample.
- Sub samples were despatched to Ultratrace laboratory in Perth for total sample preparation followed by 40g fire assay for gold.
- QA/QC consists of field duplicates (~1:22), laboratory repeats (~1:13), internal (~1:20) and blind (~1:40) standards.
- Drill-hole collars were surveyed by DGPS to sub metre accuracy for both horizontal and vertical position.
- No previous drilling has been used to ensure sample quality and integrity of data.
- Bulk density measurements by Ammtec of six laterite samples returned an average of 3.03 tonnes per cubic metre, with a range of 2.73 to 3.28 tonnes per cubic metre. This is higher than expected for typical laterites but as the laterite is developed above ironstone and is not bauxitic or saprolitic, these values are considered reasonable for in-situ cemented laterite. As much of the laterite may not be cemented, the average value has been discounted by 17% and a bulk density of 2.50 tonnes per cubic metre has been used for these estimates.
- Estimates are restricted to laterite hosted mineralisation. Saprolite mineralisation has not been estimated.
- The resources were estimated by Ordinary Kriging of 1m composited gold grades within wire-frames representing the laterite.
- No upper cut has been used as highest assay within the laterite dataset is only 2.98g/t gold and assays show only moderate variability for a gold deposit.
- Figures are rounded to reflect the accuracy of estimates and exhibit rounding errors.

**APPENDIX 2 – SXG Resources Table**

Project Area	Deposit	Measured			Indicated			Inferred			Total		
		Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Jackson Trend	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
Parker Range	British Hill				1,166,000	1.9	71,000	557,000	1.9	35,000	1,724,000	1.9	106,000
	Battler				308,000	2.2	21,000	93,000	1.7	5,000	401,000	2.0	26,000
	Dulcie				1,020,000	0.68	22,300	100,000	0.7	2,300	1,120,000	0.68	24,600
<b>TOTAL SXG</b>					<b>2,670,000</b>	<b>1.5</b>	<b>131,000</b>	<b>1,799,000</b>	<b>2.0</b>	<b>114,000</b>	<b>4,469,000</b>	<b>1.7</b>	<b>246,000</b>
Marda	Python	502,000	2.0	32,000	241,000	1.8	14,000	117,000	1.7	6,000	859,000	1.9	52,000
	Dolly Pot	488,000	1.9	29,000	178,000	1.6	9,000	85,000	1.5	4,000	751,000	1.8	43,000
	Dugite	196,000	2.1	13,000	82,000	1.7	5,000	20,000	1.6	1,000	298,000	2.0	19,000
	Goldstream	200,000	1.9	12,000	26,000	1.6	1,000	7,000	1.6	1,000	233,000	1.9	14,000
Die Hardy	Mt King							523,000	3.0	50,000	523,000	3.0	50,000
<b>TOTAL CP</b>		<b>1,385,000</b>	<b>2.0</b>	<b>87,000</b>	<b>527,000</b>	<b>1.7</b>	<b>29,000</b>	<b>753,000</b>	<b>2.6</b>	<b>62,000</b>	<b>2,665,000</b>	<b>2.1</b>	<b>178,000</b>
<b>Total</b>		<b>1,385,000</b>	<b>2.0</b>	<b>87,000</b>	<b>3,198,000</b>	<b>1.6</b>	<b>160,000</b>	<b>2,551,000</b>	<b>2.2</b>	<b>177,000</b>	<b>7,134,228</b>	<b>1.9</b>	<b>425,000</b>

**Notes to Mineral Resource Estimate table:**

- Numbers may not add due to rounding
- Resource models were constructed within the GS3 software, a proprietary resource modelling software developed by Hellman and Schofield.
- 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).
- 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 have a drill-hole density of approximately 25m x 25m. Dulcie has a drill density of 40m x 40m. Inferred resources have variable density but always less than 50m x 50m except for the Barranco Option resources which are generally 80m spaced drill sections with variable drill-hole spacing along sections and Mt King which has variable drill-hole spacing between 25m and 100m.
- Assays are generally fire assay, with limited atomic absorption spectroscopy (AAS) 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 0.5g/t Au has been used except at Dulcie where a lower cut-off of 0.4g/t Au has been used.
- CP resources are subject to a conditional purchase agreement which has not yet been finalised.