



Current Shareholders, Future Shareholders, Guests

There are two key messages that I would like shareholders to take away from this the 2010 Annual General Meeting for Southern Cross Goldfields.

First - Despite exploration results not living up to expectations, it is important to recognise and value what has been achieved on our asset base and the opportunities our asset base presents and

Second - Critically, why shareholders should expect things to be different in the year ahead and the move towards a step change in growth in 2011.

The Year As it Was

Recently in my letter to Shareholders in the Annual Report, I spoke directly to the growing disappointment among shareholders and your Board of the failure to find a company maker particularly in gold. This disappointment is understandable. Aside from a slow build to our gold resource the company maker has not yet been found. I also reminded shareholders (and indeed myself) that exploration is not a predictable or programmable exercise. An analysis of exploration companies will show that it is one thing to target minerals deposits through discovery and an entirely different matter to achieve shareholder returns through success in this endeavour.

That said and bearing in mind the challenging global climate, there is much that Southern Cross has achieved and this should not be overlooked or underestimated. As I will reinforce later, the Company's achievements are attracting a depth of talent to the Southern Cross business and team. This is critical to future success. Glenn Jardine will expand later but the Company's achievements include:

- 1) Gold Exploration - Following the discovery of a laterite gold deposit at Dulcie, the gold resource base has increased to 436,000 ounces. Further high grade mineralisation has been found at the known Battler resource. The recent agreement with International Petroleum Ltd (subject to shareholder approval today) delivers outright ownership of a gold resource of 178,000oz at Marda Central and Mt King as well as iron rights on those tenements.
- 2) Gold Development - Progress continues on the Dulcie laterite project to identify the best processing route. The Board is examining development options which include partnering with a third party. The Company has recently identified a timetable and strategy for the development of other gold deposits and is working through the viability of this program.
- 3) Iron Ore - the recent iron ore drilling program at Johnston Range was disappointing and it now remains with the Company to identify a strategy, likely an exit strategy, that realises the best result possible for the Company.
- 4) Nickel Exploration - The Company is progressing a partner to share the risk on the development of our nickel sulfides, a strong asset for Southern Cross. Our greenstone belt hosts a number of high grade nickel sulfide deposits such as Flying Fox and Spotted Quoll held by one of our major shareholders Western Areas Ltd. In our part of the belt, classic Kambalda/Flying Fox mineralisation is known to occur at the Trough Well and Bullfinch North area.
- 5) Unencumbering Tenements - Since listing in 2008, Southern Cross has resolved a number of legacy issues on its tenements through the removal of minority interests, third party royalties and environmental uncertainties. The recent decision by the WA State Government to settle the Mt Manning nature reserve boundary has delivered certainty to the Company with respect to the gold resources at Marda and the

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Company can now include this in its gold development strategy.

6) Acquisition of tenements and database on Tenements - The Company continues to make strategic acquisitions (e.g. IPL deal at Marda on gold and iron rights) and has built a very solid database on our tenements. Any explorer will tell you that is one of the key foundations for a strong exploration company and is of value.

7) Cash in the Bank - at time of AGM approx \$2.5M.

As part of a review of the year it is appropriate to pay tribute to two individuals who are no longer with Southern Cross but remain as shareholders - Ian Buchhorn who resigned from the Board earlier this year and was a key part of the original team who put the tenement package together and of course our inaugural Managing Director Tony Truelove who is responsible for building the strong foundations that the current Board and executive team now enjoy. Thank you to you both.

The Year As It Will Be - Expectations for the Year Ahead

Shareholders should expect to see a different approach and momentum around existing assets, opportunities within those assets and external opportunities. Why? Because Southern Cross has a refreshed team at Board and executive management level. This new team brings a fresh perspective, a depth of experience and strategic and commercial skills to both the existing asset base and future asset base of Southern Cross.

It is worth a review of these skills at Board and management level, recognising that the following summaries do not do the individuals justice.

Graham Brock, Independent Director appointed 6 October 2009 - Metallurgist and worked in the minerals industry for over 40 years on gold, nickel, copper zinc and others. He has successfully evaluated, built and commissioned several gold, nickel and tin projects. He has been General Manager Projects Lion Ore, Group Metallurgist MPI Mines and Australian Consolidated Minerals.

John Rowe, Independent Director appointed 14 April 2010 - BSc (hons) Mining Geologist from Royal School of Mines London also with over 40 years in the mining industry. He is a director of Panoramic Resources Ltd, director of Catalpa Resources Ltd, having also been Chairman of Catalpa. He has been with Catalpa since it looked like Southern Cross does now.

Glenn Jardine, Managing Director appointed 4 October 2010 - Mining Engineer with 25 years senior management experience including COO with Lion Ore Australia, General Manager of Henty Goldmine for Goldfields Ltd. He has been with Southern Cross for just over 7 weeks and already the Company and the Board are seeing the benefits

Samantha Tough, Independent Chairman appointed 24 July 2007 - over 12 years on public and private Boards, currently Chairman of three. Executive experience that includes General Manager North West Shelf Woodside, Project Leader Pilbara Power for the Premiers Office and currently Strategic Counsel for Natural Resources to the Commonwealth Bank

It is of note that Southern Cross has been able to attract and retain quality individuals. It has been able to do this because of the ground work laid over the last 2 years, the potential in the asset base and the potential to progress external opportunities. We may not have found the company maker but we have put together what I believe are the beginnings of a company making team. We will continue to build on this team.

Shareholders should expect to see momentum and a different approach in 2011 including:

- 1) Fresh perspective on the asset base
- 2) A very strategic and focused approach to exploration
- 2) Resolved way forward on our nickel assets most likely with a partner



- 3) Likely commercial exit of our iron ore assets
- 4) Identified path for gold production opportunities and with hard work, an identified path to revenue
- 5) External opportunities identified and progressed
- 6) Continual build on company skills

I thank the staff and my fellow directors for their efforts during a difficult year for exploration companies. They have worked through a period of salary reductions, remained energetic and optimistic and have given the Company a diversity of commodity options and emerging production options.

The foundations are strong and your Board and executive management team are committed to Southern Cross, committed to doing something different and committed to identifying the step change in growth in 2011. It will be an exciting year. I hope you will join us.

Samantha Tough
Chairman.

