



23 February 2011

FULLY UNDERWRITTEN RIGHTS ISSUE

Southern Cross Goldfields Limited ("SXG") is pleased to announce a fully underwritten renounceable rights issue to raise approximately \$3.9 million (before issue costs).

The rights issue will be offered on the basis of three new shares for every seven shares held, at an application price of 6.5 cents per share. The Company will apply for quotation of the new shares on ASX.

Patersons Securities Limited has been appointed as Lead Manager and Underwriter. The rights issue has been strongly supported by the Company's significant shareholders and directors.

The bulk of the proceeds from the rights issue will be used to underpin a feasibility study on a proposed integrated development of the Company's portfolio of oxide gold deposits in the Southern Cross region of Western Australia as part of a near-term production strategy.

This strategy is based on the establishment of a 400,000tpa modular gold processing facility at the Marda Project, where the Company's resource base is centred, with an initial production target of 30,000 ounces per annum over five years. Based on current parameters, SXG is targeting cash operating costs in the region of A\$750-800 per ounce from this scale of operation, which would enable the Company to generate strong cash flows at current gold prices. The feasibility study is targeted for completion by mid-2011, with first production targeted for mid-2012.

Southern Cross believes there is significant potential for further new discoveries and resource extensions within the Company's tenements, which can be unlocked through a re-energised and focused exploration campaign generated by the establishment of a centrally located treatment facility.

The remainder of the funds raised will be used for gold exploration at near term production opportunities, the commencement of copper exploration at Copper Bore, working capital and expenses related to the offer.

The Prospectus relating to this Rights Issue is expected to be lodged with ASIC and ASX shortly and will be available after lodgement on the ASX website and also on the Company's website www.scross.com.au.

Should you have any questions in relation to the above matters, please contact the undersigned on telephone (08) 9215 7600.

- ENDS -

For further details, please contact

Glenn Jardine, Managing Director – Southern Cross Goldfields Ltd

Telephone +61 8 9215 7600, email glenni@scross.com.au

Refer to www.scross.com.au



Disclaimer

This document has been prepared by Southern Cross Goldfields Limited (SXG). The information and opinions contained in this document are derived from public and private sources which we believe to be reliable and accurate but which, without further investigation, cannot be warranted as to their accuracy, completeness or correctness. This information is supplied on the condition that SXG, and any director, agent or employee of SXG, are not liable for any error or inaccuracy contained herein, whether negligently caused or otherwise, or for loss or damage suffered by any person due to such error, omission or inaccuracy as a result of such supply.

Forward-Looking Statements

This document contains forward looking statements concerning the projects owned by SXG. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements are based on SXG's beliefs, opinions and estimates as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

Data and amounts shown in this document relating to capital costs, operating costs and project timelines are internally generated best estimates only. All such information and data is currently under review as part of SXG's ongoing development and feasibility studies. Accordingly, SXG makes no representation as to the accuracy and/or completeness of the figures or data included in the document until the feasibility studies are completed.