



Southern Cross Goldfields Ltd

ABN 71 124 374 321

~3,000km² tenement holding in prolific Southern Cross gold belt in Western Australia

Production strategy based on establishment of 400,000tpa processing facility at Marda

Initial production target of 30,000ozpa over 5 years

Feasibility study due September 2011 Quarter

Street Address:

Level 2, 123B Colin Street, West Perth 6005

Mailing Address:

PO Box 708,
West Perth 6872

Telephone: +61 8 9215 7600

Fax: +61 8 9485 1283

Board of Directors

Samantha Tough
Non-Executive Chairman

Glenn Jardine
Managing Director

Graham Brock
Non-Executive Director

John Rowe
Non-Executive Director

Capital Structure

Shares on Issue: 200.4M

Options on Issue: 36.6M

Corporate Shareholders

Mineral Resources: 9.5%

Western Areas: 5.25%

Heron Resources: 3.1%

MARDA GOLD PROJECT: BATTLER HIGH-GRADE TAKES SHAPE

Recent results include 0.6m @ 232g/t Au, 5.1m @ 8.2g/t Au, 2.5m @ 6.3g/t Au

KEY POINTS

- In-fill and extensional diamond drilling continues to identify high-grade mineralisation.
- Opportunity to significantly improve potential mining grade.
- Positive implications for processing at proposed Marda plant.
- Resource update in progress to upgrade JORC classification from Indicated to Measured.
- Deposit remains open at depth and along strike in several mineralised zones.

Southern Cross Goldfields Ltd (ASX: SXG) is pleased to report that recent in-fill and extensional RC and diamond drilling undertaken at the Battler gold deposit in Western Australia has reinforced its potential to become a high-grade feed source for its proposed 400,000tpa modular gold plant at Marda (*Figure 1*).

In addition, metallurgical testwork has demonstrated overall gold recoveries in the mid-90%'s with gravity recoveries of up to 60%.

Drilling continues to identify high-grade mineralisation within the overall mineralised envelope of the Battler Splay and Footwall zones and includes recent diamond drilling results as follows:

- BGDD007 0.6m @ 232 g/t Au from 100m
- BGDD008 5.1m @ 8.2 g/t Au incl. 2.5m @ 11.0 g/t Au from 113m
- BGDD004 2.5m @ 6.3 g/t Au incl. 1.5m @ 10.0 g/t Au from 107m

Other results from the recent drilling programme are shown in *Table 1*.





Battler is located 15km south of Southern Cross (*see Figure 1*) and forms part of the Company's gold production and consolidation strategy in the region.

The Company is currently conducting a Feasibility Study into the establishment of a 400,000tpa modular gold plant at Marda to treat ore from its Marda and Southern Cross deposits.

Figure 2 is a longitudinal projection showing for clarity intersections within only the Splay and Footwall zones at Battler.

Figure 3 is a cross-section through the deposit at 2560mN and shows the continuity of high grade mineralisation within the overall mineralised envelope in the Battler Splay Zone along with the result of new diamond drill hole BGDD008.

Several sub-parallel mineralised horizons are interpreted to exist at Battler, however intersections within those other zones have been excluded from Figures 2 and 3 for clarity. A potential high-grade mining scenario being considered is a small starter pit followed by decline access to deeper high grade mineralisation as shown in Figure 2.

Mineralisation remains open along strike and at depth with the deepest and northernmost intersection achieving 0.7 metres @ 12.7 g/t Au in hole BGDD006 approximately 100 metres north of the previously reported intersection of 5 metres @ 9.8 g/t Au and approximately 100 metres below the previously reported intersection of 4m @ 10.6 g/t Au (*see Figure 4*). BGDD006 demonstrates that mineralisation extends well beyond the current resource. It is the only drill hole that has tested for northern extensions at depth and confirms the area as a target for resource extensions.

Structural data from this series of 8 diamond holes drilled for geotechnical, metallurgical and resource purposes will be also utilised to improve the interpretation of the deposit and to identify new drill targets. The resource estimate for Battler will be updated over the coming weeks. Drilling has been undertaken to lift the confidence in the Battler resource estimate from a JORC Indicated to Measured classification. The drill spacing at Battler is now nominally 20 metres along strike and 10 metres on section.

Updated Whittle pit shell optimisations and detailed mine plans will be undertaken once the resource estimate at Battler has been completed as part of the Company's Feasibility Study into the establishment of a modular 400,000tpa gold plant at Marda.

Southern Cross Goldfields Managing Director, Glenn Jardine said the identification of high-grade mineralisation at Battler provided the opportunity to significantly enhance the Company's previous production base case at Marda.

"The potential to extract higher grade mineralization would make a significant difference to the attractiveness of the deposit from a number of perspectives," Mr Jardine said.

"The deposit remains open along strike and at depth. Drilling has also identified the potential to extract other pockets of high-grade mineralization in addition to the main Splay/Footwall zone. Structural data from the recent diamond drilling programme will be used to improve the interpretation of the deposit and to identify new drill targets."

- ENDS -



Figure 1 - Location Plan

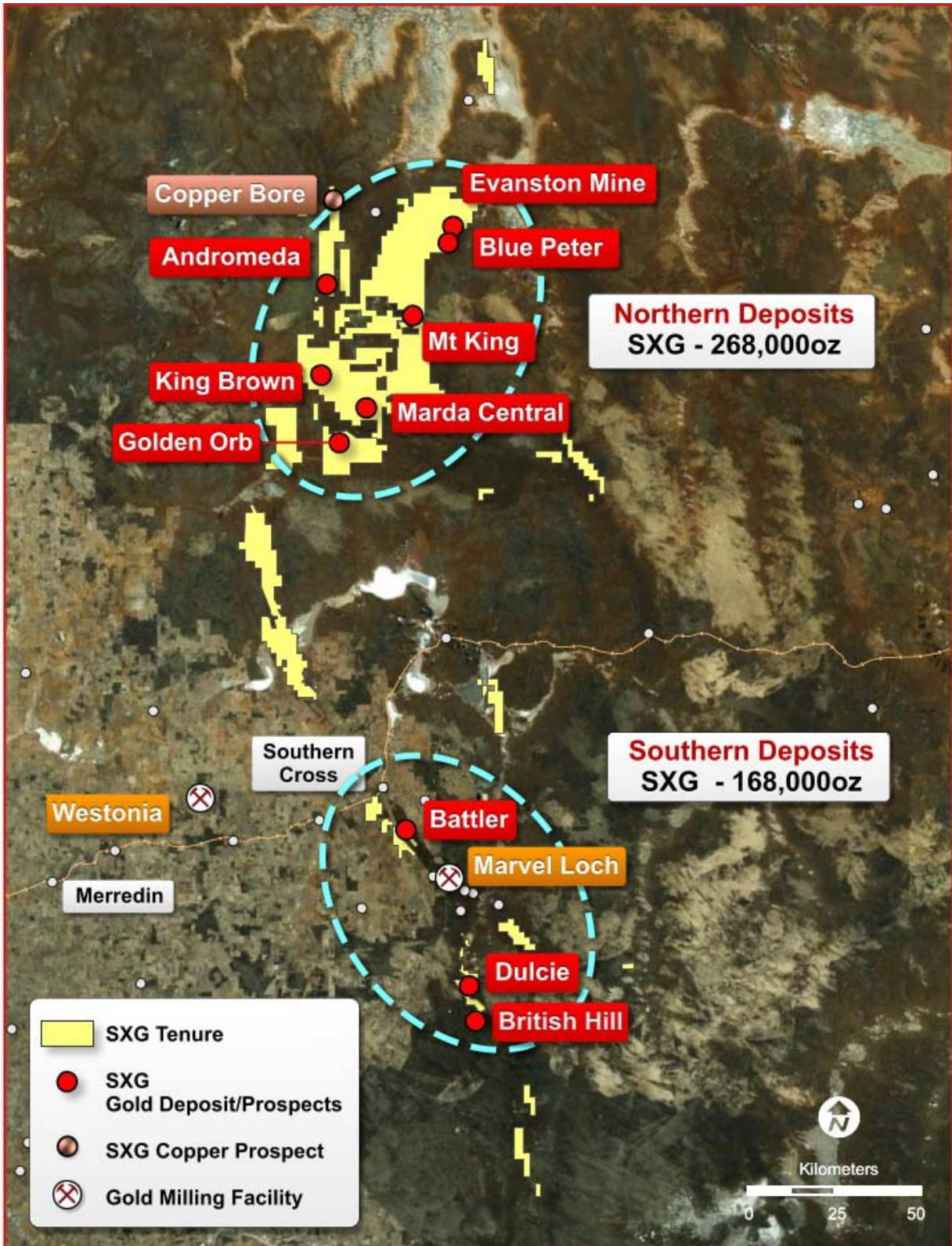


Figure 2 - Battler Long Projection

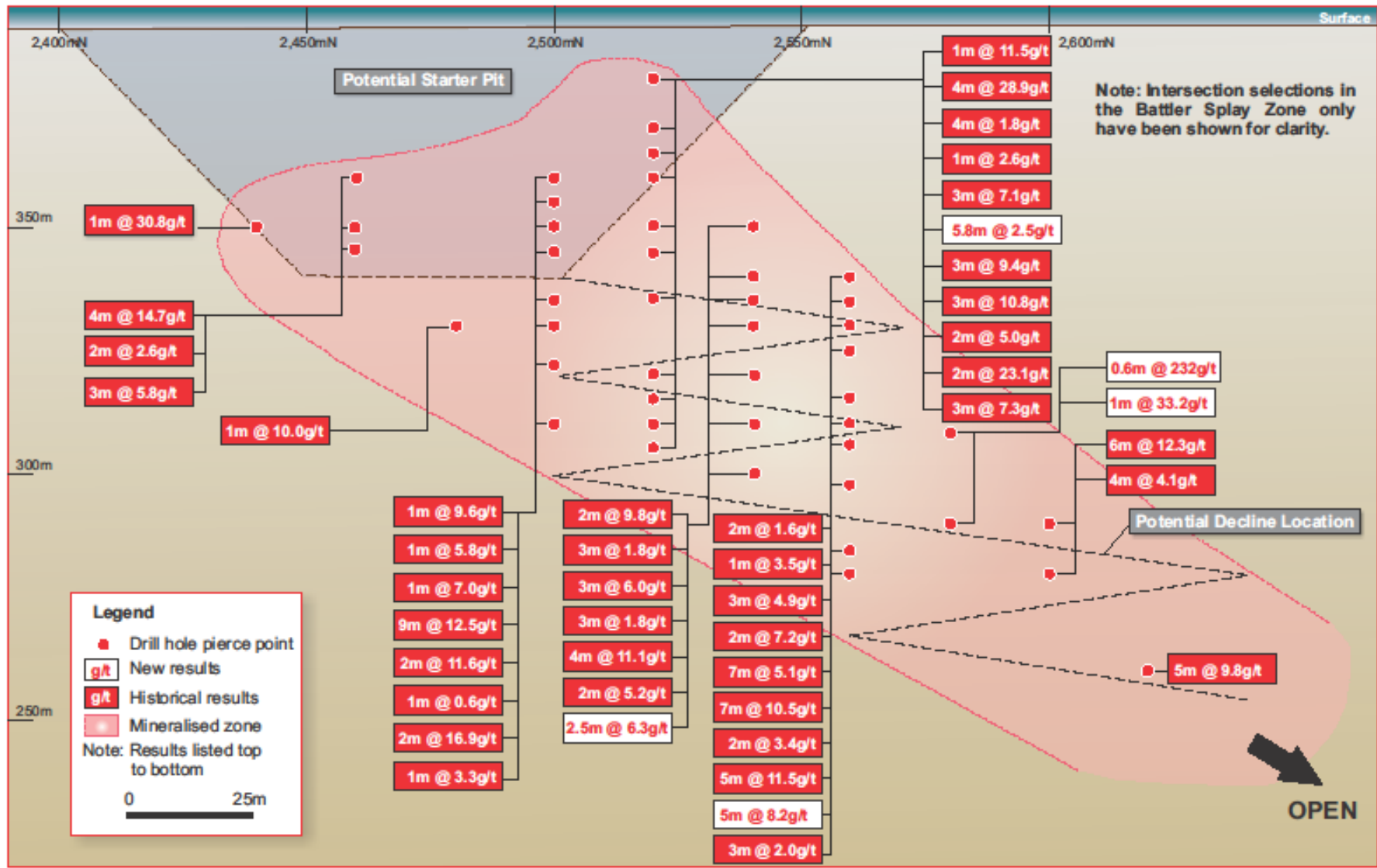


Figure 3 - Battler Cross Section at 2560N

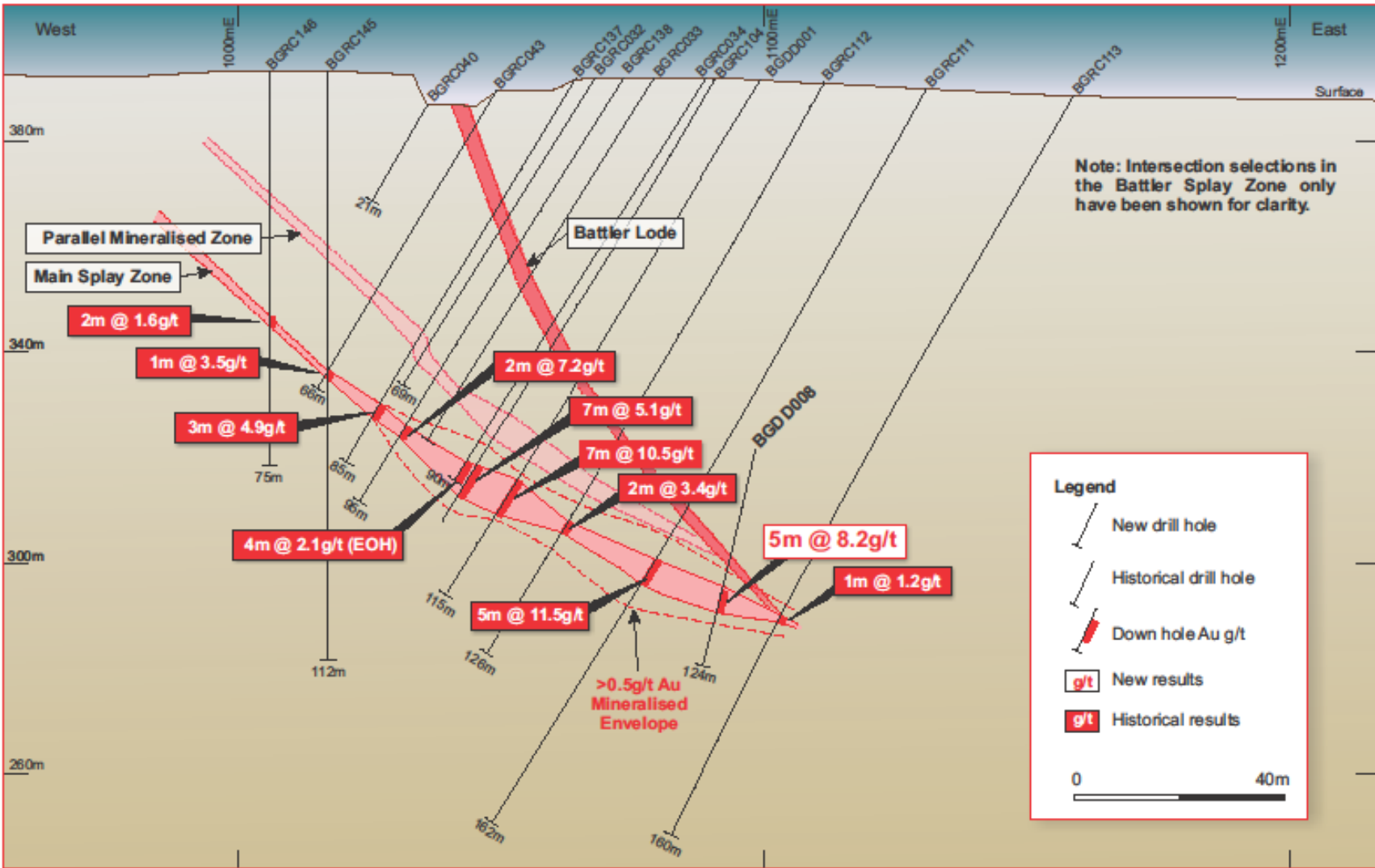


Figure 4 - Battler Long Projection

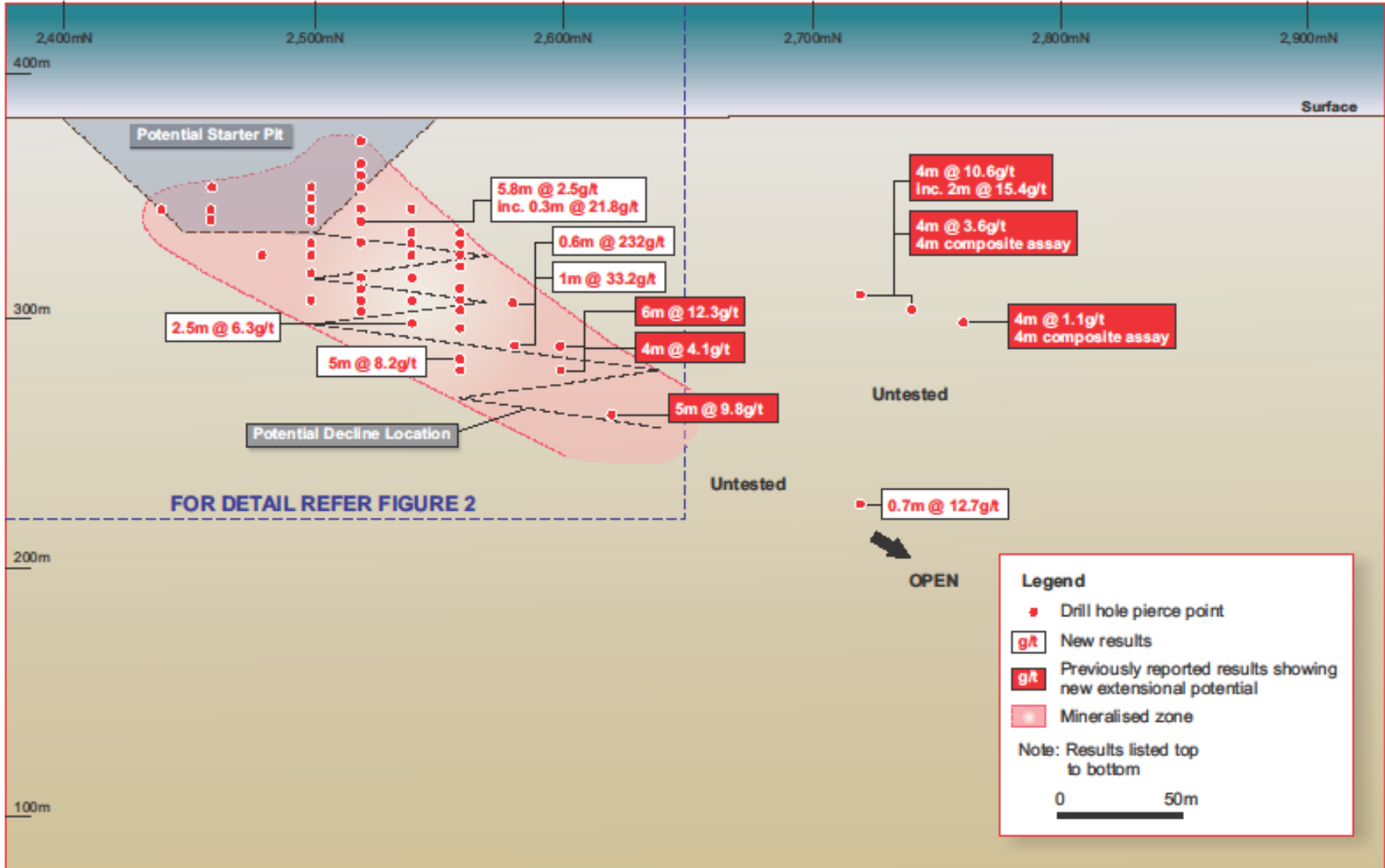




Table 1 - Table of Significant Intersections

Hole ID	Depth	MGA East	MGA North	Dip	Azimuth	From M	To M	Interval M	Grade g/t Au
BGDD004	119.3	727447	6529469	-56	326	102.1	110.2	8.1	2.6
including						107.7	110.2	2.5	6.3
including						108.7	110.2	1.5	10.0
BGDD005	125.0	727400	6529479	-58	269	55.7	61.5	5.8	2.5
including						60.3	60.6	0.3	21.8
BGDD006	220.1	727295	6529645	-69	268	176.9	177.6	0.7	12.7
including						176.9	177.1	0.2	26.6
and						196.9	198.0	1.1	2.1
BGDD007	137.8	727382	6529547	-58	270	100.0	100.6	0.6	232.0
and						101.3	117.9	16.6	1.3
including						101.3	102.5	1.2	4.3
and						123.6	124.6	1.0	33.2
BGDD008	124.2	727378	6529568	-65	192	113.2	118.3	5.1	8.2
including						115.9	118.3	2.5	11.0

Notes to accompany Intersection Results Table:

Collar co-ordinates in MGA94, Zone 50; local north rotated 35° anti-clockwise from true north.

Diamond drilling is HQ and PQ diameter

Samples submitted are half core for HQ and quarter core for PQ cut to geological boundaries

All core samples assayed by 40g fire assay at Ultratrace laboratories, Perth

Collar location accurate to 0.5 metres: all holes surveyed down hole

Intersections calculated at 0.5 g/t Au cutoff and maximum 3m internal waste

TABLE 2 - JORC MINERAL RESOURCE ESTIMATE

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Python	502,000	2.0	32,500	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	12,500	26,000	1.6	1,000	7,000	1.6	1,000	233,000	1.9	14,000
King Brown				176,000	3.0	17,000	25,000	2.2	2,000	201,000	2.9	19,000
Battler				432,000	2.4	33,400	72,000	1.8	4,100	504,000	2.3	37,500
British Hill				1,166,000	1.9	71,000	557,000	1.9	35,000	1,724,000	1.9	106,000
Sub Total	1,386,000	2.0	87,000	2,301,000	2.0	150,400	883,000	1.9	53,100	4,570,000	2.0	290,500
Golden Orb							1,023,000	2.2	71,000	1,023,000	2.2	71,000
Mt King							523,000	3.0	50,000	523,000	3.0	50,000
Sub Total	-	-	-	-	-	-	1,546,000	2.4	121,000	1,546,000	2.4	121,000
Total	1,386,000	2.0	87,000	2,301,000	2.0	150,400	2,429,000	2.2	174,100	6,116,000	2.1	411,500
Laterite												
Dulcie				1,020,000	0.7	22,300	100,000	0.7	2,300	1,120,000	0.7	24,600
Total Laterite	-	-	-	1,020,000	0.7	22,300	100,000	0.7	2,300	1,120,000	0.7	24,600
Total	1,386,000	2.0	87,000	3,321,000	1.6	172,700	2,529,000	2.2	176,400	7,236,000	1.9	436,100

Notes to Accompany Mineral Resource Estimate table:

- Numbers may not add due to rounding
- The resource table was last updated on 18 October 2010. Results of drilling announced since that date have not been included in the above table which will be updated when the data has been compiled.
- Resource models except for Battler, were constructed within the GS3 software, a proprietary resource modelling software developed by Hellman and Schofield.
- The resource model for Battler was constructed within the Minesight software.
- 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 and Battler have a drill-hole density of approximately 25m x 25m. Dulcie has a drill density of 40m x 40m. Battler has a drill density of 20m x 12.5m. Inferred resources have variable density but always less than 50m x 50m except for Mt King which has variable drill-hole spacing between 25m and 100m.
- Assays are generally fire assay, with limited aqua regia 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 1.0 g/t Au has been used except at Dulcie where a lower cut-off of 0.4g/t Au has been used.

JORC Code Compliance Statement

The geological 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 Richard Simmons who is a Member of The Australasian Institute of Mining and Metallurgy. Richard Simmons is a full time employee of Southern Cross Goldfields Limited. Richard Simmons 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'. Richard Simmons consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The resource estimation of the Battler deposit is based on work completed by independent consultant Mr Dean Fredericksen of Fredericksen Geological Solutions based on resource drilling data sets provided by SXG. Mr Fredericksen is a Member of The Australasian Institute of Mining and Metallurgy and qualifies as a Competent Person in respect of the 2004 JORC code by virtue of having sufficient experience which is relevant to the style of mineralisation and deposit types being estimated. Mr Fredericksen has consented to the inclusion of this information in the form and context in which it appears in this report.



The resource estimation of the Dulcie deposit is based on work completed by Mr Jonathon Abbott utilising resource drilling data sets provided by SXG. Mr Abbott 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 resource estimation of the King Brown, Golden Orb, British Hill, Python, Dolly Pot, Dugite, Goldstream and Mount King deposits is based on work completed by Mr Nic Johnson utilising resource drilling data sets provided by SXG. Mr Johnson 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.

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. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions. 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.