

Attention turns to Southern Cross Goldfields as west's next rising star

It's a game investors have been playing around Australia for more than two years now. Loosely known as "Pick the Next Sandfire", the objective is to identify early-stage drilling results which point to the potential discovery of a deposit similar to Sandfire Resources' rich DeGrussa copper-gold find in WA.

The size of the prize means there is no shortage of those who are ready and willing to keep scouring in the hope that next time they will be on board, rather than just staring at the runaway share price graphs over their breakfast.

The early-movers in this search party have started turning their attention to Southern Cross Goldfields (ASX: SXG), encouraged by the initial drilling results that the company is generating at its Copper Bore base metals project in Western Australia. No one is disputing that it is early days at Copper Bore. But that is the point. Already, those eager to draw parallels with the Jaguar deposit (now owned by Independence Group after its takeover of Jabiru Metals) and Sandfire are noting that Southern Cross' share price (~7.5c at the time of going to press) is similar to that of Sandfire when it stumbled across DeGrussa. Over the following 18 months, the stock soared to \$7.

Copper Bore is one of several gold and base metals projects held by the company 200km north of Southern Cross, located roughly two-thirds of the way between Perth and Kalgoorlie.

The growing enthusiasm stems from the intersections of volcanogenic massive sulphide (VMS) mineralisation in three separate zones at Copper Bore. Armed with the knowledge that Jaguar and DeGrussa are also VMS systems, informed

observers have taken note of the fact that the results point to the existence of a VMS field at Copper Bore. VMS fields are much-loved by investors and explorers alike because deposits historically occur in clusters, raising the prospect of numerous discoveries.



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*- Southern Cross MD
Glenn Jardine*

These hopes have been strengthened by the recent results from the Southern Gossan prospect, with a massive sulphide intersection of 2m at 2 per cent copper, 2gpt gold, 4.3 per cent zinc, 32.6gpt silver and 0.2 per cent lead. This hole was drilled 20m north and 60m up-plunge of the previous hole, which returned 5m at 2 per cent copper, 1.9gpt gold, 7.1 per cent zinc, 25.4gpt silver and 0.4 per cent lead. Other results at Southern Gossan include 8m at

8.25 per cent copper and 4.29gpt gold and 7m at 5.05 per cent copper and 2.05gpt gold.

The high-tenor gold and silver-enriched massive sulphide mineralisation has now been intersected 100m along strike and 150m deep at Southern Gossan. The growing potential has also been highlighted by a down-hole electro-magnetic survey which, when combined with historical mapping and drilling, shows the host horizon runs to the north and south. As a point of reference, the main zone at the Jaguar deposit is 200m long and 400m down dip at an average width of 3m with very similar grades to those intersected at Southern Gossan. However, mineralisation at Southern Gossan starts at surface compared with 250m deep at Jaguar.

Southern Gossan is at the southern end of the 10km-long VMS horizon. Base metals mineralisation has now been confirmed at multiple locations along this horizon, including at the Copper Bore prospect itself, which lies at the northern end of the 10km strike, and at Kims Bore, which is around the 5km mark.

Southern Cross Managing Director Glenn Jardine emphasises that it is early days at Copper Bore and cautions against "feverish extrapolations". However, he also admits that there is healthy dose of excitement over what could well be a company-making discovery. "The results so far have been outstanding and clearly there is enormous potential," Jardine says. "We are planning a comprehensive exploration program including mapping, EM surveys and drilling because we believe that the results already justify this level of attention. Beyond that, we are in the hands of Mother Nature."

While the upside at Copper Bore is undoubtedly attractive, investors will draw much comfort from knowing

that Southern Cross has not got all its exploration eggs in one project. Also in the Southern Cross region, the company is making rapid progress with its feasibility study on establishing a gold production hub at its Marda Gold Project. Guidance from the feasibility study is due within weeks.

It will be based on a 400,000 tonne-a-year operation delivering 30,000ozpa at cash costs targeted between A\$750 and A\$800/oz.

Southern Cross has JORC resources of about 600,000oz in the Marda region and there is scope to grow this significantly given the Company's extensive tenement package (4000sqkm) and the results of its drilling programs this year.

It aims to grow its potential production base in stages to 50,000ozpa and then 100,000ozpa by infill drilling at its existing deposits and greenfields exploration success.

Jardine is also eyeing the potential for further regional gold consolidation, saying there are numerous deposits and exploration opportunities held in many hands.

This provides Southern Cross and other companies in the region with the opportunity to consolidate and build a substantial resources inventory and production base. The company has completed four regional gold transactions in the past 12 months.

"The Marda production hub has the potential to generate solid cashflow of \$50 million a year in gross revenue at current gold prices at the initial base case of 30,000ozpa," he says. "This will underpin further exploration and consolidation efforts in the region.

The drilling results achieved at our existing gold projects and at Copper Bore confirm our belief that the region has been underexplored and that the potential for additional discoveries is high."

SOUTHERN CROSS GOLDFIELDS SNAPSHOT

Stock Exchange Listings
ASX: SXG

Issued shares
215M

Market capitalisation
\$15M at 7c



Early results at Southern Gossan are being likened to those of the Jaguar deposit