



**SOUTHERN CROSS  
GOLDFIELDS LTD**

ABN 71 124 374 321

# **PROSPECTUS**

**Southern Cross Goldfields Limited  
ACN 124 374 321**

Pursuant to which each Eligible Shareholder is invited to subscribe for up to \$15,000 worth of fully paid ordinary shares (**New Shares**) at an issue price of \$0.01 per New Share (being, up to 1,500,000 New Shares). For every two (2) New Shares subscribed for, the Eligible Shareholder will receive one (1) Free Option pursuant to the Offer.

## **IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The securities offered by this Prospectus should be considered as speculative.



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# 1. CHAIRMAN'S LETTER

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Dear Shareholder,

As a fellow Shareholder, it is my pleasure to invite you to participate in the Offer by Southern Cross Goldfields Limited pursuant to this Prospectus.

Southern Cross Goldfields is set to begin an exciting new chapter in its growth and development.

As announced on July 8, 2014, your Company has negotiated a A\$60 million debt package with a new cornerstone investor, TrailStone Group, which will fully fund our existing project pipeline and underpin future growth.

Successful completion of the TrailStone Transaction will transform Southern Cross, leaving it in an enviable position with funding secured, poised to begin development of its high grade Mt Boppy Gold Project, and positioned to take advantage of value opportunities emerging in the junior mining sector.

The purpose of the documents you are receiving today is to provide you with the opportunity to share in the value to be created through the TrailStone Transaction, by participating in this Offer.

Success of the Offer is important because it is one of a number of key elements of the (minimum) \$6 million recapitalisation plan integral to the completion of the TrailStone Transaction.

The recapitalisation includes a placement of shares to sophisticated investors, currently underway, at a price of one (1.0) cent per share, with one free option for each two shares purchased. The options are to be exercisable at a price of 1.4 cents per share.

The Notice of Meeting that you would have received in early August requests shareholder approval of the issue of some of these shares to your directors, as well as providing the framework for the remaining recapitalisation to occur.

This Offer is now being made to the Company's shareholders, who are invited to purchase up to \$15,000 of shares at a price of one (1.0) cent per share, again with one free option for each two shares purchased (exercisable at a price of 1.4 cents per share).

The issue price under the Offer, along with the free option component, provides you as shareholders with an attractive avenue for participating in the positive market rerating we expect will follow successful implementation of the various initiatives planned for your Company.

All shareholders are urged to read the enclosed prospectus carefully and to participate fully in the Offer by returning the enclosed documents before the final date of September 3, 2014.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jon Parker', with a large, stylized flourish underneath.

Jon Parker

Chairman

## 2. CORPORATE DIRECTORY

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### CORPORATE DIRECTORY

SOUTHERN CROSS GOLDFIELDS LIMITED  
ACN 124 374 321  
ASX CODE: SXG

### BOARD

Mr Jon Parker (Non-exec. Chairman)  
Mr Frank Terranova (Managing Director)  
Mr David Sproule (Non-exec. Director)

### COMPANY SECRETARY

Ms Leni Stanley  
Mr David Kinsman (Joint Co. Secretary)

### REGISTERED OFFICE

Level 6, 344 Queen Street  
Brisbane QLD 4000  
Phone: +61 7 3236 2511  
Fax: +61 7 3221 6625  
Website: <http://www.scross.com.au>  
Email: [admin@scross.com.au](mailto:admin@scross.com.au)

### SHARE REGISTRY

Computershare Investor Services Pty Limited  
117 Victoria Street  
West End QLD 4101  
Phone (within Australia): 1300 850 505  
Phone (outside Australia): +61 3 9415 4000

### SOLICITORS FOR THE COMPANY

GRT Lawyers  
Level 1, 400 Queen Street  
Brisbane QLD 4000  
Phone: + 61 7 3309 7005  
Fax: + 61 7 3309 7099  
Email: [Karyn.Silcock@grtlawyers.com](mailto:Karyn.Silcock@grtlawyers.com)

### AUDITORS<sup>1</sup>

Deloitte Touche Tohmatsu  
Level 25, 123 Eagle Street  
Brisbane QLD 4000  
Phone: +61 7 3308 7000  
Fax: +61 7 3308 7001  
[www.deloitte.com.au](http://www.deloitte.com.au)

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<sup>1</sup> This entity is included for information purpose only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this prospectus.

### 3. IMPORTANT NOTICES AND INFORMATION

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This Prospectus is dated 19 August 2014 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not contained in the Prospectus may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The New Shares which are the subject of this Prospectus should be considered speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### 3.1 Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 8 of this Prospectus. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

#### 3.2 Important information for New Zealand investors

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings—Australia) Regulations 2008.

This Offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the Corporations Regulations 2001 (Australia) set out how the Offer must be made.

There are differences in how Securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian Securities may differ from the rights, remedies, and compensation arrangements for New Zealand Securities.

Both the Australian and New Zealand Securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian Securities is not the same as for New Zealand Securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the Securities is not New Zealand dollars. The value of the Securities will fluctuate according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the Securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the Securities are able to be traded on a Securities market, and you wish to trade the Securities through that market, you will have to make arrangements for a participant in that market to sell the Securities on your behalf. If the Securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the Securities and trading may differ from Securities markets that operate in New Zealand.

## 4. IMPORTANT DATES\* & KEY OFFER INFORMATION

### Timetable

<b>Prospectus date</b>	Tuesday, 19 August 2014
<b>Record Date</b> – (for identifying shareholders who may participate in the Offer)	7pm (Sydney time) Monday, 18 August 2014
<b>Lodge Prospectus with ASIC</b>	Tuesday, 19 August 2014
<b>Announce on ASX</b>	Tuesday, 19 August 2014
<b>Prospectus despatched to Shareholders</b>	Tuesday, 19 August 2014/ Wednesday, 20 August 2014
<b>Opening Date</b> – (9.00am AEST)	Wednesday, 20 August 2014
<b>Closing Date</b> – (5.00pm AEST)	Wednesday, 3 September 2014
<b>Issue Date</b> – (Deferred settlement trading ends)	Wednesday, 10 September 2014
<b>Despatch of holding statements</b>	Wednesday, 10 September 2014
<b>Quotation of New Shares issued under the Offer</b>	Wednesday, 10 September 2014

*\*These dates may be varied by Southern Cross at its discretion, having regard to its obligations under the TrailStone Transaction, and in accordance with the Corporations Act and the Listing Rules. Applicants are encouraged to submit their Application Forms as soon as possible after the Offer opens. As such, the date the New Shares are expected to commence trading on ASX may vary.*

### 4.1 Key Offer Statistics

<b>Offer Price</b>	\$0.01 per New Share.
<b>Maximum subscription amount per Shareholder</b>	Up to \$15,000 worth of New Shares or 1,500,000 New Shares. Oversubscriptions in excess of the above amount may be applied for in increments of \$1,000 (100,000 Shares). Please refer to Section 5 for more information.
<b>Minimum subscription amount</b>	\$5,000 worth of New Shares or 500,000 New Shares (Subscriptions in excess of this amount must be in incremental parcels of at least \$1,000 worth of New Shares (100,000 New Shares))
<b>Free Options available under Offer</b>	For every two (2) New Shares issued under this Offer, subscribers will also receive one (1) Free Option to subscribe for one (1) Share at an exercise price of \$0.014 and exercisable by 31 December 2019.
<b>TrailStone Shares* that may be issued (at the Offer Price) dependant on the outcome of this Offer</b>	TrailStone is committed to subscribe for \$1 million worth of Shares (100,000,000 Shares), if at least \$5 million is raised under the Capital Raising. Alternatively, if in excess of \$8 million is raised under the Capital Raising, TrailStone is committed to subscribe for \$2 million worth of Shares (200,000,000 Shares). Further details are provided at Section 5.3.
<b>Total Securities on issue following the Offer, Placements and completion of the TrailStone Placement</b>	Up to a maximum of 1,887,450,815 Shares 604,195,829 Options



<b>Use of funds</b>	<p>Funds raised from the Offer will be used to meet the condition precedent to enable the drawdown of the funds from the TrailStone Transaction. The funds from the TrailStone Transaction, along with the funds raised from the Capital Raising will be used :</p> <ul style="list-style-type: none"> <li>• to repay its current debt (being a principal amount of A\$5 million) due to RMB under the RMB Facility by 24 September 2014;</li> <li>• to develop its Key Projects; and</li> <li>• for general corporate and working capital purposes</li> </ul> <p>Further details are provided at Section 6.2</p>
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*\* The TrailStone Shares are not being offered under this Prospectus. However, Shareholders should be aware that the Company will be obliged to issue the TrailStone Shares shortly following the completion of this Offer, with the number of such Shares to be dependent on the amount raised through the Capital Raising (comprising this Offer and the Placements (as further described at Section 6)).*

## 4.2 How to accept

Applications to subscribe for New Shares can only be made by completing and lodging the personalised Application Form included with this Prospectus. Instructions on how to apply are set out in Section 5 and on the back of the Application Form.

## 5. BACKGROUND AND OFFER INFORMATION

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### 5.1 Background – TrailStone Transactions

On 8 July 2014, SXG announced (**TrailStone Announcement**) that it had entered into the definitive transaction documents with TrailStone in relation to a circa A\$62 million financing for SXG, comprising up to A\$2 million in equity funding and A\$60 million in debt finance funding from TrailStone (**TrailStone Transactions**).

The Company's entry into the TrailStone Transactions will provide up to A\$62 million of funding in total which, upon the satisfaction of all drawdown conditions, will be applied to repay its current debt (being a principal amount of A\$5 million) due to RMB under the RMB Facility by 24 September 2014, to develop its Key Projects, and for general corporate and working capital purposes (**Funding Objectives**).

### 5.2 Equity Raise Condition and Purpose of Capital Raising

The TrailStone Transactions are subject to a number of conditions (summarised in the TrailStone Announcement) (**TrailStone Conditions**). Most relevantly, the Company must first complete a capital raising to raise a minimum of A\$5 million from parties other than TrailStone (**Equity Raise Condition**).

In order to satisfy the Equity Raise Condition, the Company is raising funds through:

- this Offer under this Prospectus; and
  - the placement of Shares (which are not being issued under this Prospectus) to Exempt Investors or otherwise eligible subscribers (**Placements**),
- (together, the **Capital Raising**).

The maximum amount to be raised through the Capital Raising is \$8 million in total.

If the Equity Raise Condition is met, TrailStone will also subscribe for SXG Shares with the actual number of Shares being dependant on the amount raised by SXG under the Capital Raising (**TrailStone Placement**).

The Offer under this Prospectus is being made for the purpose of contributing towards the satisfaction of the Equity Raise Condition (to enable access to the TrailStone funding) and to provide further funding toward the Funding Objectives. Depending on the amount raised under this Offer and the Placements, a further amount of up to A\$2,000,000 may be raised from TrailStone under the TrailStone Placement.

The Capital Raising is conditional upon the Equity Raise Condition being satisfied or waived by TrailStone. If the Equity Raise Condition is not satisfied or waived by TrailStone by 30 September 2014, the Company will refund all subscription funds received under both the Offer under this Prospectus and the Placements (which are not offered under this Prospectus).

### 5.3 TrailStone Transactions – Overview

The TrailStone Transactions comprise:

**a) TrailStone Placement:** A\$1 – 2 million equity investment by TrailStone

Subject to the Equity Raise Condition, TrailStone shall subscribe for Shares (**TrailStone Shares**) amounting to:

- A\$1 million – if SXG raises between A\$5 million and A\$8 million under the Capital Raising; and
- A\$2 million – if SXG raises over A\$8 million under the Capital Raising.

The TrailStone Shares will be issued at the same price as New Shares issued pursuant to the Capital Raising.

**b) Prepaid Gold Facility:** Provision of A\$25 million prepaid gold facility to SXG by TrailStone

This facility is to be repaid by the delivery of gold by SXG on a monthly basis over a period of 22 months, pursuant to the terms of a forward gold purchase agreement (**Prepaid Agreement**).

Draw down of the facility will occur upon SXG satisfying all of the TrailStone Conditions, the last of which is expected to be satisfaction of the Equity Raise Condition (**Financial Close**).

This facility will be made available for immediate draw down upon Financial Close in one lump sum of A\$25 million (**Gold Prepayment Amount**). This facility is to be secured by way of a first ranking security package in favour of TrailStone.

**c) Credit Facility:** Provision of A\$35 million loan facility to SXG by TrailStone

Subject to certain conditions precedent being satisfied, this facility is available for deferred drawn down 7 months after Financial Close under the Prepaid Gold Facility. The Credit Facility is to be repaid by SXG in cash on or before 31 December 2019 (subject to certain conditions).

This facility is to be secured by way of a second ranking lien in favour of TrailStone (ranking only behind the security granted to secure the Prepaid Gold Facility).

**d) Warrants:** The issue of Warrants to TrailStone with those Warrants to be settled by the issue of Shares (subject to shareholder approval at a later meeting), or in the absence requisite of shareholder approval by SXG making a cash payment to TrailStone.

The Warrants will be issued with the terms and conditions summarised in the TrailStone Announcement, with the number of Warrants to be determined based on the Warrant Strike Price. The basis for determining the Warrant Strike Price is set out below.

As the Warrants are to be issued as further consideration for provision of the Credit Facility, no additional funds will be raised from the issue of the Warrants.

**Warrant Strike Price**

The Warrant Strike Price is akin to the exercise price of the Warrants to be issued to TrailStone. It cannot be determined until Financial Close, however will be equal to 140% of the lower of:

- the "VWAP"; and
- the price per Share payable by TrailStone under the TrailStone Placement Agreement, (noting that this is determined as price payable for Shares issued to other parties to satisfy the Equity Raise Condition, which the Company currently estimates to be \$0.01 per Share on average).

The "VWAP" is the volume weighted average Share price for the Company's Ordinary Shares on the ASX for the 30 trading day period ending on the trading day immediately preceding the date of Financial Close, based on the price and volume information published by Bloomberg.

Whilst the VWAP will not be known prior to Financial Close, based on an estimated issue price of \$0.01 per Share, the maximum Warrant Strike Price will therefore be \$0.014, (being 140% of the issue price).

**e) Exercise Price of free-attaching Free Options**

SXG and TrailStone have agreed that any free-attaching Free Options offered under this Offer will have the same key terms (relating to exercise and expiry date) as the Warrants to be issued to TrailStone.

The Exercise Price of any free-attaching Free Options to be issued will therefore be:

- the same as the Warrant Strike Price;
- which will be a maximum of \$0.014;

but may be less if the VWAP (to be determined after Financial Close) would result in a lower strike price. SXG will announce the VWAP and confirm the Exercise Price as soon as practicable following Financial Close.

**f) Expiry Date of free-attaching Free Options**

The Warrants to be issued to TrailStone will have a maturity date of 31 December 2019.

The Expiry Date of any free-attaching Options to be issued under this Offer will therefore also be 31 December 2019.

Further information on the TrailStone Transactions is set out in the TrailStone Announcement and also in the Notice of Extraordinary General Meeting and Explanatory Memorandum announced on 5 August 2014.

## 5.4 The Offer

Pursuant to this Prospectus, the Company invites each Eligible Shareholders to apply for up to \$15,000 worth of New Shares in the Company at an issue price of \$0.01 per Share (equating to up to 1,500,000 New Shares). As part of the Offer, each Eligible Shareholder will be rewarded with one (1) free attaching Free Option for every two (2) New Shares subscribed for.

## 5.5 Minimum subscription parcel

The minimum subscription amount required to participate will be \$5,000 (or 500,000 New Shares) and Eligible Shareholders will be otherwise able to subscribe for further New Shares in increments of \$1,000 (or increments of 100,000 New Shares).

## 5.6 Oversubscriptions

Eligible Shareholders may apply for more than \$15,000 worth of New Shares (being more than 1,500,000 New Shares) (being more New Shares than that offered by the Company) in increments of \$1,000 (or 100,000 Shares). However, allocations of any requests for oversubscriptions will be at the discretion of the Board and applications may be scaled back.

## 5.7 Additional Offer details

The Company is seeking to raise up to a maximum of \$8,000,000 under this Offer and the Placements combined, in satisfaction of the Equity Raise Condition described above. If applications are received in excess of this amount, Eligible Shareholder applications may be scaled back in the Board's discretion.

All of the Free Options offered under this Prospectus will be issued on the terms and conditions set out in Section 7.2 of this Prospectus.

All of the Shares issued upon the future exercise of the Free Options offer under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 7 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 6 of this Prospectus.

## 5.8 Class Order 09/425

ASIC Class Order 09/425 allows a company to undertake a share purchase plan without the need for issuing a disclosure document, so long as the share purchase plan complies with certain conditions.

The Company is unable to rely on Class Order 09/425 to undertake the Offer as Class Order 09/425 does not allow for the issue of options under a share purchase plan.

The Company however intends to undertake the Offer, to the extent that it is practicable, in accordance with the terms and conditions for share purchase plans expressed in Class Order 09/425.

## 5.9 Shareholders eligible to participate

Only Eligible Shareholders may participate in the Offer. 'Eligible Shareholders' for the purpose of the Offer are Shareholders registered at 7pm (Sydney time) on the Record Date (Monday, 18 August 2014) with an address in Australia or New Zealand in the Company's Share Register (**Eligible Shareholders**).

Participation in the Offer is optional and is subject to the terms and conditions set out in this Prospectus.

## 5.10 Note for custodians, trustees and nominees

If you are an Eligible Shareholder and hold the Shares as a custodian (as defined in ASIC Class Order CO 09/425 (Custodian) (see below), you may apply for up to the maximum of New Shares and Free Options for each beneficiary for whom you act as custodian, provided you annex to your Application Form a certificate to the Company (Custodian Certificate) with the following information:

- a) that you held Shares in the Company on behalf of one or more other persons (each a **Participating Beneficiary**) at 5:00pm (AEST) on the Record Date who have subsequently instructed you to apply for New Shares under the Offer on their behalf;
- b) the number of Participating Beneficiaries and their names and addresses;

- c) the number of Shares that you hold on behalf of each Participating Beneficiary;
- d) the dollar amount of New Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;
- e) that a copy of the written offer document was given to each beneficiary; and
- f) where you hold shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

For the purposes of this Offer, and consistent with Class Order CO 09/425 you are a ‘**custodian**’ if you are a registered holder that:

- a) holds an Australian financial services licence that allows you to perform custodian or depository services or operate IDPS accounts;
- b) is exempt from holding an Australian financial services licence by virtue of ASIC Class Order CO 03/184 or by relying on the Australian financial services licence of your master custodian under regulation 7.1.06(k) of the Corporations Regulations 2001 (Cth);
- c) is a trustee of a self-managed superannuation fund;
- d) is a trustee of superannuation master trusts;
- e) is a responsible entity of IDPS like schemes;
- f) is noted on the Company’s register of members as holding the shares on account of another person.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you **cannot** participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate and if you would like further information on how to apply, you should contact the Company’s Share Registry at any time from 8.30am to 5.00pm (AEST) Monday to Friday during the Offer period.

The Company reserves the right to reject any application for New Shares and Free Options under this Prospectus to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

## **5.11 Payment by cheque/bank draft**

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “Southern Cross Goldfields Limited SPP A/C” and crossed “Not Negotiable”. Cash will not be accepted.

Your completed Application Form and cheque must reach the Company’s share registry via the address below no later than 5:00pm AEST on the Closing Date.

Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne Victoria 3001

Application monies will not be accepted at the Company’s registered office or at any other office of the Share Registry.

## 5.12 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Application Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- a) you do not need to submit the Application Form but are taken to have made the declarations on that Application Form; and
- b) if you do not pay for your Application in full, you are deemed to have applied for such whole number of New Shares and free attaching Options which is covered in full by your application monies.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00pm (AEST) on the Closing Date. You should be aware that your financial institution may implement either cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.**

Any Application Monies received for more than your final allocation of New Shares (only where the amount is \$2.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded. Any refund amount will be paid via cheque sent by ordinary post to the address noted on the share register.

## 5.13 Underwriting

The Offer is not underwritten.

## 5.14 ASX listing

An application for the Official Quotation of the New Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the New Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any New Shares and will repay all Application Monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

## 5.15 Allotment

Securities issued pursuant to the Offer will be allotted in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Pending the allotment and issue of the Securities or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account, as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus. Shareholders wishing to confirm any allotment of securities in advance of receiving their holding statement may log onto [www.investorcentre.com](http://www.investorcentre.com).

## 5.16 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer

is not being extended and New Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Shareholders resident in Australia or New Zealand, holding Shares on behalf of persons who are resident overseas, are responsible for ensuring that applying for Securities under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

## **5.17 Enquiries**

Any questions concerning the Offer should be directed to Computershare Investor Service Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am to 5.00pm (AEST) during the offer period.

## 6. PURPOSE AND EFFECT OF THE OFFER

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### 6.1 Purpose of the Offer

The purpose of the Offer, together with the concurrent Placement is to satisfy the Equity Raise Condition and raise at least \$5 million before transaction costs, in order to secure access to the TrailStone Transaction funding. This will enable the Company to pay out the RMB Facility and develop its key projects, the Mt Boppy and Marda Gold Mines.

If the Equity Raise Condition is not satisfied or waived by TrailStone, the Company will refund all subscription funds received.

### 6.2 Use of Funds

As at the date of this Prospectus, Southern Cross has available cash at bank of \$1.5 million (net of immediate commitments excluding in respect of the RMB Facility).

#### Scenario 1 – Equity Raise Condition met

If at least \$5 million is raised under this Prospectus (through the Offer) and through the Placements (sufficient to meet the Equity Raise Condition), TrailStone is committed to subscribe for \$1 million worth of Shares. On the assumption that the total funds raised is \$6 million, Southern Cross will apply those funds as follows:

Use of Funds	Amount
Development Capital - Mt Boppy Gold Project	\$5,900,000
Costs of the Offer	\$100,000
<b>TOTAL</b>	<b>\$6,000,000</b>

#### Scenario 2 – Equity Raise Condition met and exceeded

If more than \$8 million is raised in total under this Prospectus and through the Placements, TrailStone is committed to subscribe for a total of \$2 million. In such a case, Southern Cross will apply the funds raised as follows:

Use of Funds	Amount
Development Capital – Mt Boppy Gold Project	\$9,900,000
Costs of the Offer	\$100,000
<b>TOTAL</b>	<b>\$10,000,000</b>

#### Scenario 3 – Equity Raise Condition not met

If the Equity Raise Condition is not satisfied or waived by TrailStone, no Applications will be processed and all subscription monies forwarded to the Company will be refunded.

The above scenarios are a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

### 6.3 Effect of the Offer (with the TrailStone Transaction)

Assuming that:

1. no Options are exercised, resulting in additional Shares being issued and registered as at the Record Date;
2. the Company issues 800,000,000 New Shares under the Capital Raising;
3. the TrailStone Transactions are not otherwise terminated; and



4. TrailStone's commitment to subscribe for \$2 million worth of Shares is triggered,

(together, the **Assumptions**),

the Offer will then trigger the Company's obligations to complete the TrailStone Placement (involving the issue of the TrailStone Shares) and issue the Warrants, in which case the principal combined effect of the Offer and these transactions will be to:

- a) increase cash reserves by up to \$9,900,000 in total, after deducting estimated expenses of the Offer; and
- b) increase the number of Shares on issue from 887,450,815 up to a total of 1,887,450,815 Shares;
- c) increase the number of Options on issue from 204,195,829 to 604,195,829; and
- d) result in the issue of Warrants to TrailStone, with the number of Warrants to be determined based on the Warrant Strike Price (which will not be known until after Financial Close). However, these Warrants are not exercisable or able to be converted into Shares unless and until Shareholder Approval has been obtained at the upcoming AGM.

Upon completion of the Offer (and on the basis of the Assumptions), the issued capital of the Company will comprise:

<b>Shares</b>	<b>Number</b>
Shares at the date of this Prospectus	887,450,815
Maximum Number of Shares offered pursuant to this Prospectus and pursuant to the Placement (in total)	800,000,000
Maximum number of TrailStone Placement Shares	200,000,000
<b>TOTAL (upon completion of Offer, Placements and TrailStone Placement)</b>	<b>1,887,450,815</b>

## 6.4 Effect for Shareholders

If all Eligible Shareholders subscribe for the maximum subscription amount per shareholder of \$15,000 worth of New Shares (1,500,000 New Shares) in full, subject to equal scaling back as determined by the Board in its discretion, the Shareholders' interests in the Company may dilute by reference to other shareholdings. Non-Eligible Foreign Shareholders' holdings will have been diluted, and overall, the interests of Eligible Shareholders will have increased correspondingly.

The interests of Existing Shareholders who do not participate in the Offer will likely be diluted. The interests of Existing Shareholders who apply for amounts lower than \$15,000 worth of New Shares will possibly also be diluted, but to a lesser extent. Existing Shareholders may be further diluted depending on the number of New Shares issued pursuant to the Placement.

The Offer is not estimated to have any meaningful effect on the control of the Company.

Further, some Shareholders may seek oversubscriptions and, in the event the maximum capital raising amount of \$10,000,000 is not exceeded, the Directors may resolve to allot further New Shares to satisfy oversubscriptions. In these circumstances, the dilutionary impact on non-participating or partially participating Shareholders will be greater than it otherwise would be.

In addition, if the Offer raises sufficient funds to meet the Equity Raise Condition (being \$5 million), and the TrailStone Transactions are not otherwise terminated, the Company will be obliged to issue the TrailStone Shares within 3 Business Days of the date of issue of the Shares under the Offer. This will have a further dilutionary impact on Shareholders irrespective of whether you participated in the Offer as demonstrated by the table in Section 6.3 above and Section 6.6 below.

## **6.5 Pro-forma consolidated statement of financial position**

The reviewed consolidated statement of financial position as at 31 December 2013 and the unaudited pro-forma consolidated statement of financial position as at Financial Close in September 2014 (shown in the table on the following page) have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma consolidated statement of financial position has been prepared assuming all Securities offered are applied for and no Options are exercised prior to the Record Date, and including expenses of the Offer. It also assumes that the capital raising and TrailStone Transaction preconditions are satisfied in time to enable full repayment of the existing RMB Facility by the due date of 24 September 2014. The pro-forma consolidated statement of financial position is presented on the basis that the TrailStone Prepaid Gold Facility is fully drawn and the existing RMB Facility paid out.

The pro-forma consolidated statement of financial position has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company, as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

## Pro-forma Consolidated Statement of Financial Position

	REVIEWED 31 December 2013	PROFORMA 24 September 2014	Notes
	\$'000	\$'000	
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7,026	30,891	(1)(2)(3)(4)
Trade and other receivables	17	17	
Other current assets	756	241	(5)
<b>TOTAL CURRENT ASSETS</b>	<b>7,799</b>	<b>31,149</b>	
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	3,967	4,482	(5)
Exploration and Development costs	8,680	8,680	
Other	742	742	
<b>TOTAL NON-CURRENT ASSETS</b>	<b>13,389</b>	<b>13,904</b>	
<b>TOTAL ASSETS</b>	<b>21,188</b>	<b>45,053</b>	
<b>CURRENT LIABILITIES</b>			
Trade and other payables	945	945	
Provisions	69	69	
Borrowings	7,000	-	(2)(4)
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,014</b>	<b>1,014</b>	
<b>NON-CURRENT LIABILITIES</b>			
Provisions	1,468	1,468	
Borrowings	-	25,000	(3)
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,468</b>	<b>26,468</b>	
<b>TOTAL LIABILITIES</b>	<b>9,482</b>	<b>27,482</b>	
<b>NET ASSETS (LIABILITIES)</b>	<b>11,706</b>	<b>17,571</b>	
<b>EQUITY</b>			
Issued capital	39,952	49,492	(1)
Reserves	4,156	4,641	(2)
Accumulated losses	(32,402)	(36,562)	(2)(4)(3)
<b>TOTAL EQUITY</b>	<b>11,706</b>	<b>17,571</b>	

### Notes:

- (1) Assumes maximum capital raising of \$10,000,000 offset by associated capital raising costs;
- (2) Includes the \$2,000,000 partial repayment of RMB Facility paid in March 2014 and associated interest and refinancing costs including costs of issue of additional options to RMB;
- (3) Assumes drawdown of the \$25,000,000 Prepaid Gold Facility less associated transaction fees and costs;
- (4) Assumes the final repayment of \$5,000,000 under the RMB Facility is paid and includes associated interest from the proceeds of the Prepaid Gold Facility; and
- (5) The White Dam Camp assets have been reclassified from Available for Sale to Property, Plant and Equipment reflecting the change in asset utilisation strategy.

## 6.6 Effect on capital structure

The maximum effect of the Capital Raising on the capital structure of the Company, assuming all Securities offered are applied for and no Options are exercised prior to the Record Date, is set out below.

### Shares

	Number
Shares currently on issue	887,450,815
New Shares offered pursuant to the Capital Raising (comprising the Offer and the Placements)	800,000,000
TrailStone Placement Shares	200,000,000
<b>Total Shares on issue after completion of the Offer and Placement</b>	<b>1,887,450,815</b>

### Options

			Number
Options currently on issue:			204,195,829
Number	Exercise Price	Expiry Date	
2,000,000	20 Cents	1/10/2014	
1,000,000	25 Cents	1/10/2014	
1,000,000	30 Cents	1/10/2014	
1,000,000	40 Cents	1/10/2014	
2,500,000	10 Cents	10/10/2014	
10,000,000	10 Cents	24/02/2015	
34,255,319	4.7 Cents	21/03/2015	
43,665,000	10 Cents	10/10/2015	
63,775,510	1.96 Cents	24/03/2016	
5,000,000	10 Cents	23/11/2017	
20,000,000	3 Cents	31/12/2017	
20,000,000	4 Cents	31/12/2017	
Free Options offered pursuant to the Offer: (Unquoted exercisable at \$0.014 on or before 31 December 2019)			400,000,000
Total Options on issue after completion of the Capital Raising			604,195,829

## 6.7 Details of substantial holders

Based on publicly available information as at 18 August 2014, those persons which have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Meadowhead Investments Pty Ltd	133,579,204	15.40
Mrs Jane Christine Sproule	92,296,985	10.64

David and Jane Sproule also jointly hold an additional 1,155,000 Shares equating to 0.13% of the Issued Capital.

Meadowhead Investments Pty Ltd and Jane Sproule are associates and are related parties of David Sproule. The holdings set out in the table above do not include the relevant interests held by relatives of David Sproule who are not associates of Meadowhead Investments Pty Ltd or Jane Sproule.

## 7. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

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### 7.1 Rights attaching to Shares

All New Shares issued under the Offer (including the Shares on exercise of the Free Options) will be fully paid ordinary shares and will rank equally from the date of their issue in all respects with all Existing Shares.

The following is a summary of the more significant rights and liabilities attaching to the New Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares (including the New Shares) are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with the Corporations Act and the Company's Constitution.

#### b) Voting

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote for each partly paid share. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). Amounts paid in advance of a call are ignored when calculating the proportion.

#### c) Dividends

Dividends are payable out of the Company's profits and are declared or determined to be payable by the Directors. Subject to the rights of persons (if any) entitled to shares with special rights to dividends, dividends declared will be payable on the Shares in proportion to the amount for the time being paid or credited as paid in respect of each Share.

The Directors may carry forward so much of the profits remaining as they consider ought not to be distributed as dividends by transferring those profits to a reserve.

#### d) Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

Generally (subject to formal requirements and to the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia including the transfer not being in breach of the Corporations Act or the ASX Listing Rules), the Shares are freely transferable.

#### **e) Meetings and notice**

Each Shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the constitution of the Company, the Corporations Act or the Listing Rules.

#### **f) Winding up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as the liquidator considers fair on any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

The liquidator may, with the sanction of a special resolution of the Company, vest the whole or any part of any such property in trustees on such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

#### **g) Shareholder liability**

As all of the New Shares to be issued under the Offer (including those issued upon the exercise of the Free Options) will be fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

#### **h) Future increase in capital**

Subject to restrictions on the issue or grant of securities contained in the Corporations Act, Listing Rules and SXG's constitution, the Directors may issue, allot or dispose of Shares on terms determined by the Directors, at the issue price that the Directors determine and to Shareholders whether in proportion to their existing Shareholdings or otherwise, and to such other persons as the Directors may determine.

#### **i) Variation of rights**

Subject to the relevant restrictions in the Corporations Act and Listing Rules, if at any time the share capital is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, be varied or abrogated in any way with the consent in writing of the holders of three-quarters of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

#### **j) Alteration of Constitution**

The Constitution of the Company can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days written notice of the special resolution must be given.

#### **k) ASX quotation of New Shares**

Application for Official Quotation of the New Shares will be made in accordance with the Listing Rules. The fact that ASX may agree to grant Official Quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or its Securities.

## **7.2 Options**

The background to the terms of the Free Options is set out above in Section 5.

The Free Options to be issued pursuant to this Prospectus entitle the holder to subscribe for Shares on the following terms and conditions. Each Free Option:

- a) will have an exercise price equivalent to the Warrant Strike Price of the Warrants to be issued to TrailStone, which will be a maximum of \$0.014, but may be a lesser amount (as further explained above at Section 5.3(e));
- b) will have an expiry date of 31 December 2019 (see Section 5.3(f));

- c) will be unlisted, and SXG will not apply for quotation of the Free Options;
- d) will be exercisable over one fully paid ordinary share in the Company; and
- e) Shares issued upon exercise of any Free Options will rank equally with all Existing Shares on issue for which quotation on the ASX will be sought;
- f) there are no participating rights or entitlements inherent in the Free Options and holders will not be entitled to participate in any new issue to Shareholders of the Company during the currency of the Free Options (i.e. without exercising the Free Option);
- g) if there is any reorganisation of the capital of the Company including, without limitation, a consolidation or subdivision of any of the issued capital of the Company, or a pro rata bonus issue of Shares, the Free Options must be reorganised in the way required under the Listing Rules; and
- h) the rights of the holder may be changed to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

## 8. RISK FACTORS

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### 8.1 Introduction

The Securities offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 8.2 Company Specific

#### a) Level of debt and position under RMB Facility

SXG currently owes approximately \$5 million to RMB under the RMB Facility which is due to be repaid on 24 September 2014. If the Equity Raise Condition is not satisfied, SXG currently has no alternative means of repaying this amount to RMB, apart from the sale of key assets, and this may not be practical prior to the RMB repayment date.

Unless the RMB Facility is renegotiated to alleviate the repayment obligations and/or SXG obtained sufficient alternative funding, the Company may become insolvent and unable to continue as a going concern and would be subject to external administration.

This RMB Facility is secured against all of SXG's key assets and projects, including the Mt Boppy Gold Mine in NSW and Marda Gold Mine in WA and security over SXG's Subsidiaries.

As noted in the Company's ASX announcement dated 25 March 2014, RMB has previously agreed to the deferral of \$5 million of the \$7 million principal payments under the facility until 24 September 2014.

However, there is no guarantee that the Company will be able to complete an alternate transaction or that RMB will continue to afford the Company the benefit of waivers to its repayment obligations under the facility (as outlined above). If the Company cannot complete the TrailStone Transaction, or an alternate funding transaction, or generate sufficient positive cash flow, or RMB withdraws its support and requires immediate repayment of the amount owing on 24 September 2014, the Company will become insolvent.

#### b) Not obtaining the Shareholder Approval

##### Warrant Settlement Options

In the event that Shareholder Approval for the Warrants is not obtained at the upcoming AGM the Warrants will need to be cash settled. Accordingly, SXG's cash position will be eroded and this may impact significantly on its operations and continued viability at that time.

##### EGM Resolutions

As announced in the Notice of EGM on 5 August 2014, if approval is not obtained for the issues of Shares pursuant to the Resolutions, SXG's available placement capacity under Listing Rule 7.1 and 7.1A may be significantly reduced, such that the TrailStone Transaction may not proceed on time or at all. The Company has engaged with major shareholders to obtain support for the Resolutions and expects these to be ratified at the meeting.



### **c) Dilutionary impact of TrailStone Transactions and the Offer**

The TrailStone Transactions and this Offer may result in SXG issuing up to 1,000,000,000 New Shares, which is equivalent to approximately 113% of SXG's Share capital as at the date of this Prospectus.

In addition, the Warrants issued to TrailStone may be exercised resulting in further Shares being issued (the exact number is not known as at the date of the Prospectus as this is contingent on certain variables as noted in Section 5.3).

While SXG does not expect all 1,000,000,000 Shares to be issued, and it has made the Offer to enable Shareholders to participate and mitigate the dilutionary impact of these transactions, the risk of significant dilution to Shareholders remains.

### **d) Failure to satisfy preconditions to the TrailStone Transaction**

The TrailStone Transaction agreements include a number of conditions precedent to the funding drawdown, including the Equity Raise Condition, gold price at or above A\$1,300 per ounce at funding drawdown, and other customary preconditions.

In the event, such preconditions are not satisfied or waived by TrailStone, the transaction will terminate and SXG will be responsible for paying TrailStone's costs including legal and other advisers fees, which may erode SXG's cash position. In the event alternative funding is not available and/or the Offer is unsuccessful, SXG's ongoing solvency may come into question.

### **e) Changes in commodity prices and fluctuations in exchange rates**

SXG's future revenues and cash flows are derived from the mining and sale of gold and potential other base and precious metals.

Commodity prices can fluctuate widely and are affected by numerous factors beyond SXG's control, including world GDP growth, international economic conditions, economic and political conditions of commodity producing countries where there is strong demand for commodities, expectations of inflation, currency exchange rates and interest rates.

If there is a sustained decrease in the price of gold, SXG's cash flow from mining operations and the value of its assets, are likely to be materially adversely effected. Similarly this may either prohibit the further drawdown of funding if the gold price conditions are not satisfied at the relevant time.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar, as determined in international markets.

### **f) Mineral Resources**

SXG's mineral resources and ore reserves estimates are based on a number of assumptions in accordance with the JORC Code. There can be no assurance that SXG's mineral resources and ore reserves will be recovered in the quantities, qualities or yields presented to the market.

Mineral resources and ore reserves estimates are inherently prone to variability. They involve expressions of judgment with regard to the presence and quality of mineralisation and the ability to extract and process the mineralisation economically. These judgments are based on a variety of factors, such as knowledge, experience and industry practice. The accuracy of these estimates may be affected by many factors, including the quality of the results of drilling and sampling of the mineral deposits and analysis of the mineral samples and the procedures adopted and experience of the person(s) making the estimates.

There are risks associated with such estimates, including that the mineral mined may be of a different or inferior quality, volume, overburden strip ratio or stripping cost from the mineral resource estimates. Such estimates may also be revised following actual production, further exploration or analysis.

If SXG encounters mineralisation or geological or mining conditions different from those predicted by historical drilling, sampling and similar examinations, it may have to adjust its mining plans in a way that may materially and

adversely affect its business, prospects, financial condition and results of operations and reduce the estimated amount of gold mineral resources and ore reserves available for production and expansion plans.

#### **g) Environmental Factors**

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires, may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous, making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

### **8.3 Industry and General Risks**

#### **a) Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

#### **b) Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

#### **c) Force Majeure**

The Company's projects now, or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

#### **d) Litigation Risks**

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or

dispute, if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

**e) Government policy changes**

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in which the Company's projects are located may change, resulting in impairment of rights and possibly expropriation of the Company's mining interests without adequate compensation.

**f) Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes, as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

**g) Insurance risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

**h) Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

**i) Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

**j) Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment, or fail to meet their requirements.

## **8.4 Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

## 9. ADDITIONAL INFORMATION

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### 9.1 Transaction Specific Prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements, if they satisfy certain requirements.

The information in this Prospectus principally concerns the terms and conditions of the Offer and the information reasonably necessary to make an informed assessment of:

- a) the effect of the Offer on the Company; and
- b) the rights and liabilities attaching to the New Shares and the Free Options to be issued under the Offer.

This Prospectus is intended to be read in conjunction with the publicly available information, in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company.

SXG is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete and compliant with the requirements of the Corporations Act, Listing Rules and ASIC policy.

The Company confirms that there is no information that has been excluded from a continuous disclosure notice, in accordance with the Listing Rules, that is not otherwise disclosed in this Prospectus.

### 9.2 ASX continuous disclosure notices

SXG as a disclosing entity under the Corporations Act, states that:

- a) copies of documents lodged by SXG with ASIC may be obtained from or inspected at an ASIC office and are also available for inspection at the registered office of the Company during normal business hours;
- b) SXG will provide a copy of the following documents, free of charge, to any person who requests such a document:
  - the annual financial report of SXG relating to the financial year ended 30 June 2013, being the annual financial report most recently lodged with ASIC;
  - the half-year financial report of SXG relating to the half year ended 31 December 2013, being the most recently lodged half-yearly financial report before the date of this Prospectus; and
  - any continuous disclosure notices given by SXG to ASX in accordance with the ASX Listing Rules per section 674(1) of the Corporations Act, after the lodgement of the financial report of SXG for the year ended 30 June 2013 and before the date of this Prospectus.

The Company has lodged the following announcements with ASX since the lodgement of the Company's 2013 annual financial report on 27 September 2013:

Document Date	Headline
05/08/2014	Notice of EGM and Explanatory Memorandum
30/07/2014	Quarterly Activities Report - 30 June 2014
30/07/2014	Quarterly Cashflow Report - 30 June 2014
17/07/2014	Expiry of Unlisted Options
16/07/2014	DEG: Turner River Base Metals Project Update

Document Date	Headline
08/07/2014	Debt & Equity Package leave SXG fully funded for development
08/07/2014	SXG Secures Debt and Equity Package
04/07/2014	Trading Halt
28/05/2014	CVG: Mt Holland Tenement Acquisition
28/05/2014	Company Update
16/05/2014	Conclusion of Outstanding Litigation Matters
29/04/2014	Quarterly Cashflow Report
29/04/2014	Quarterly Activities Report
17/04/2014	Expiry of Unlisted Options
26/03/2014	Cleansing Notice
26/03/2014	Amended Appendix 3B
25/03/2014	Appendix 3B – Unlisted Options
25/03/2014	Funding Update
14/03/2014	Half Year Report to 31 December 2013
31/01/2014	Quarterly Cashflow Report to 31 December 2013
31/01/2014	Quarterly Activities Report to 31 December 2013
20/01/2014	Appendix 3Y – Change of Director's Interest Notice – Terranova
20/01/2014	Section 708A Notice
20/01/2014	Appendix 3B – Issue of Unlisted Options
16/01/2014	Appointment of Joint Company Secretary
24/12/2013	DEG: Turner River Project Update
23/12/2013	Capital Management Program
20/12/2013	Marda Gold Project Feasibility – Additional Information
10/12/2013	Marda Gold Project – Feasibility Study Review
21/12/2013	Changes to Corporate Administration
29/11/2013	Results of Meeting
28/11/2013	Managing Director's Presentation to AGM
31/10/2013	Notice of Annual General Meeting
17/10/2013	Quarterly Activities and Cashflow Report
27/09/2013	Appendix 3Z x 3

These documents may be viewed at ASX's website at [www.asx.com.au](http://www.asx.com.au) by searching announcements for Southern Cross using the code "SXG".

### 9.3 Share prices

The highest and lowest prices of Shares in the Company on the ASX during the six month period before the date of this Prospectus are set out below:

	Price	Date
Highest	\$0.017	19,20,24 Feb; 3, 14 Mar.
Lowest	\$0.009	20,24,27 Jun; 22, 24-29 Jul.

The last closing price (as published on ASX) of Shares as at 14 August 2014 was \$0.01.

## 9.4 Past performance

Past Share price performance provides no guidance as to future Share price performance.

## 9.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- a) the formation or promotion of the Company;
- b) any property acquired or proposed to be acquired by the Company in connection with:
  - i) its formation or promotion; or
  - ii) the Offer; or
- c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- a) as an inducement to become, or to qualify as, a Director; or
- b) for services provided in connection with:
  - i) the formation or promotion of the Company; or
  - ii) the Offer.

### Security holdings

The relevant interest of each of the Directors (and their associated entities) in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Shares currently held	Options currently held
Jon Parker	1,375,000	Nil
Frank Terranova	20,934,828	40,000,000
David Sproule	262,843,982	Nil

The Board advises that all Directors intend to participate in the Placements, subject to receipt of Shareholder Approval at the EGM on 4 September 2014.

### Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine, where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

<b>Director</b>	<b>2013 Financial Year</b>	<b>2014 Financial Year<sup>1</sup></b>	<b>Current</b>
Frank Terranova	nil	\$291,641	\$32,000 pm <sup>2</sup>
Jon Parker	nil	\$36,416	\$43,600
David Sproule	nil	\$36,416	\$43,600

**Notes:**

<sup>1</sup> All directors were appointed on 20 August 2013. Frank Terranova assumed the role of Chief Executive and Managing Director from 17 September 2013. In addition to the cash based payments shown, on 20 January 2014 Mr Terranova was issued 20,000,000 options over the Company's shares exercisable at \$0.03 and 20,000,000 options over the Company's shares exercisable at \$0.04.

<sup>2</sup> At the date of this prospectus Mr Terranova remains on a monthly contract of \$32,000 per month with 3 months notice period.

## 9.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- b) promoter of the Company; or
- c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- a) the formation or promotion of the Company;
- b) any property acquired or proposed to be acquired by the Company in connection with:
  - i) its formation or promotion; or
  - ii) the Offer; or
- c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- a) the formation or promotion of the Company; or
- b) the Offer.

GRT Lawyers has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay GRT Lawyers \$35,000 (excluding GST and disbursements) for these services.

## 9.7 Consents

Each of the parties referred to in this section:

- a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.



GRT Lawyers has given its written consent to being named as the solicitors to the Company in this Prospectus. GRT Lawyers has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Computershare Investor Services Pty Limited has given its written consent to being named as the Share Registry in this Prospectus. Computershare Investor Services Pty Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 9.8 Expenses of the offer

In the event that all Securities offered are applied for, the total expenses of the Offer are estimated to be approximately \$100,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,500
ASX fees (if \$10M equity issued)	20,000
Legal fees	35,000
Printing and distribution	10,000
Miscellaneous	42,500
<b>Total</b>	<b>100,000</b>

## 9.9 Electronic prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 7 3236 2511 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.scross.com.au](http://www.scross.com.au).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## 9.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## 9.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security

Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Shareholders may verify their holding balance by logging onto [www.investorcentre.com](http://www.investorcentre.com).

## **9.12 Privacy Act**

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

## 10.DIRECTORS' AUTHORISATION

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This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in black ink, appearing to read 'Frank Terranova', with a long horizontal flourish extending to the right.

Frank Terranova  
Managing Director

**For and on behalf of**  
**Southern Cross Goldfields Limited**

## 11.GLOSSARY

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**\$** means the lawful currency of the Commonwealth of Australia.

**AEST** means Australian Eastern Standard Time.

**AGM** means the upcoming 2014 annual general meeting of the Company's Shareholders.

**Applicant** means a Shareholder who applies for Securities pursuant to the Offer.

**Application Form** means the Offer application form either attached to or accompanying this Prospectus.

**Application Monies** means monies paid/ to be paid by Eligible Shareholders in respect of new shares applied for.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Capital Raising** means the fundraising being undertaken by SXG pursuant to this Offer under this Prospectus and the Placements (which are not being offered under this Prospectus) in accordance with Section 5.2.

**Chairman** means the chairman of the board.

**CHESS** means ASX Clearing House Electronic Sub registry System.

**Class Order** means ASIC Class Order CO 09/425 'Share and Interest Purchase Plans'.

**Closing Date** means the date on which the Offer closes, being Wednesday, 3 September 2014 (unless extended or closed earlier).

**Company or SXG** means Southern Cross Goldfields Limited (ACN 124 374 321).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Credit Facility** means the A\$35 million loan facility made available by TrailStone to SXG as further described in Section 5.3 of this Prospectus.

**Custodian** has the meaning given to that term in section 5.10 of this Prospectus.

**Custodian Certificate** has the meaning given to that term in section 5.10 of this Prospectus.

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Shareholder** means a Shareholder registered on the Record Date with an address in Australia or New Zealand in the Company's Share Register.

**Equity Raise Condition** has the meaning given in section 5.2 of this Prospectus.

**Exempt Investors** means a prospective investor to whom disclosure of an offer is not required to be made in accordance with one or more exemptions in section 708 of the Corporations Act.

**Exercise Price** means an exercise price equal to the Warrant Strike Price, which will be a maximum of \$0.014.

**Existing Shares** means the fully paid ordinary shares from the date of their issue.

**Financial Close** means the date on which the Prepaid Gold Facility is drawn down by SXG as detailed in Section 5.3.

**Free Option** means an unquoted free-attaching option to be issued to Eligible Shareholders for every two (2) New Shares subscribed for and issued on the terms set out in Section 5.

**GRT Lawyers** means the Company's lawyers, GRT Lawyers Pty Ltd ACN 152 230 478.

**Key Projects** means the Mt Boppy Project and the Marda Project.

**Minimum Subscription** means a subscription amount of at least \$5,000 worth of New Shares or 500,000 New Shares.

**New Shares** means a Share offered and issued pursuant to the Offer under this Prospectus, the terms and conditions of which are set out at Section 5.

**Non-Eligible Foreign Shareholders** means a Shareholder with an address in the Company register of Shareholders outside jurisdictions to which SXG intends to extend offers to, unless the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

**Offer** means the invitation to each Eligible Shareholder to subscribe for up to \$15,000 worth of fully paid ordinary shares (**New Shares**) at an issue price of \$0.01 per New Share (being, up to 1,500,000 New Shares) with one (1) Free Option for every two (2) New Shares subscribed for under this Prospectus.

**Offer Period** means the period commencing on the Opening Date and ending on the Closing Date.

**Offer Price** means \$0.01 per New Share.

**Official Quotation** means official quotation on ASX.

**Opening Date** means the date on which the Offer opens, being Wednesday 20 August 2014.

**Option** means an option to acquire a Share.

**Participating Beneficiary** has the meaning given to that term in section 5.10 of this Prospectus.

**Placements** has the meaning given to that term in section 5.2 of this Prospectus.

**Prepaid Gold Facility** means the A\$25 million forward gold pre-purchase facility agreement with TrailStone as further described in Section 5.3 and in the TrailStone Announcement.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out in Section 4 of this Prospectus.

**Registry** means the Company's share registry, Computershare Investor Services Pty Limited.

**RMB** means RMB Australia Holdings Ltd.

**RMB Facility** means the A\$7 million finance facility made available to the Company by RMB on 24 March 2013 which was primarily utilised by the Company to acquire the Sandstone Project, the outstanding principal of which was reduced from A\$7 million to A\$5 million on 25 March 2014, and which is now due for repayment on 24 September 2014 or upon an earlier debt refinancing (such as the TrailStone Transactions).

**Section** means a section of this Prospectus.

**Securities** means the New Shares and/or Free Options offered pursuant to this Prospectus under the Offer.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Register** means the register of Shareholders maintained by the Registry.

**Shareholder** means a holder of a Share.

**Subsidiaries** has the meaning given by the Corporations Act.

**TrailStone** means TrailStone Group, a global commodity trading and logistics company.

**TrailStone Announcement** means the ASX announcement made by the Company on 8 July 2014 announcing that it had entered into the definitive transaction documents with TrailStone.

**TrailStone Transactions** means the transactions between the Company and TrailStone pursuant to which TrailStone has conditionally agreed to provide approximately A\$62 million in financing to SXG, comprising up to A\$2 million in equity funding and A\$60 million in debt funding, as further described in the Summary of Key Information Section of this Prospectus and the TrailStone Announcement.

**Warrants** means the warrants to be issued to TrailStone on Financial Close, having the terms and conditions summarised in Section 5.3 and in the TrailStone Announcement.

**Warrant Strike Price** means a price equal to 140% of the lower of:

- a) the 30 trading day VWAP as at Financial Close; or
- b) the price per Share paid by the new investors under this Offer and the Placements conducted to satisfy the Equity Raise Condition (being \$0.01).

**VWAP** means the volume weighted average price for Shares traded on ASX, to be determined on the basis of price and volume quotes published by Bloomberg.