



Manuka Silver Project acquired, recapitalisation completed

Southern Cross Goldfields Ltd (ASX: SXG) has completed the acquisition of the Wonawinta Silver Project - to be renamed the Manuka Silver Project after the pastoral property on which it is situated.

The Manuka Silver Project has a 2 million ounce capacity process plant in place and a JORC Resource of some 60 million ounces of silver. It was acquired from the liquidators of Cobar Consolidated Resources (**ASX: CCR**) for \$375,000 cash. SXG aims to have the mine back in production in December this year.

The Company has also met pre-conditions for accessing the \$60 million debt funding package provided by the TrailStone Group. The first tranche of the initial \$25 million facility has been used to complete the acquisition of Manuka, with \$5.8 million applied to replace existing environmental bonds. It also funded full repayment of the Company's \$5 million debt facility with RMB Australia Holdings Limited which was finalised on 23 September. The remainder of the initial funds to be drawn in coming weeks will support development of the Company's projects.

These transactions follow the recent equity capital raising of approximately \$4.3 million which encompassed: a share placement to professional investors, directors and management which raised \$1.8 million; a shareholder entitlement offer which raised \$1.5 million; and a commitment by the TrailStone Group to provide \$1 million into the placement in the coming weeks.

The placement and entitlement offer were made on the same terms with shares issued at a price of 1 cent per share and one free option attached to each two shares purchased. Options are exercisable until 31 December 2019, at a price of 1.3 cents per share. The shares to be issued to TrailStone will not have any free options attached.

To date, a total of 332 million shares and 166 million options have been issued pursuant to the capital raising.

SXG is to issue 1 billion warrants to TrailStone as partial consideration for its debt funding facility. Subject to shareholder approval, the warrants are convertible into ordinary shares at a strike price of 1.3 cents per share at any time until 31 December 2019.

Chairman, Jon Parker, said he was delighted with the acquisition of Manuka and successful recapitalisation.

"Southern Cross has emerged from this exercise in a much stronger financial position. We have funding in place and a clear pathway to develop our impressive suite of gold and silver projects."

"We expect these projects to deliver healthy returns to our shareholders and are delighted to have the support of TrailStone as funding partner as we grow the Company."

"Since acquiring Manuka we've advanced our planning and development processes and are continuing to identify and assess potential opportunities to extract significant additional value."

"Manuka is scheduled to be producing and generating cash by year-end and will support redevelopment of the nearby Mt Boppy Gold Project planned to come on-stream in 2015. This will complete our transition to become a substantial Australian gold and silver producer," he said.

For further details, please visit www.scross.com.au or contact:

Joe Dowling, Investor Relations, Southern Cross Goldfields Ltd

Telephone: +61 (0)421587755, email admin@scross.com.au

**Resource and Reserve Statements**

The information in this announcement that relates to Mineral Resources and Ore Reserves is extracted from previous market announcements as listed below.

Manuka (formerly Wonawinta)

Announcement - "Mineral Resources and Reserves Update" released by Cobar Consolidated Resources Ltd (ASX:CCR) on 21 February 2014; available to view on www.ccrlimited.com.au and www.asx.com.au.

Competent Person (Mineral Resources) – Jonathon Abbott

Competent Person (Ore Reserves) – Steve O'Grady

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.
