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**SOUTHERN CROSS GOLDFIELDS LIMITED**

ABN 71 124 374 321

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2014**

SOUTHERN CROSS GOLDFIELDS LIMITED  
ABN 71 124 374 321

AUDITED ACCOUNTS AND DIRECTORS' REPORT – 30 JUNE 2014

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**SOUTHERN CROSS GOLDFIELDS LIMITED**  
**ABN 71 124 374 321**

***CORPORATE DIRECTORY***

<b>DIRECTORS</b>	Jon Parker David Sproule Ken Osland	(Non-executive Chairman) (Executive Director) (Non-executive Director)
<b>COMPANY SECRETARY</b>	Leni Stanley David Kinsman	
<b>REGISTERED OFFICE</b>	Level 6, 344 Queen Street BRISBANE QLD 4000	
	Telephone:	(07) 3236 2511
	Facsimile:	(07) 3221 6625
	Email:	admin@scross.com.au
	Website:	www.scross.com.au
<b>ACN</b>	124 374 321	
<b>SHARE REGISTRY</b>	Computershare Investor Services Pty Limited 117 Victoria Street WEST END QLD 4101	
<b>AUDITORS</b>	Deloitte Touche Tohmatsu Level 25, 123 Eagle Street BRISBANE QLD 4000	
<b>STOCK EXCHANGE LISTING</b>	The Company's shares are listed and quoted on the Australian Securities Exchange Limited ("ASX").	
	Home Exchange: Perth, Western Australia	
	ASX Code: SXG	

## **CHAIRMAN'S LETTER**

Dear Shareholder,

The past twelve months have seen comprehensive renewal, restructuring and rebuilding for Southern Cross Goldfields.

The Company has a new Board and management, enhanced assets, a vastly strengthened funding position, and a revised strategic plan that can deliver substantial returns for shareholders.

The transition has been remarkable. SXG is poised to enter the ranks of precious metals producers by December 2014 with operating cashflow to support ambitious growth plans.

The recent acquisition of the Manuka Silver Project (NSW), formerly known as Wonawinta, and introduction of the TrailStone Group as a cornerstone investor and financier, represents a step change in SXG's strategic development and gives the Company a real platform for growth.

### **Polymetals merger**

The merger with Polymetals Mining was pivotal in creating a more substantial company. It has delivered an enhanced suite of projects comprising SXG's Marda/Sandstone Project in Western Australia and Polymetals' Mt Boppy Project in NSW, a substantially larger Mineral Resource base, highly prospective exploration tenement holdings, and a strengthened cash position.

The new Board has brought new priorities and renewed enthusiasm to the Company.

### **Project focus**

The Company's key projects remain ready for near-term exploitation. A refreshed Marda feasibility study completed in December, confirmed the project's attractiveness. Mt Boppy, which produced almost 500,000 ounces of gold over the past century, has the potential to generate attractive low risk returns based on a simple cut-back to existing pits.

Non-core assets were divested over the past twelve months.

### **TrailStone transaction**

Notwithstanding the challenging market conditions facing the minerals sector, development funding has been locked in.

TrailStone, a global investment fund, who had sought to become involved in the junior mining space by partnering with a team with a track record of successful project development and appetite for growth saw a strong nexus with SXG. This led to the TrailStone transaction announced in July 2014.

The funding package includes a \$25 million gold loan against which first drawdown occurred in September 2014, and a \$35 million credit facility which can be drawn down in stages in 2015. Directors expect that the maximum debt at any time will be around \$35 million. TrailStone is also in the process of taking up \$1 million in new equity in the Company. And, it receives warrants which, subject to shareholder approval at the AGM, will be convertible into ordinary shares at any time prior to 2020.

### **Wonawinta (Manuka) acquisition**

As the TrailStone transaction was being finalised, SXG grasped the opportunity to acquire the Wonawinta Silver Project (Manuka) from the receivers of Cobar Consolidated Resources. The project, which cost more than \$60 million to develop, is approximately 150 kilometres by road from Mt Boppy. Trucking Mt Boppy ore to Manuka for processing will deliver a saving around \$9 million in capital cost for Mt Boppy development and brings forward operating cashflow via a rapid restart to silver production from in-pit Reserves and existing stockpiles.

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The acquisition, announced in September 2014, was at a cash price of \$375,000, and included a 2 million ounce per year process plant, a sizable Mineral Resource, and extensive exploration ground.

Work is underway to install a 1500 kW ball mill to resolve production problems that plagued previous Manuka operations - we expect the plant to be recommissioned by December 2014.

Mining at Mt Boppy is expected to begin in early CY2015 with ore to be processed at Manuka by the September Quarter 2015 at unit costs comparable to the Mt Boppy stand-alone development.

**Conclusion**

The Manuka transaction and the TrailStone funding arrangements bring together pieces of a corporate puzzle that uniquely position SXG as a fully funded junior mine developer, poised to commence production, and with a firm pipeline of quality, low risk, low cost projects.

Your Board is excited, energised and enthusiastic about the potential to begin delivering financial rewards to the many investors who have supported SXG and Polymetals over past years.

I thank all current and previous Board members and management of both SXG and Polymetals for their hard work and commitment. In particular, I would make a special mention of Frank Terranova, who stepped down as Managing Director in September on completion of the Company's recapitalisation and our entering a more technical stage of project development.

My fellow director and founder of Polymetals, David Sproule, a mining executive with a 30-year record of successful project development, has agreed to take over as Managing Director to oversee Manuka and Mt Boppy redevelopment and bring the Company into positive cashflow in the coming months. I also would like to welcome to the board our newest member, Ken Osland, whose long experience in the mining sector is most welcome.

Finally, I would like to thank shareholders for their on-going support. The year ahead offers a host of exciting milestones for the Company and we look forward to reporting on these along the way.

Yours sincerely,

A handwritten signature in black ink that reads "Jon Parker". The signature is stylized with a large, sweeping underline that loops around the name.

**Jon Parker**  
**Chairman**

# SOUTHERN CROSS GOLDFIELDS LIMITED

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## Directors Report

Your directors present their report on the consolidated entity consisting of Southern Cross Goldfields Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2014. Throughout the report the consolidated entity is referred to as the group or the Company.

### Directors

J Parker and D Sproule were appointed as directors on 20 August 2013 and continue in office at the date of this report.

F Terranova was appointed as a director on 20 August 2013 and continued in office until his resignation on 8 September 2014.

K Osland was appointed as a director on 8 September 2014 and continues in office at the date of this report.

G Jardine was a director from the beginning of the financial year until his resignation on 20 September 2013.

S Tough, G Brock and J Rowe were directors from the beginning of the financial year until their resignation on 23 September 2013.

### Principal activities

The principal activities of the Company during the financial year consisted of mineral exploration and development in Australia.

### Result

The net loss after income tax for the Group for the financial year was \$5,414,000 (2013 loss of \$8,957,000).

### *Significant gains and expenses*

The results were affected by the following significant gains and expenses:

	2014 \$'000	2013 \$'000
Gains:		
Gain on bargain purchase	3,628	-
Write back of deferred consideration	1,440	-
Research and development refund	1,290	-
Expenses:		
Interest charges	881	1,264
Share based payments	807	325
Impairment and write-off of tenements	2,223	580

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**Review of operations and activities**

The Company's activities during the 2014 financial year comprised:

- The merger with Polymetals Mining Limited was completed on 20 August 2013 forming a new precious and base metal company with assets in Western Australia and New South Wales and a pipeline of projects spanning near term production, development, feasibility study and exploration. The acquisition of Polymetals Mining Limited added breadth to the group's near-term production portfolio with a view to providing a more attractive portfolio for financing.

This eventually resulted in the Company signing a \$60 million funding package for the development of key projects with TrailStone group on 8 July 2014 (refer *Events subsequent to balance date* section on page 8).

- The Board and management were restructured with Frank Terranova appointed Managing Director on 17 September 2013 and Jon Parker appointed non-executive Chairman on 22 September 2013. The Board was reduced from six members to three, realising corporate cost savings. The head office relocated to Brisbane in December 2013.

Further changes have been made to the Board since the reporting period, with Frank Terranova resigning as a director on 8 September 2014. He was replaced by Ken Osland as a non-executive director, with David Sproule taking on an executive director role (refer *Events subsequent to balance date* section on page 8).

- The Company continued to advance pre-development activities for the both the Marda Gold Project and the Mt Boppy Gold Project acquired as part of the acquisition of Polymetals Mining Limited in August 2013.
- Activities were undertaken to strengthen the Balance sheet with the following cash generation and preservation items completed:
  - In March 2014, the group refinanced the loan facility with RMB Australia Ltd, reducing the principal from \$7,000,000 to \$5,000,000. This facility has recently been fully repaid (refer *Events subsequent to balance date* section on page 8).
  - A \$2.8 million refund of the Sandstone Bond was received through SXG opting into the new West Australian DMP Mine Rehabilitation Fund (MRF);
  - Sale of Samford corporate offices in Queensland settled in November 2013 generating \$1.5 million before costs;
  - Withdrawal from the Turner River earn-in and joint venture arrangements with De Grey Mining Limited (**ASX:DEG**) in December 2013 avoiding significant cash commitments in 2014-15; and
  - Withdrawal from the Radio Mine earn-in with Renaissance Minerals Limited (**ASX:RNS**) in December 2013.
- On 16 May 2014, the Group successfully concluded the last of the outstanding litigation matters inherited in the merger with Polymetals Mining Limited. The parties settled the claim for \$5.2 million made by Peak Gold Mines Pty Ltd on terms including orders that the proceedings be dismissed. The Company incurred no financial impact from the transaction as it had been fully indemnified against all costs incurred from the litigation through arrangements arising before and at the time of the merger with Polymetals. The Company is now able to remove this contingent liability from its financial statements, simplifying any future equity dealings that the Company may undertake.

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### Review of operations and activities (continued)

#### PROJECT DEVELOPMENT

##### *Mt Boppy Gold Project*

Following the merger with Polymetals, the Company has revised the development plans for the project including incremental optimisations to the pit design, mine schedule and process plant configuration with improved overall outcomes. With the recent acquisition of the Manuka (formerly Wonawinta) Silver Project assets, including processing infrastructure, (refer *Events subsequent to balance date* section on page 8) it is now likely that the Mt Boppy ore will be mined and transported to Manuka for processing reducing the development cost and risk.

The Mt Boppy project remains well positioned to move quickly into development. Key licences have been approved for the project: Mining Lease ML 1681 and Environmental Protection Licence 20192 were granted in January 2013, and Development Consents were obtained for both the camp and the mine in 2012. A revised MOP will be submitted in due course. Other permits directly related to on ground activity will be applied for in the same period.

Companies have been contacted regarding a mining fleet supply and maintenance service agreement and discussions are well advanced.

##### *Marda Gold Project*

The Marda Gold Project advanced with internal studies reviewed and progressed by the former Polymetals development team.

In December 2013, SXG announced completion of an extensive re-evaluation of the development methodology, operational strategy and cost estimates which identified an improved project economics from configuring the process facility to treat 720,000 tpa and produce around 50,000 oz per annum of gold.

The Company continued to advance environmental and statutory approvals for the Marda Gold Project. All proposed mining deposits are located within granted mining leases, and environmental baseline studies were completed in 2011 and 2012.

Following acquisition of the Sandstone Gold Project assets from Troy Resources in 2012, the Company has kept the Sandstone gold plant and infrastructure on care and maintenance. Internal and external engineering studies into the capital cost of refurbishing and relocating the Sandstone plant to Marda have been incorporated in the revised study. The Company continues to look at options to achieve best commercial returns from this plant.

SXG has exercised its option to acquire the Red Legs and Die Hardy gold deposits, located 30km north of its flagship 100%-owned Marda Gold Project in Western Australia, from unlisted company Barranco Resources NL. 20,000,000 SXG shares were issued in December 2013 to complete this transaction.

The transaction continues SXG's regional gold consolidation and production strategy around the Marda Project. Marda is located in the Southern Cross/Marda greenstone belt, approximately 500km east of Perth, where it has a dominant and highly strategic ground-holding.

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**EXPLORATION - GOLD**

*Marda (100%)*

SXG's exploration team continued the systematic search for additional gold deposits and have received approval for a number of Program of Work applications to allow drill testing of several targets in the north eastern section of the Evanston Shear.

The highly successful systematic regional auger drilling soil sampling program within SXG's extensive Marda tenement package continues. Close interrogation of the results has confirmed that the ongoing work program complements the Marda production strategy. The results support moving to a program of drilling (RAB) of the already identified prospective zones.

*Sandstone (100%)*

Exploration work at Sandstone remained at minimal levels while the Company focused on the Marda Gold Project development and the completion of corporate M&A activities. The full Sandstone tenement portfolio has been identified for divestment and the Company currently entertains negotiations over its sale.

*Mt Boppy (100%)*

Minimal activity has been undertaken across this asset due to funding constraints and other priorities. Further activity will be considered once the Company has reestablished its presence on site for the proposed upcoming mine development.

*Turner River (75%)*

SXG's interest in the asset has now been terminated. Rehabilitation of drill sites from the Wingina diamond drill program was completed during the period.

**EXPLORATION - BASE METALS**

*Copper Bore Base Metal Project*

Exploration and development work at Copper Bore remained at low levels while the Company focuses on the Marda Gold Project development and the completion of corporate M&A activities.

*Western Areas NL Nickel Joint Venture (SXG 30% nickel interest, 100% non-nickel interest\*)*

\*SXG retains 100% of non-nickel rights (other than iron ore) under its nickel rights agreement with Western Areas.

SXG's partner Western Areas has completed an extensive stratigraphic drilling and auger geochemical sampling program to determine the extent and type of ultramafic (nickel host rock) stratigraphy in the Marda area, and to broadly screen the adjoining areas for direct traces of nickel sulphide anomalism.

A total of 93 air-core holes (3,425m) were completed testing key stratigraphic traverses within the Marda area. Detailed geochemical analysis returned anomalous nickel values, however despite the high volume of ultramafics in the area, it is believed that the sampling program was sufficiently broad to screen for potential nickel sulphides and no further work is planned in the Marda area.

**Dividends**

No dividend has been paid since incorporation and no dividend is recommended for the current financial year.

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### Significant changes in the state of affairs

Significant changes in the state of affairs of the group during the financial year were as follows:

- (a) *Acquisition of Polymetals Mining Limited*
- (b) *Conclusion of Litigation Matters*

These changes are detailed in the *Review of operations and activities* section on pages 5 to 7.

### Events subsequent to balance date

Since 30 June 2014 Southern Cross Goldfields Limited has undertaken the following significant activities:

#### (a) *Securing a \$60M funding package from the TrailStone Group*

On 8 July 2014 the Company finalised agreements with the TrailStone Group to provide two facilities to support the development of the Company's key projects. These comprised a \$25M Forward Gold Purchase Agreement for near-term development of Mt Boppy, supported by a \$35M Credit Facility to supplement the Mt Boppy funding and provide development funding for the Marda Project or other development opportunities. First drawdown of this facility has occurred, providing access to development funding and additional working capital, and enabling full repayment of the \$5M loan facility with RMB which was finalised on 23 September 2014.

Trailstone also committed to provide \$1M into an associated capital raising undertaken by the Company. As part of the transaction TrailStone are to receive 1 Billion warrants exercisable at a 30% premium to the issue price of the capital raising. These transactions are still to be concluded at the date of this report.

#### (b) *Capital Raising*

As a condition subsequent to drawing on the TrailStone facility, the Company is required to raise \$2M of additional capital within 30 days of the first drawdown. The Company completed a shareholder offer and associated placement on 19 September 2014, delivering funds of \$3,321,000, successfully satisfying the condition. The following directors participated in the placement as follows:

	Ordinary shares	Unlisted options
J Parker	2,500,000	1,250,000
D Sproule	112,000,000	56,000,000
K Osland	1,500,000	750,000

#### (c) *Acquisition of the Manuka (formerly Wonawinta) Silver Project*

On 5 September 2014 the Company entered into a contract to acquire the Manuka Silver Project through a purchase of assets from the liquidators of Cobar Consolidated Resources Ltd. The acquisition price was \$375,000 plus the replacement of \$5,815,000 in environmental bonds. This project has operating infrastructure which provides synergies with the Mt Boppy Gold Project whilst containing significant silver reserves and resources. Completion of this transaction occurred on 23 September 2013. The Company considers the transaction to be an asset acquisition.

#### (d) *Board and management changes*

Following conclusion of the funding phase of the Company's strategy and transition into a development and operational phase, Frank Terranova's role as Managing Director concluded on 8 September 2014. He resigned as an executive director and was replaced by Ken Osland as a non-executive director, with David Sproule moving to an executive director role to shepherd the Company into profitable operations.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

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**Likely development and expected results of operations**

Likely developments in the operations of the Company are included elsewhere in this Annual Report. Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors, to do so would be likely to prejudice the business activities of the Company.

**Environmental regulation and performance**

The Company holds various mining and exploration licences to regulate its activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its activities. So far as the Directors are aware there has been no known breach of the Company's licence conditions and all activities comply with relevant environmental regulations. The Directors are not aware of any environmental regulation which is not being complied with.

**Information of directors**

The following information is current as at the date of this report.

<b>Jon Parker BSc.(Hons), Grad. Dip. Bus. <i>Non-executive director</i></b>	
Experience and expertise	Mr. Parker has strong corporate experience and a reputation for accomplishment in the resource and energy sectors. He has over 30 years of experience in commercial, development and strategy roles, preceded by 10 years in technical roles.
Other current directorships	Non-executive director of Sphere Minerals Limited since May 2012.
Former directorships in last 3 years	Non-executive director of Polymetals Mining Limited from 2011 to 2013. Non-executive chairman of Anova Metals Limited from 2012 to 2013.
Special responsibilities	Chairman
Interests in shares and options	Indirect - Ordinary shares – 3,875,000 Indirect - Options - 1,250,000 unlisted options exercisable at 1.3 cents each expiring 31/12/2019

<b>David Sproule B.Eng (Met). AusIMM <i>Executive director</i></b>	
Experience and expertise	Mr. Sproule has over 25 years of experience in the mining industry across diverse domains including project generation and assessment, development, operational and corporate management.
Other current directorships	None.
Former directorships in last 3 years	Non-executive chairman of Polymetals Mining Limited from 2007 to 2013.
Special responsibilities	None.
Interests in shares and options	Indirect - Ordinary shares – 361,577,438 Indirect - Options – 56,000,000 unlisted options exercisable at 1.3 cents each expiring 31/12/2019

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<b>Ken Osland LGCC, Grad.Dip.Mgt. Non-executive director</b>	
Experience and expertise	Mr. Osland has spent more than 25 years in the global resources industry, with experience in a range of sectors including coal, bauxite, gold, mineral sands, copper and uranium. He specialised in procurement and development of leading practices in commercial relationship management directed at delivery value in strategic spend categories.
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Chairman of the Audit Committee
Interests in shares and options	Indirect - Ordinary shares – 3,700,000 Indirect - Options - 750,000 unlisted options exercisable at 1.3 cents each expiring 31/12/2019

**Company secretary**

The company secretary is Ms Leni Stanley CA, B.Com. Ms Stanley was appointed to the position of company secretary in 2013. Ms Stanley is a partner with a Chartered Accounting firm and holds the office of company secretary with other companies. Mr David Kinsman CA, B.Com. B. Econ. was appointed to the role of joint company secretary on 16 January 2014. Mr Kinsman is Chief Financial Officer of the group and held the corresponding roles at Polymetals Mining Limited.

**Meetings of directors**

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2014, and the numbers of meetings attended by each director were:

	<b>Full Meetings of Directors</b>		<b>Meetings of Audit Committee</b>	
	<b>A</b>	<b>B</b>	<b>A</b>	<b>B</b>
J Parker	7	9	1	2
F Terranova	9	9	2	2
D Sproule	9	9	2	2
S Tough	4	4	-	-
G Jardine	1	1	-	-
J Rowe	4	4	-	-
G Brock	3	4	-	-

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year.

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**REMUNERATION REPORT**

The directors are pleased to present Southern Cross Goldfields Limited's 2014 remuneration report which sets out remuneration information for the company's non-executive directors, executive directors and other key management personnel.

The report contains the following sections:

- (a) Key management personnel disclosed in this report
- (b) Remuneration governance
- (c) Use of remuneration consultants
- (d) Executive remuneration policy and framework
- (e) Relationship between remuneration and Southern Cross Goldfields Limited's performance
- (f) Non-executive director remuneration policy
- (g) Voting and comments made at the company's 2013 Annual General Meeting
- (h) Details of remuneration
- (i) Service agreements
- (j) Details of share-based compensation and bonuses
- (k) Equity instruments held by key management personnel
- (l) Loans to key management personnel
- (m) Other transactions with key management personnel

*(a) Key management personnel disclosed in this report*

*Non-executive and executive directors (see pages 9 to 10 for details about current directors)*

Name	Tenure during 2014 financial year
J Parker	from 20 August 2013
F Terranova	from 20 August 2013
D Sproule	from 20 August 2013
S Tough	until 23 September 2013
G Jardine	until 20 September 2013
G Brock	until 23 September 2013
J Rowe	until 23 September 2013

*Other key management personnel*

Name	Position
D Kinsman	Chief Financial Officer (from 2 December 2013)
S Jones	Chief Financial Officer (until 2 December 2013)

*(b) Remuneration governance*

The Remuneration committee is a committee of the Board which comprises the Chairman and all non-executive members of the Board. The committee reviews the remuneration packages of all directors and executive officers on an annual basis. Remuneration packages are reviewed with due regard to performance, data on remuneration paid by comparable companies and, where appropriate, the Remuneration and Nomination Committee may receive expert independent advice regarding remuneration levels required to attract and compensate directors and executives, given the nature of their work and responsibilities.

*(c) Use of remuneration consultants*

The Group has not engaged the services of any remuneration consultants during the current or prior financial years.

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**REMUNERATION REPORT (continued)**

*(d) Executive remuneration policy and framework*

The Board believes that executive remuneration should be fair and reasonable, structured effectively to attract, motivate and retain valued executives and designed to produce value for shareholders.

The remuneration policy ensures that contracts for services are reviewed on a regular basis and properly reflect the duties and responsibilities of the individuals concerned. Executive remuneration is based on a number of factors including service conditions, relevant market conditions, knowledge and experience within the industry, organisational experience, performance of the Group and the need for the remuneration to be competitive in order to attract and retain motivated people. There are no guaranteed pay increases included in the senior executives' contracts.

The executives are not entitled to any retirement benefits except those as provided by the superannuation guarantee scheme.

The combination of base pay and superannuation make up the executives' fixed remuneration. Base pay for the executives is reviewed annually to ensure the executive's pay is competitive with the market. Executive pay is linked to the performance of the company through the issue of performance rights and share options. Bonus payments are made at the discretion of the board. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management.

*Long-term incentives*

Refer to section (j) of the Remuneration Report below for details regarding the Group's long-term incentives.

*(e) Relationship between remuneration and Southern Cross Goldfields Limited's performance*

The Group's activities have focused principally on the objective of securing funding to ensure the Company's future. Pending finalisation of this outcome there have been limited links between remuneration, company performance and shareholder wealth. Executives have service agreements with limited notice period and reduced hours. Revised contracts will be negotiated once funding is secured and will focus on linking remuneration to company performance and shareholder wealth.

The factors that are considered to affect total shareholder wealth are summarized below:

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Share price at financial year end	\$0.01	\$0.01	\$0.04	\$0.06	\$0.08
Net loss after income tax (\$'000)	(\$5,414)	(\$8,957)	(\$5,738)	(\$6,192)	(\$2,772)
Basic earnings per share (cents per share)	(0.66)	(2.38)	(2.35)	(4.07)	(2.60)

*(f) Non-executive director remuneration policy*

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate directors' fee pool limit is \$500,000 and was approved by shareholders on 12 October 2007.

Actual remuneration paid to the Company's Non-Executive Directors is disclosed below. Remuneration fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and all have received options.

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**REMUNERATION REPORT (continued)**

(g) *Voting and comments made at the company's 2013 Annual General Meeting*

Southern Cross Goldfields Limited received more than 95% of "yes" votes on its remuneration report for the 2013 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

(h) *Details of remuneration*

The following tables show details of the remuneration received by the group's key management personnel for the current and previous financial year.

2014	Short-term employee benefits		Post-employment benefits	Termination payments	Share based payments	Total
	Cash salary and fees	Cash bonus	Super-annuation		Options	
Non-executive directors						
J Parker	33,333	-	3,083	-	-	36,416
D Sproule	33,333	-	3,083	-	-	36,416
S Tough	20,000	40,000	1,850	-	-	61,850
G Brock	10,000	-	925	-	-	10,925
J Rowe	10,900	-	-	-	-	10,900
<b>Sub-total Non-executive directors</b>	<b>107,566</b>	<b>40,000</b>	<b>8,941</b>	<b>-</b>	<b>-</b>	<b>156,507</b>
Executive directors						
G Jardine	104,965	20,000	39,309	320,000	-	484,274
F Terranova	278,002	-	13,639	-	322,505	614,146
Other key management personnel						
D Kinsman	180,750	-	12,981	-	-	193,731
S Jones	105,412	20,000	10,369	251,157	-	386,938
<b>Total key management personnel compensation</b>	<b>776,695</b>	<b>80,000</b>	<b>85,239</b>	<b>571,157</b>	<b>322,505</b>	<b>1,835,596</b>

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**REMUNERATION REPORT (continued)**

2013	Short-term employee benefits		Post-employment benefits	Share based payments	Total
	Cash salary and fees	Non-monetary benefits	Superannuation	Options	
Non-executive directors					
S Tough	80,000	2,230	7,200	19,162	108,592
G Brock	40,000	2,230	3,600	12,774	58,604
J Rowe	40,000	2,230	3,600	12,774	58,604
<b>Sub-total Non-executive directors</b>	160,000	6,690	14,400	44,710	225,800
Executive directors					
G Jardine	352,000	2,230	31,680	19,162	405,072
Other key management personnel					
S Jones	246,910	2,230	15,775	-	264,915
R Simmons	203,500	10,258	18,315	-	232,073
<b>Total key management personnel compensation</b>	962,410	21,408	80,170	63,872	1,127,860

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk – STI		At risk - LTI	
	2014	2013	2014	2013	2014	2013
<b>Non-executive directors</b>						
J Parker	100.0%	-	-	-	-	-
D Sproule	100.0%	-	-	-	-	-
S Tough	100.0%	82.4%	-	-	-	17.6%
G Brock	100.0%	78.2%	-	-	-	21.8%
J Rowe	100.0%	78.2%	-	-	-	21.8%
<b>Executive directors</b>						
G Jardine	100.0%	95.3%	-	-	-	4.7%
F Terranova	47.5%	-	-	-	52.5%	-
<b>Other key management personnel of the group</b>						
D Kinsman	100.0%	-	-	-	-	-
S Jones	100.0%	100%	-	-	-	-
R Simmons	100.0%	100%	-	-	-	-

**SOUTHERN CROSS GOLDFIELDS LIMITED**  
**ABN 71 124 374 321**

**REMUNERATION REPORT (continued)**

*(i) Service agreements*

Remuneration and other terms of employment for the executives are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods. Participation in the STI and LTI plans is subject to the Board's discretion. Other major provisions of the agreements relating to remuneration are set out below.

Termination benefits are within the limits set by the Corporation Act 2001 such that they do not require shareholder approval.

Remuneration for the executive is in the process of being finalised. Executive director, David Sproule is currently receiving his non-executive directors fee. CFO, David Kinsman, is currently employed on a casual basis receiving a daily fee. Both executives are in the process of finalising ongoing employment contracts.

*(j) Details of share based compensation and bonuses*

*(i) Options*

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follow:

<b>Grant date</b>	<b>Vesting and exercise date</b>	<b>Expiry date</b>	<b>Exercise price</b>	<b>Value per option at grant date</b>	<b>Performance achieved</b>	<b>% Vested</b>
28/11/2013	28/11/2013	31/12/2017	\$0.03	\$0.008	100%	100%
28/11/2013	28/11/2013	31/12/2017	\$0.04	\$0.008	100%	100%

Options granted under the plan carry no dividend or voting rights.

Details of options over ordinary shares in the company provided as remuneration to key management personnel are shown below. When exercisable, each option is convertible into one ordinary share of Southern Cross Goldfields Limited.

*(ii) Shares provided on the exercise of remuneration options*

There were no ordinary shares in the company issued on the exercise of remuneration options during the financial year.

**SOUTHERN CROSS GOLDFIELDS LIMITED**  
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**REMUNERATION REPORT (continued)**

*(iii) Bonuses*

Bonuses were paid to Key Management Personnel during the financial year as a reward for successfully completing the merger with Polymetals Mining Limited.

*(k) Equity instruments held by key management personnel*

The tables below show the number of:

- (i) options over ordinary shares in the company
- (ii) shares in the company

that were held during the financial year by key management personnel of the group, including their close family members and entities related to them.

There were no shares granted during the year as compensation.

*(i) Options*

2014	Balance at the start of the year	Granted during the year as compensation	Expired during the year	Holding on resignation	Balance at the end of the year	Vested and exercisable at the end of the year
<b>Directors of Southern Cross Goldfields Limited</b>						
J Parker	-	-	-	-	-	-
D Sproule	-	-	-	-	-	-
S Tough	3,500,000	-	(2,000,000)	(1,500,000)	-	-
G Brock	1,500,000	-	(500,000)	(1,000,000)	-	-
J Rowe	1,500,000	-	(500,000)	(1,000,000)	-	-
G Jardine	6,500,000	-	-	(6,500,000)	-	-
F Terranova	-	40,000,000	-	-	40,000,000	40,000,000
<b>Total</b>	<b>13,000,000</b>	<b>40,000,000</b>	<b>(3,000,000)</b>	<b>(10,000,000)</b>	<b>40,000,000</b>	<b>40,000,000</b>
<b>Other key management personnel</b>						
D Kinsman	-	-	-	-	-	-
S Jones	2,000,000	-	-	(2,000,000)	-	-
R Simmons	2,000,000	-	(1,000,000)	-	1,000,000	1,000,000
<b>Total</b>	<b>17,000,000</b>	<b>40,000,000</b>	<b>(4,000,000)</b>	<b>(12,000,000)</b>	<b>41,000,000</b>	<b>41,000,000</b>

*(ii) Shareholdings*

2014	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
<b>Ordinary shares</b>				
J Parker	-	-	1,375,000	1,375,000
D Sproule	-	-	249,577,438	249,577,438
S Tough	1,665,416	-	(1,665,416)	-
G Brock	1,545,118	-	(1,545,118)	-
J Rowe	1,565,204	-	(1,565,204)	-
G Jardine	5,953,922	-	(5,953,922)	-
F Terranova	-	-	20,934,828	20,934,828
D Kinsman	-	-	7,425,000	7,425,000
S Jones	-	-	-	-

*(l) Loans to key management personnel*

There were no loans to key management personnel during the financial period.

# SOUTHERN CROSS GOLDFIELDS LIMITED

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## REMUNERATION REPORT (continued)

### *(m) Other transactions with key management personnel*

There were no other transactions with key management personnel.

End of remuneration report.

### Shares under option

Unissued ordinary shares of Southern Cross Goldfields Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
18/11/2010	01/10/2014	20 cents	2,000,000
18/11/2010	01/10/2014	25 cents	1,000,000
18/11/2010	01/10/2014	30 cents	1,000,000
18/11/2010	01/10/2014	40 cents	1,000,000
25/02/2012	24/02/2015	10 cents	10,000,000
10/10/2012	10/10/2017	10 cents	43,665,000
10/10/2012	10/10/2015	10 cents	2,500,000
20/12/2012	23/11/2017	10 cents	5,000,000
22/03/2013	21/03/2015	4.7 cents	34,255,319
28/11/2013	31/12/2017	3 cents	20,000,000
28/11/2013	31/12/2017	4 cents	20,000,000
24/03/2014	24/03/2016	1.96 cents	63,775,510
17/09/2014	31/12/2019	1.3 cents	73,150,000
19/09/2014	31/12/2019	1.3 cents	92,900,000
			<u>370,245,829</u>

Refer Events Subsequent to balance date section on page 8 for details of options granted to the directors or any key management personnel since the end of the financial year.

### Shares issued on the exercise of options

There were no ordinary shares of Southern Cross Goldfields Limited issued during or since the end of the year ended 30 June 2014 on the exercise of options.

### Insurance of officers

During the financial year the Company paid an insurance premium of \$12,375 to insure Directors and Officers of the Company.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company.

The Company has not provided any insurance for an auditor of the Company.

**SOUTHERN CROSS GOLDFIELDS LIMITED**  
**ABN 71 124 374 321**

**Indemnity of auditors**

The company has not agreed to indemnify the auditor under any circumstances.

**Proceedings on behalf of the company**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not party to any such proceedings during the financial year.

**Non audit services**

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditors' expertise and experience with the company and/or the group are important.

The board of directors has considered the position and, in accordance with the advice received from the audit committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Other assurance services</b>		
Stantons International:		
Consulting services	-	10,000
<b>Total remuneration for other assurance services</b>	-	10,000
<b>Taxation services</b>		
Deloitte Touche Tohmatsu:		
Taxation advice	8,750	-
<b>Total remuneration for taxation services</b>	8,750	-
<b>Total remuneration for non-audit services</b>	8,750	10,000

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 20.

## SOUTHERN CROSS GOLDFIELDS LIMITED

ABN 71 124 374 321

### Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by Australian Securities and Investments Commission, relating to "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases to the nearest dollar.

This report is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read "for J Parker". The signature is stylized and enclosed within a large, horizontal, oval-shaped flourish.

J Parker  
Chairman

Brisbane  
29 September 2014

The Board of Directors  
Southern Cross Goldfields Limited  
Level 6, 344 Queen Street  
BRISBANE QLD 4000  
Australia

29 September 2014

Dear Board Members

**Southern Cross Goldfields Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Southern Cross Goldfields Limited.

As lead audit partner for the audit of the financial statements of Southern Cross Goldfields Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit;  
and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*DELOITTE TOUCHE TOHMATSU*

DELOITTE TOUCHE TOHMATSU



**Rowan Smith**  
Partner  
Chartered Accountants

## **CORPORATE GOVERNANCE STATEMENT**

The Board of directors is responsible for the overall corporate governance of the Company and it recognises the need for the highest standards of ethical behaviour and accountability.

The Board is committed to administering its corporate governance structures to promote integrity and responsible decision-making.

The directors and management of Southern Cross Goldfields Limited are committed to following the Principles issued by ASX underpinning corporate governance best practice, although some areas of the ASX Recommendations are considered not necessarily appropriate for the Company at this time given its size and scope of operations.

In developing appropriate governance policies, the Company has had regard to ASX's Corporate Governance Principles and Recommendations with 2010 Amendments, 2nd Edition ("Recommendations"), ASX Listing Rules and the Corporations Act.

In responding to the Principles and associated Best Practice Recommendations, Southern Cross Goldfields Limited has given due and careful regard to its particular circumstances and the best interests of its shareholders.

Southern Cross Goldfields Limited has in place a number of policy statements and charters including:

- Remuneration and Nomination Charter
- Board Charter
- Board Protocol
- Audit and Risk Management Committee Charter
- Securities Trading Policy
- Continuous Disclosure Policy
- Shareholder Communication Policy
- Code of Conduct
- Risk Management Policy
- Diversity Policy

These documents have been made available on the company's website: [www.scross.com.au](http://www.scross.com.au).

In this statement the Board outlines the practices it has introduced and how, and the extent to which, they follow the ASX Recommendations.

### **Principle 1 – Lay solid foundations for management and oversight**

A listed entity should establish and disclose the respective roles of board and management, and how their performance is monitored and evaluated.

#### ***R1.1 Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions***

The Board is accountable to shareholders for Company performance. It oversees and guides management in protecting and enhancing the interests of shareholders and other stakeholders. It sets the strategic direction of the Company, establishes goals for management and monitors progress towards those goals.

The Board has adopted a Board Charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management. This is available on the Corporate Governance page of the Company's website.

On appointment of a director, the Company issues a letter of appointment setting out the terms and conditions of appointment to the Board.

## **CORPORATE GOVERNANCE STATEMENT**

### ***R1.2 Companies should disclose the process for evaluating the performance of senior executives***

The Board is accountable for the proper oversight of executive directors and senior management.

Performance evaluation of senior executives is undertaken by the CEO and the Chairman undertakes the CEO's review. Senior executives are evaluated informally on an ongoing basis as well as formally on an annual basis. A formal process is in place for reviewing and evaluating senior management performance and continuously improving the contributions executives make to the Company. This involves establishment of annual goals and objectives for each executive in support of the corporate objectives and strategic plan and a detailed evaluation of performance against role objectives as well as these annual performance goals.

Performance evaluation of senior executives has taken place in FY 2014 in accordance with this process.

### ***R1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1***

Information related to Principle 1 is presented above and included in the Board Charter available on the Company website.

## **Principle 2 – Structure the Board to add value**

### ***R2.1 A majority of the Board should be independent directors***

Southern Cross Goldfields Limited recognises the importance of having a Board of the appropriate composition, size and commitment for it to discharge its responsibilities and duties and believes that its Board has a balance of skills, experience and independent thinking appropriate to the nature and scope of the Company's operations.

Given the size of the Company the Board believes that it has an appropriate size and mix of skills to provide independent and transparent decisions for the benefit of the Company. Furthermore, the Board believes the Company as a whole benefits from the long standing experience of its directors. This experience is listed in the Directors Information section of the Directors' Report.

Currently the majority of the Board's directors are independent as that term is defined by the Recommendations. Two of the three Board members, Jon Parker and Ken Osland, meet the definition. During the period 20 September 2013 to 8 September 2014 the company did not fully comply with the recommendation as it had only Jon Parker, being one of three board members who met the definition of independence. The other two directors, being Mr Sproule and Mr Terranova (who was Managing Director from 20 September 2013 to 8 September 2014) are considered as being not independent.

## **CORPORATE GOVERNANCE STATEMENT**

The Board has determined the independence status of each current director is as follows:

Director	Position	Independent	Reason
Jon Parker	Non-Executive Director	Yes	Mr Parker is a shareholder in the Company. However, the Board considers that Mr Parker is free of any relationship that could, or could be seen to, interfere materially with the independent exercise of judgement.
David Sproule	Executive Director and Chief Executive Officer	No	Mr Sproule and related parties comprise the major shareholding in the Company.
Ken Osland	Non-Executive Director	Yes	Mr Osland is a shareholder in the Company. However, the Board considers that Mr Osland is free of any relationship that could, or could be seen to, interfere materially with the independent exercise of judgement.

### **R2.2 The chair should be an independent director**

Jon Parker is Chair and an independent Director.

### **R2.3 The roles of chair and chief executive officer should not be exercised by the same individual.**

The role of the chief executive officer is exercised by Mr David Sproule.

### **R2.4 The Board should establish a nomination committee.**

The full Board form the Remuneration and Nomination Committee. The Committee adopted a Remuneration and Nomination Charter to ensure that the Board contains the appropriate range of competencies and maintains appropriate selection and appointment practices.

### **R2.5 Companies should disclose the process for evaluating the performances of the Board, its committees and individual directors.**

To facilitate strong Board performance, the Board Charter requires periodic review of Board performance.

Whilst no formal process is in place, a process is in effective use for continuously improving the Board's systems, procedures and quality of decision-making. This encompasses continuous attention to all matters that provide an opportunity to improve the creation of value to the Company's shareholders via actions of the Board, its committees and individuals in developing strategy, decision-making and monitoring the Company's performance.

### **R2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.**

Information related to Principle 2 is presented above or included in Directors' Report. Departures from Recommendations R2.1 and R 2.5 are explained above.

## **CORPORATE GOVERNANCE STATEMENT**

### **Principle 3 – Promote ethical and responsible decision-making.**

#### **R3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:**

- the practices necessary to maintain confidence in the Company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Board and management are committed to establishing and maintaining a high degree of integrity among those who set or influence the Company's strategy and financial performance, together with responsible and ethical decision-making that take into account legal obligations as well as significant stakeholders' interests.

The Board has adopted a Code of Conduct which establishes a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct. This Code of Conduct is available on the Company website.

Each director, senior executive and each employee is individually accountable for bringing potential matters of unethical behaviour for which they become aware to the attention of the organisation at an appropriate level. An individual whose attention is so drawn is accountable for using the powers of their office/role to deal appropriately with such matters.

#### **R3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.**

Recognising the increased role played by women and minorities in the workforce, the Company has also adopted a Diversity Policy which is documented in the Remuneration and Nomination Charter.

Although no measurable objectives have been set to date, at this stage of the Company's life with a small workforce, the Company maintains a balanced mix of gender diversity which the Board considers appropriate.

#### **R3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.**

Refer R3.2.

#### **R3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.**

Gender diversity at 30 June 2014 is tabulated below.

<b>Gender Diversity at 30 June 2014</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
Board	3	0	3
Board percentage	100%	0%	100%
Executive	2	0	2
Executive percentage	100%	0%	100%
Employee	4	1	5
Employee percentage	80%	20%	100%
Company	9	1	10
Company percentage	90%	10%	100%

## **CORPORATE GOVERNANCE STATEMENT**

### **R3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3**

Information related to Principle 3 is presented above. Departures from Recommendations R3.2 and R3.3 are explained above.

### **Principle 4 – Safeguard integrity in financial reporting**

#### **R4.1 The Board should establish an audit committee**

The Board has established an Audit and Risk Management Committee. The ultimate responsibility for the integrity of the Company's financial reporting rests with the full Board.

#### **R4.2 The audit committee should be structured so that it:**

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent chair, who is not chair of the Board; and
- has at least three members.

Due to the small number of Directors the Audit and Risk Management Committee comprises only two directors, both of whom meet the ASX test of independence. The Chairman of the committee is Ken Osland who is an independent director and who is not Chair of the Board.

#### **R4.3 The audit committee should have a formal charter.**

The Audit and Risk Management Committee has a separate charter structured to ensure the Company's financial reporting is adequately reviewed and that the external auditors are independent. Formal lines of reporting to the Board and frequency and operation of committee meetings are also covered. The Audit and Risk Management Committee Charter is available on the Company website.

#### **R4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.**

Information related to Principle 4 is presented above or otherwise included in the Directors' Report. Departures from Recommendation R4.2 is explained above.

### **Principle 5 – Make timely and balanced disclosure**

#### **R5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.**

Southern Cross Goldfields Limited is committed to promoting investor confidence and ensuring that shareholders and the market are provided with timely and balanced disclosure of all material matters concerning the Company, as well as ensuring that all shareholders have equal and timely access to externally available information issued by the Company.

The Company has a Continuous Disclosure Policy to ensure compliance with the continuous disclosure regime under ASX Listing Rules and the *Corporations Act 2001*. This policy aims to deliver timely and balanced disclosure of all material matters concerning the Company and requires disclosure of any information concerning Southern Cross Goldfields Limited that a reasonable person would expect to have a material effect on the price or value of the Company's securities. This policy is available on the Company website.

#### **R5.2 Provide the information indicated in Guide to reporting on Principle 5**

Information related to Principle 5 is presented above.

## **CORPORATE GOVERNANCE STATEMENT**

### **Principle 6 – Respect the rights of shareholders**

**R6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.**

The Company has adopted a Shareholder Communications Policy to ensure that shareholders have access to balanced and understandable information about the Company and its activities. This policy is available on the Company website.

The Company uses its website [www.scross.com.au](http://www.scross.com.au) as its primary communication tool for distribution of the annual report, market announcements and media disclosures.

External communication which may have a material effect on the price or value of the Company's securities will not be released unless it has been announced previously to ASX.

**R6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.**

Information related to Principle 6 is presented above.

### **Principle 7: Recognise and manage risk**

**R7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.**

The Company has implemented an Audit and Risk Management Committee with a separate charter, focussed on ensuring that the Company maintains an effective system of internal control and risk management.

Flowing from this, the Company has adopted a Risk Management Policy that governs the Company's approach to Risk Management.

Both the Audit and Risk Management Committee Charter and the Risk Management Policy are available on the Company website.

**R7.2 The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.**

The Company has identified key risks to the business. In the ordinary course of business, management monitors and manages these risks. Key operational and financial risks are addressed via a risk management and reporting system and are presented to and reviewed by the Board on a periodic basis.

Given the recent focus on delivering funding certainty for the Company, the main risk mitigating action has been continuous dialogue between the Chief Executive Officer and other Board members. It is anticipated that a formal Board review will be performed prior to end December 2014.

**R7.3 The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.**

The Board requires the chief executive officer and the chief financial officer to confirm in writing that declarations provided in accordance with section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively.

## **CORPORATE GOVERNANCE STATEMENT**

### **R7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.**

Information related to Principle 7 is presented above. Departure from Recommendation R7.2 is explained above.

### **Principle 8 – Remunerate fairly and responsibly**

#### **R8.1 The Board should establish a remuneration committee.**

The Company has adopted a Remuneration and Nomination Committee governed by a Remuneration and Nomination Charter. This Charter is available on the Company website.

#### **R8.2 The remuneration committee should be structured so that it:**

- consists of a majority of independent directors;
- is chaired by an independent chair; and
- has at least three members.

The Remuneration and Nomination Committee comprises three directors, two of whom meet the ASX test of independence. It is chaired by Mr Ken Osland, who is independent.

No executive director participates in Board decisions pertaining to their remuneration packages.

#### **R8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.**

The Company complies with the guidelines for executive remuneration packages and non-executive director remuneration as proposed in the Recommendations.

Total remuneration paid to non-executive directors may not exceed the limit set by shareholders at the annual general meeting and is currently \$500,000 which was approved by shareholders on 12 October 2007. The remuneration of the non-executive directors is fixed rather than variable. In relation to executive remuneration, the Board takes advice regarding the nature and direction for the Company's remuneration practices. The Board ensures that a proportion of each senior manager's remuneration is linked to his or her performance and the Company's performance. Remuneration is also benchmarked against the Company's peers in the resources industry.

The remuneration structure for directors and senior executives is reported in the remuneration section of the Company's Annual Report.

#### **R8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.**

Information related to Principle 8 is presented above.

**SOUTHERN CROSS GOLDFIELDS LIMITED**  
**ABN 71 124 374 321**

**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 \$'000	2013 \$'000
<b>Revenue from continuing operations</b>	6(a)	195	116
<b>Other income</b>	6(b)	6,358	36
Administration and corporate expenses		(3,408)	(1,875)
Exploration expenses		(2,974)	(3,237)
Pre-development expenses		(1,614)	(2,976)
Share based payments	29	(808)	(325)
Depreciation expense	7	(153)	(116)
Impairment and write-off of tenements	7	(2,223)	(580)
<b>Loss before income tax expense</b>		<u>(4,627)</u>	<u>(8,957)</u>
Income tax expense	8(a)	(787)	-
<b>Loss for the period</b>		<u><u>(5,414)</u></u>	<u><u>(8,957)</u></u>
Earnings per share (cents per share)			
- Basic earnings/(loss) per share	27(a)	(0.66)	(2.38)
- Diluted earnings/(loss) per share	27(b)	(0.66)	(2.38)

The accompanying notes form part of these financial statements.

**SOUTHERN CROSS GOLDFIELDS LIMITED**  
**ABN 71 124 374 321**

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE  
INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 \$'000	2013 \$'000
<b>Loss for the period</b>		(5,414)	(8,957)
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>		-	-
<i>Items that may be reclassified to profit or loss</i>		-	-
Other comprehensive income for the year		-	-
<b>Total comprehensive loss for the year</b>		<u>(5,414)</u>	<u>(8,957)</u>

The accompanying notes form part of these financial statements.

**SOUTHERN CROSS GOLDFIELDS LIMITED**  
**ABN 71 124 374 321**

**CONSOLIDATED BALANCE SHEET**  
*AS AT 30 JUNE 2014*

	Notes	2014 \$'000	2013 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	20(b)	2,718	1,835
Trade and other receivables	9	395	38
		<u>3,113</u>	<u>1,873</u>
Assets classified as held for sale	4	469	-
<b>Total Current Assets</b>		<u><b>3,582</b></u>	<u><b>1,873</b></u>
<b>Non-Current Assets</b>			
Property, plant and equipment	11	4,244	2,190
Tenement acquisition costs	12	6,813	4,478
Other financial assets	10	523	2,825
<b>Total Non-Current Assets</b>		<u><b>11,580</b></u>	<u><b>9,493</b></u>
<b>TOTAL ASSETS</b>		<u><b>15,162</b></u>	<u><b>11,366</b></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	783	1,170
Provisions	15	112	98
Loans	16	5,000	7,000
<b>Total Current Liabilities</b>		<u><b>5,895</b></u>	<u><b>8,268</b></u>
<b>Non-Current Liabilities</b>			
Provisions	15	1,434	1,017
Deferred tax liability	17	787	-
<b>Total Non-Current Liabilities</b>		<u><b>2,221</b></u>	<u><b>1,017</b></u>
<b>TOTAL LIABILITIES</b>		<u><b>8,116</b></u>	<u><b>9,285</b></u>
<b>NET ASSETS</b>		<u><b>7,046</b></u>	<u><b>2,081</b></u>
<b>Equity</b>			
Contributed equity	18(a)	39,952	30,381
Option reserve	19(b)	4,608	3,800
Accumulated losses	19(a)	(37,514)	(32,100)
<b>TOTAL EQUITY</b>		<u><b>7,046</b></u>	<u><b>2,081</b></u>

The accompanying notes form part of these financial statements.

**SOUTHERN CROSS GOLDFIELDS LIMITED**  
**ABN 71 124 374 321**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	<b>Notes</b>	<b>Equity \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Option reserve \$'000</b>	<b>Total equity \$'000</b>
<b>At 1 July 2012</b>		25,540	(23,143)	3,103	5,500
Loss for the year		-	(8,957)	-	(8,957)
Other comprehensive income		-	-	-	-
Total comprehensive loss		-	(8,957)	-	(8,957)
Issue of share capital	18(b)	5,300	-	-	5,300
Capital raising expenses	18(b)	(459)	-	-	(459)
Share based payments	20(b)	-	-	697	697
<b>At 30 June 2013</b>		30,381	(32,100)	3,800	2,081

	<b>Notes</b>	<b>Equity \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Option reserve \$'000</b>	<b>Total equity \$'000</b>
<b>At 1 July 2013</b>		30,381	(32,100)	3,800	2,081
Loss for the year		-	(5,414)	-	(5,414)
Other comprehensive income		-	-	-	-
Total comprehensive loss		-	(5,414)	-	(5,414)
Issue of share capital	18(b)	9,571	-	-	9,571
Capital raising expenses	18(b)	-	-	-	-
Share based payments	20(b)	-	-	808	808
<b>At 30 June 2014</b>		39,952	(37,514)	4,608	7,046

The accompanying notes form part of these financial statements.

**SOUTHERN CROSS GOLDFIELDS LIMITED**  
**ABN 71 124 374 321**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 \$'000	2013 \$'000
<b>Cash flows from operating activities</b>			
Interest received		179	116
Payments to suppliers		(8,583)	(7,293)
Research and development incentive		1,290	-
Income tax refund		708	-
Business activity statement refunds		417	-
Interest paid		(993)	(186)
<b>Net cash (used in) operating activities</b>	20(a)	<b>(6,982)</b>	<b>(7,363)</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of tenements		(530)	(1,681)
Payments for property, plant and equipment		-	(644)
Cash acquired on acquisition of subsidiary		4,443	-
Proceeds from sale of assets and shares		1,570	186
Payments / proceeds from bonds		2,306	(2,719)
<b>Net cash (used in) / provided by investing activities</b>		<b>7,789</b>	<b>(4,858)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	5,300
Equity raising costs		-	(459)
Repayment of borrowings		(2,098)	-
Proceeds from borrowings		2,174	7,000
<b>Net cash provided by financing activities</b>		<b>76</b>	<b>11,841</b>
<b>Net (decrease)/increase in cash and cash equivalents held</b>		<b>883</b>	<b>(380)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,835</b>	<b>2,215</b>
<b>Cash and cash equivalents at the end of the year</b>	19(b)	<b>2,718</b>	<b>1,835</b>

The accompanying notes form part of these financial statements.

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of significant accounting policies**

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Southern Cross Goldfields Limited and its subsidiaries.

The financial statements were authorized for issue by the directors on 29 September 2014. The directors have the power to amend and reissue the financial statements.

The financial statements are presented in Australian dollars which is the Company's and consolidated entity's functional and presentation currency.

**(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Southern Cross Goldfields Limited is a for-profit entity for the purpose of preparing the financial statements.

*(i) Compliance with IFRS*

The consolidated financial statements of the Southern Cross Goldfields Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

*(ii) Historical cost convention*

The financial statements have been prepared on a historical cost basis, except for the available-for-sale financial assets, financial assets and liabilities (including derivative instruments) which are measured at fair value.

*(iii) Going concern*

The financial report has been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The consolidated entity generated net cash outflows of \$5,514,000 net of \$6,382,000 generated from the acquisition of Polymetals Mining Limited during the financial year ended 30 June 2014 and held a cash balance of \$2,718,000 as at that date. The external loan balance amounting to \$5,000,000 was repaid on 23 September 2014. The consolidated entity generated a net loss of \$5,414,000 for the year ended 30 June 2014 and a net loss of \$8,957,000 during the financial year ended 30 June 2013.

During the year ended 30 June 2014 and the period to the date of this report the directors have taken steps to ensure the consolidated entity continues as a going concern. These steps include the following:

- The Company finalised agreements with the TrailStone Group to provide two facilities to support the development of the Company's key projects. These comprised a \$25M Forward Gold Purchase Agreement for near-term development of Mt Boppy, supported by a \$35M Credit Facility to supplement the Mt Boppy funding and provide development funding for the Marda Project or other development opportunities. Trailstone also committed to provide \$1M into an associated capital raising undertaken by the Company. As part of the transaction TrailStone are to receive 1Billion warrants exercisable at a 30% premium to the issue price of the capital raising. In addition to providing development funding and working capital, drawdown on this facility enabled full repayment of the \$5M loan facility with RMB.
- Throughout the year, the Company has prepared and continues to review a series of

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

scenario budgets and cash flow forecasts prepared and updated by management for board review and approval. These tools have been used by management in tightly controlling expenditure and cash outgoings of the Company and the consolidated entity which has resulted in a reduction of administration costs; and

- The Board of Directors is considering various options in relation to the sale of the Sandstone Project and other non-core assets.

As a result of the above matters the Directors consider that it is appropriate for the financial report to be prepared on the Going Concern basis.

*(iv) New and amended standards adopted by the group*

The consolidated entity has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*AASB 10 Consolidated Financial Statements*

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

*AASB 11 Joint Arrangements*

The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of significant accounting policies (continued)**

*AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

*AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*

The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

*AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*

The consolidated entity has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

*AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments*

The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

*AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement*

The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of significant accounting policies (continued)**

*AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'*

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements.

*AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'*

The Group has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

As the Group does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the consolidated financial statements.

*AASB 2012-9 'Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039'*

This standard makes amendment to AASB 1048 'Interpretation of Standards' following the withdrawal of Australian Interpretation 1039 'Substantive Enactment of Major Tax Bills in Australia'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

*AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)*

This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included not-for-profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors.

The adoption of this amending standard does not have any material impact on the consolidated financial statements.

*(iv) New standards and interpretations not yet adopted*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual report period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

**AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets**

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of significant accounting policies (continued)**

*Annual Improvements to IFRSs 2010-2012 Cycle*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

*Annual Improvements to IFRSs 2011-2013 Cycle*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities' effective for annual reporting periods beginning on or after 1 January 2014. The amendments are expected to be initially applied in the financial year ending 30 June 2015.

AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting' effective for annual reporting periods beginning on or after 1 January 2014. The amendments are expected to be initially applied in the financial year ending 30 June 2015.

AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities effective for annual reporting periods beginning on or after 1 January 2014. The amendments are expected to be initially applied in the financial year ending 30 June 2015.

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of significant accounting policies (continued)**

AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' effective for annual reporting periods beginning on or after 1 January 2014. The amendments are expected to be initially applied in the financial year ending 30 June 2015.

INT 21 'Levies' effective for annual reporting periods beginning on or after 1 January 2014. The amendments are expected to be initially applied in the financial year ending 30 June 2015.

IFRS 15 Revenue from Contracts with Customers effective for annual reporting periods beginning on or after 1 January 2017. The amendments are expected to be initially applied in the financial year ending 30 June 2018.

IFRS 9 Financial Instruments (2014) and all related amendments effective for annual reporting period beginning on or after 1 January 2018. The amendments are expected to be initially applied in the financial year ending 30 June 2019.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**(b) Principles of consolidation**

*Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 4).

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and statement of comprehensive income, statement of changes in equity and balance sheet respectively.

**(c) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors.

**(d) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with the banks, other short term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within short-term borrowings on the Statement of Financial Position.

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of significant accounting policies (continued)**

**(e) Trade and other receivables**

Trade and other receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

**(f) Property, plant, equipment and development**

Property, plant, equipment, and development is stated at cost less accumulated depreciation and any impairment in value.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. Buildings are depreciated over 10 years, leasehold improvement over 5 years and plant and equipment is depreciated over 2 to 10 years depending on the nature of the asset. Land is not depreciated. Useful lives are examined on an annual basis and adjustments, where applicable, are made on a revised useful life basis.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

**(g) Exploration, evaluation and acquisition expenditure**

Exploration and evaluation costs are expensed as incurred. Acquisition costs will normally be expensed but will be assessed on a case by case basis and if appropriate may be capitalised. These acquisition costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the area. Accumulated acquisition costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

The carrying values of acquisition costs are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**(h) Intangible assets**

Intangible assets are tested for impairment where an indicator of impairment exists. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a revised useful life basis.

Computer Software: Acquired computer software licences are stated at cost less accumulated amortisation and any impairment in value. Amortisation is calculated on a straight-line basis over the estimated useful life of the computer software (not exceeding 3 years).

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of significant accounting policies (continued)**

**(i) Investments**

Investments held by the Company which are classified as being available-for-sale are stated at fair value, with any resultant gain or loss recognised directly in equity. Where these investments are realised, the cumulative gain and loss previously recognised directly in equity is recognised in profit and loss. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the income statement. Financial instruments classified as held for trading or available-for-sale investments are recognised or unrecognised by the Company on the date the purchase or sale of the investment is settled. Securities held to maturity are recognised or unrecognised on the day they are transferred to or by the Company.

**(j) Impairment of Assets**

At each reporting date, the company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**(k) Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid.

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

**(l) Leases**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases: The minimum lease payments of operating leases where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item are recognised as an expense on a straight line basis.

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of significant accounting policies (continued)**

**(m) Interest Bearing Loans and Borrowings**

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the income statement over the period of the borrowing using the effective interest rate method.

**(n) Issued capital**

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**(o) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest: Interest income is recognised in the income statement on an accruals basis, using the effective interest rate method.

Sale of non-current assets: The gross proceeds of non-current asset sales are recognised as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

**(p) Employee benefits**

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognized in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognized in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

**(q) Superannuation contributions**

Contributions are made to several accumulated benefits superannuation funds on behalf of employees and recognised as an expense in the statement of comprehensive income as incurred.

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of significant accounting policies (continued)**

**(r) Share based payments**

Options over ordinary shares are granted to employees as part of remuneration from time to time, on a discretionary basis. Options have also been granted to external parties as a result of various economic transactions.

The cost of these share-based payments is measured by reference to the fair value at the date at which they are granted using an option pricing model. The options may be subject to service or other vesting conditions and their fair value is recognised as an expense together with a corresponding increase in other reserve equity over the vesting period.

**(s) Provisions**

Provisions for legal claims and service warranties are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

**(t) Joint operations**

Interest in joint operations is brought to account by including in the respective classifications, the share of individual assets employed and share of liabilities and expenses incurred.

**(u) Income taxes**

The income tax expense or revenue for the year is the tax payable on the current year's taxable income or loss adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences arising from the initial recognition of an asset or liability.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses.

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of significant accounting policies (continued)**

**(v) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

**(w) Loss per share**

Basic loss per share is calculated by dividing the net loss for the financial year by the weighted average number of ordinary shares outstanding during the financial year.

**(x) Comparatives**

Where necessary, comparatives are reclassified and repositioned for consistency with current year disclosures.

**(y) Rehabilitation**

Rehabilitation liabilities that represent present obligations that have arisen as a result of past exploration activities of the Company are recognised where it is probable that the Company will have to commit expenditure to rehabilitate the landscape in accordance with its operational commitments. These rehabilitation liabilities are recognised when the amount can be estimated reliably.

**(z) Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1 Summary of significant accounting policies (continued)**

**(z) Business combinations (continued)**

The excess of the

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized directly in profit or loss as a bargain purchase.

**(aa) Non-current assets or disposal groups classified as held for sale**

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

**(aa) Parent entity financial information**

The financial information for the parent entity, Southern Cross Goldfields Limited, disclosed in note 31 has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiaries, associates and joint venture entities. Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Southern Cross Goldfields Limited.

**(ab) Rounding of amounts**

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Note 2 Financial risk management**

The Group's activities expose it to a variety of financial risks, market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. With the current business activity focused on gold production, the Group's future revenues from this activity may be exposed to commodity price and exchange rate fluctuations. The Group may from time to time enter into derivative instruments to manage this exposure. Exposure limits will be reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

The Group and the parent entity hold the following financial instruments:

	<b>Consolidated</b>	
	<b>2014</b>	2013
	<b>\$'000</b>	\$'000
<b>Financial assets</b>		
Cash and cash equivalents	2,718	1,836
Trade and other receivables	57	38
Other assets	523	2,825
	3,298	4,699
<b>Financial liabilities</b>		
Trade and other payables	783	1,170
Borrowings	5,000	7,000
	5,783	8,170

**(a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*(i) Price risk*

The Group and parent entity's exposure to equity securities price risk is considered minimal. At 30 June 2014 the Group held no available-for-sale financial investments.

*(ii) Currency risk*

The Group and the Company is not exposed to currency risk at the balance sheet date. The Group held no financial assets or liabilities which are exposed to foreign currency risk.

*(iii) Interest rate risk*

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy ensuring that as far as possible it maintains excess cash and cash equivalents at call or in short-term deposits. The company does not have any fixed rate instruments.

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 2 Financial risk management (continued)**

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

Variable rate instruments	<b>Consolidated</b>	
	<b>2014</b>	2013
	<b>\$'000</b>	\$'000
Financial Assets*	2,718	1,836

\*The interest-bearing financial assets comprise cash and cash equivalents.

*Interest Rate Sensitivity*

At 30 June 2014, if interest rates had increased or decreased by 100 basis points from year end rates with all other variables held constant, pre-tax profit for the year would have been increased / decreased by \$27,000 (2012: \$18,000) as a result of higher / lower interest income from cash and cash equivalents.

**(b) Credit risk**

Credit risk is considered low. All material receivables are held with government entities, the Perth Mint or major financial institutions. All receivables are current.

**(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding to meet obligations when due and to close out market positions.

The table below shows the contractual maturities of financial liabilities excluding the commitments as detailed in Note 25.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

<b>Contractual maturities of financial liabilities</b>	<b>Less than 6 months</b>	<b>6 – 12 months</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying amount</b>
<b>At 30 June 2014</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade and other payables	783	-	-	-	-	783	783
Borrowings	5,000	-	-	-	-	5,000	5,000
	5,783	-	-	-	-	5,783	5,783
<b>At 30 June 2013</b>							
Trade and other Payables	1,170	-	-	-	-	1,170	1,170
Borrowings	-	7,000	-	-	-	7,000	7,000
	1,170	7,000	-	-	-	8,170	8,170

The carrying value of all other assets and liabilities approximate their fair value.

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 3 Critical accounting estimates and judgements**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

*Capitalised Mineral Acquisition Expenditure*

Capitalised mineral acquisition expenditure is assessed for impairment when facts and circumstances suggest that the carrying amount may exceed their recoverable amount. Management considers the facts and circumstances on a regular basis and at each reporting period that would indicate whether the consolidated entity should test the capitalized mineral acquisition expenditure for impairment.

*Rehabilitation provision*

The Group is required by the relevant regulatory authorities to ensure that appropriate rehabilitation is carried out on tenements that are mined. The amount of rehabilitation cost is an estimate based upon the estimated life of each mined tenement, as well as the future timing and cost of such rehabilitation. The provision is constantly revised as information about the life of mine, depth of mining and cost estimates are updated.

*Useful lives of property, plant and equipment*

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

*Share-based payments*

The fair value at grant date of securities issued as share-based payments is independently determined using a pricing model that takes into account the exercise price (if any), the term of the option or share right, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. These estimates and assumptions are tabulated in Note 28.

*Deferred Income Tax Assets*

The Company recognises deferred tax assets to the extent that it is probable that the future utilisation of these losses is considered probable. At 30 June 2014 the net deferred tax assets have not been recognised.

*Fair value measurements and valuation processes*

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Group determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Board works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

*Business combination*

In accordance with AASB 3 the board considered a number of factors when determining the acquirer in the Southern Cross Goldfields Limited and Polymetals Mining Limited merger. Some of the key points considered were Southern Cross Goldfields Limited initiated the transaction, the fair value of Southern Cross Goldfields Limited was higher than that of Polymetals Mining Limited and that post-merger Southern Cross Goldfields Limited held a higher number of combined board and management positions than Polymetals Mining Limited. In considering these points and others the board concluded that Southern Cross Goldfields Limited was the accounting acquirer.

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 4 Assets classified as held for sale**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Non-current assets held for sale		
Tenement acquisition costs	469	-
	469	-

In March 2014, the directors of Southern Cross Goldfields Limited decided to undertake the divestment the Sandstone project tenements. A formal sale process has commenced and continues.

**Note 5 Business combination**

**Summary of acquisition**

On 20 August 2013 the parent entity acquired 100% of the issued share capital of Polymetals Mining Limited.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	<b>\$'000</b>
Purchase consideration:	
Shares in Southern Cross Goldfields Limited (note 18)	9,171
Less settlement of pre-existing arrangement	(2,174)
Total purchase consideration	6,997

The assets and liabilities recognized as a result of the acquisition are as follows:	<b>Fair value</b>
	<b>\$'000</b>
Cash and cash equivalents	4,443
Receivables	802
Inventories	18
Other financial assets	116
Other assets	478
Property, plant and equipment	3,634
Exploration and development costs	4,135
Trade and other payables	(1,083)
Provisions	(478)
Other liabilities	(1,440)
	-
Net assets acquired	10,625

There were no acquisitions in the year ended 30 June 2013.

The initial accounting for the acquisition of Polymetals Mining Limited has only been provisionally determined at the end of the reporting period, with the assets and liabilities to be confirmed. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations has not been finalised and have therefore only been provisionally determined based on the director's best estimate of the likely fair values.

Prior to the acquisition of Polymetals Mining Limited, the Company was party to a pre-existing relationship with Polymetals. The arrangement represents a loan payable from Southern Cross Goldfields to Polymetals. In line with the requirements of AASB 3 Business Combinations, the Company has recognised the effective settlement of this pre-existing arrangement on the acquisition of Polymetals resulting in an decrease in purchase price of \$2.174 million. These relationships now eliminate on consolidation and as such, are no longer disclosed in the annual consolidated financial statements of the consolidated entity.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Note 5 Business combination (continued)**

*(i) Acquisition-related costs*

Acquisition-related costs of \$281,000 are included in administration expenses in profit or loss.

*(ii) Revenue and profit contribution*

The acquired business contributed revenues of \$57,000 and net loss of \$281,000 for the period August 2013 to 31 December 2013. If the acquisition had occurred on 1 July 2013, consolidated revenue and consolidated loss for the half year ended 31 December 2013 would have been \$163,000 and \$1,426,000 respectively. The transaction was contemplated as a merger of equals however the merger has resulted in an accounting gain on bargain purchase of \$3,628,000 due to the fair values applied to the exploration assets.

**Note 6 Revenue**

**a) Revenue from continuing operations**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest	179	116
Other income	16	-
	<hr/>	<hr/>
Gain on sale of tenements	195	116
	<hr/>	<hr/>

**b) Other income**

Gain on sale of assets	-	36
Research and Development refund	1,290	-
Gain on bargain purchase	3,628	-
Reversal of Turner River deferred consideration	1,440	-
	<hr/>	<hr/>
	<b>6,358</b>	<b>36</b>
	<hr/>	<hr/>

**Note 7 Expenses**

Loss before income tax includes the following specific expenses:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Depreciation		
Plant and equipment	15	-
Land and buildings	102	47
Office furniture and equipment	28	18
Field equipment and vehicles	8	48
Software	-	3
	<hr/>	<hr/>
	153	116
	<hr/>	<hr/>
Finance costs		
Interest charges	881	1,264
	<hr/>	<hr/>
Share based payments	808	325
	<hr/>	<hr/>
Loss on disposal of fixed assets	104	-
	<hr/>	<hr/>
Employee benefit costs	2,119	1,069
	<hr/>	<hr/>
Impairment of tenements	1,966	580
Write-off of tenements	257	-
	<hr/>	<hr/>
	<b>2,223</b>	<b>580</b>
	<hr/>	<hr/>

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Note 8 Income tax**

This note provides an analysis of the group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the group's tax position.

**(a) Income tax expenses**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Current tax	-	-
Deferred tax	787	-
Adjustments for current tax of prior periods	-	-
	787	-
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred income tax (income)/expense included in income tax expense comprises:	-	-
Decrease / (increase) in deferred tax assets (note 14)	926	(307)
(Decrease)/increase in deferred tax liabilities (note 18)	(139)	307
	787	-

**(b) Numerical reconciliation of income tax expense to prima facie tax payable is as follows:**

Profit (loss) from operations before income tax expense	(4,627)	(8,957)
Tax at Australian tax rates of 30%	(1,388)	(2,687)
Tax effect of non-temporary differences	(258)	56
Tax effect of gain on bargain purchase	(1,088)	-
Adjustment recognised for prior periods	(183)	-
Tax effect of equity raising costs debited to equity	-	(80)
Tax effect of tax losses and temporary differences not recognised	3,704	2,711
Income tax expense	787	-

**(c) Amounts recognized directly in equity**

No tax amounts have been recognized directly in equity during the current or prior year.

**(d) Tax expense (income) relating to items of other comprehensive income**

There are no amounts of other comprehensive income against which to recognize tax.

**SOUTHERN CROSS GOLDFIELDS LIMITED**  
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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Note 9 Current assets – Trade and other receivables**

	2014 \$'000	2013 \$'000
Prepayments	338	-
Other debtors	57	38
	<u>395</u>	<u>38</u>

No receivables are past due terms.

**Note 10 Non-current assets – Other assets**

Environmental bond	408	2,751
Security deposits	115	74
	<u>523</u>	<u>2,825</u>

**Note 11 Non-current assets – Property, plant and equipment**

Land and buildings	2,358	712
Accumulated depreciation	(447)	(89)
	<u>1,911</u>	<u>623</u>
Plant and equipment at cost	2,948	1,513
Accumulated depreciation	(1,311)	-
	<u>1,637</u>	<u>1,513</u>
Office equipment and furniture at cost	309	147
Accumulated depreciation	(257)	(108)
	<u>52</u>	<u>39</u>
Field equipment and vehicles at cost	344	300
Accumulated depreciation	(315)	(285)
	<u>29</u>	<u>15</u>
Software at cost	-	65
Accumulated depreciation	-	(65)
	<u>-</u>	<u>-</u>
Civil works at cost	197	-
Accumulated depreciation	(197)	-
	<u>-</u>	<u>-</u>
Constructed assets at cost	1,283	-
Accumulated depreciation	(668)	-
	<u>615</u>	<u>-</u>
Low value assets at cost	10	-
Accumulated depreciation	(10)	-
	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u>4,244</u>	<u>2,190</u>

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 11 Non-current assets – Property, plant and equipment (continued)**

<b>Reconciliation of Property, Plant and Equipment</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
Land and buildings:		
Balance at the beginning of the year	623	170
Additions	2,816	500
Disposals	(1,426)	-
Depreciation expense	(102)	(47)
Balance at the end of the year	<u>1,911</u>	<u>623</u>
Plant and equipment:		
Balance at the beginning of the year	1,513	-
Additions	139	1,513
Disposals	-	-
Depreciation expense	(15)	-
Balance at the end of the year	<u>1,637</u>	<u>1,513</u>
Office equipment and furniture:		
Balance at the beginning of the year	39	55
Additions	41	2
Disposals	-	-
Depreciation expense	(28)	(18)
Balance at the end of the year	<u>52</u>	<u>39</u>
Field equipment and vehicles:		
Balance at the beginning of the year	15	62
Additions	22	1
Disposals	-	-
Depreciation expense	(8)	(48)
Balance at the end of the year	<u>29</u>	<u>15</u>
Software at cost:		
Balance at the beginning of the year	-	3
Additions	-	-
Disposals	-	-
Depreciation expense	-	(3)
Balance at the end of the year	<u>-</u>	<u>-</u>
Constructed assets at cost:		
Balance at the beginning of the year	-	-
Additions	615	-
Disposals	-	-
Depreciation expense	-	-
Balance at the end of the year	<u>615</u>	<u>-</u>
<b>Total property, plant and equipment</b>	<u><u>4,244</u></u>	<u><u>2,190</u></u>

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 12 Non-current assets – Tenement acquisition costs**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at the beginning of the year	4,478	3,378
Additions	5,067	1,680
Disposals	-	-
Write-off of tenements	(257)	-
Impairment of tenements*	(2,006)	(580)
Assets included in a disposal group classified as held for sale	(469)	-
Balance at the end of the year	6,813	4,478

\* During the year the Turner River Joint Venture was terminated resulting in an impairment charge of \$833,000 against the Turner River exploration assets. A further impairment charge of \$1,173,000 relates to the Sandstone Project exploration assets. These assets are held for sale at fair value less costs to sell based the indicative offers received.

**Note 13 Deferred tax assets**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred tax assets	-	-
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Accruals	41	5
Employee entitlements	41	35
Property Plant and Equipment	-	-
Rehabilitation	422	300
Share issue and other expenses deductible over five years	433	204
Borrowing costs	37	-
Tax losses	13,357	10,117
<i>Amounts recognised in equity</i>		
Capital raising costs	-	-
Total deferred tax assets	14,331	10,661
Set-off of deferred tax assets/liabilities pursuant to set-off provisions (refer note 17)	(902)	(1,320)
Net deferred tax asset not recognized	(13,429)	(9,341)
Net deferred tax assets	-	-

**Note 14 Current liabilities – Trade and other payables**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade creditors	387	996
Other creditors and accruals	396	174
	783	1,170

Trade creditors are non-interest bearing and are normally settled on 7 to 30 day terms.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Note 15 Provisions**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT LIABILITIES</b>		
Employee annual leave provisions	112	98
Total	<u>112</u>	<u>98</u>
<b>NON-CURRENT LIABILITIES</b>		
Employee long service leave provisions	26	17
Rehabilitation	1,408	1,000
Total	<u>1,434</u>	<u>1,017</u>

a) Including directors the Company had 10 employees as at 30 June 2014 (30 June 2013: 8).

**Note 16 Current liabilities - Loans**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Borrowings	<u>5,000</u>	<u>7,000</u>

The current secured bank loan is provided by RMB Australia Holdings Limited ("RMB") and is due for repayment by 24 September 2014. This loan attracts market based interest set on a quarterly basis which at 30 June 2014 was at the rate of 9.7050%. The loan is on standard and conventional terms for a facility of its type and size and is secured by mortgages over key Sandstone Gold Project tenements, key Mt. Boppy project tenements and all the present and after acquired property of SXG and all of it's directly or indirectly owned subsidiaries.

**Note 17 Deferred tax liabilities**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred tax liabilities	<u>787</u>	<u>-</u>
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Exploration Expenditure	1,689	1,320
Other	-	-
Total deferred tax liabilities	1,689	1,320
Set-off of deferred tax assets/liabilities pursuant to set-off provisions (refer note 13)	<u>(902)</u>	<u>(1,320)</u>
Net deferred tax liabilities / (assets)	<u>787</u>	<u>-</u>

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Note 18 Contributed equity**

	Consolidated		Consolidated	
	2014	2013	2014	2013
	Shares	Shares	\$'000	\$'000
<b>(a) Share capital</b>				
Ordinary shares				
Fully paid	887,450,806	408,912,825	39,952	30,381
	887,450,806	408,912,825	39,952	30,381

**(b) Movements in ordinary share capital:**

Date	Details	Note	Number of Shares	Issue Price	\$'000
1 July 2012	Balance		291,135,055		25,540
2 October 2012	Placement	(e)	82,222,223	\$0.045	3,700
25 October 2012	Placement	(e)	35,555,556	\$0.045	1,600
	Share issue costs		-		(459)
30 June 2013	Balance		408,912,834		30,381
20 August 2013	Merger with Polymetals	(e)	458,537,981	\$0.020	9,171
9 September 2013	Placement	(e)	20,000,000	\$0.020	400
			887,450,815		39,952

**(c) Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

**(d) Options**

As at 30 June 2014 the Company had the following options on issue:

Number issued	Expiry date	Exercise price
25,000	2 Jul 2014	\$0.25
25,000	2 Jul 2014	\$0.30
100,000	21 Jul 2014	\$0.25
100,000	21 Jul 2014	\$0.30
2,000,000	1 Oct 2014	\$0.20
1,000,000	1 Oct 2014	\$0.25
1,000,000	1 Oct 2014	\$0.30
1,000,000	1 Oct 2014	\$0.40
2,200,000	31 Jul 2014	\$0.10
500,000	31 Jul 2014	\$0.20
500,000	31 Jul 2014	\$0.25
10,000,000	24 Feb 15	\$0.10
43,665,000	10 Oct 17	\$0.10
34,255,319	21 Mar 15	\$0.047
2,500,000	10 Oct 15	\$0.10
5,000,000	23 Nov 17	\$0.10
20,000,000	31 Dec 17	\$0.03
20,000,000	31 Dec 17	\$0.04
63,775,510	24 Mar 16	\$0.0196
207,645,829		

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Note 18 Contributed equity (continued)**

As at 30 June 2013 the Company had the following options on issue:

Number issued	Expiry date	Exercise price
6,500,000	12 Mar 2014	\$0.25
6,500,000	12 Mar 2014	\$0.30
25,000	2 Jul 2014	\$0.25
25,000	2 Jul 2014	\$0.30
100,000	21 Jul 2014	\$0.25
100,000	21 Jul 2014	\$0.30
2,000,000	1 Oct 2014	\$0.20
1,000,000	1 Oct 2014	\$0.25
1,000,000	1 Oct 2014	\$0.30
1,000,000	1 Oct 2014	\$0.40
2,200,000	31 Jul 2014	\$0.10
500,000	31 Jul 2014	\$0.20
500,000	31 Jul 2014	\$0.25
10,000,000	24 Feb 15	\$0.10
43,665,000	10 Oct 17	\$0.10
34,255,319	21 Mar 15	\$0.047
2,500,000	10 Oct 15	\$0.10
5,000,000	23 Nov 17	\$0.10
<hr/>		
116,870,913		

The following options expired or lapsed during the year:

Number	Expiry date	Exercise price
6,500,000	12/03/14	\$0.25
6,500,000	12/03/14	\$0.30

The expired options were unlisted and had vested prior to expiry.

**(e) Placements**

The following placements were made:

- (i) 82,222,223 shares were issued at \$0.045 per share pursuant to a rights issue in October 2012
- (ii) 35,555,556 shares were issued at \$0.045 per share pursuant to a placement in October 2012
- (iii) 20,000,000 shares were issued in September 2013 to Barranco Resources NL as consideration for the acquisition of the Red Legs and Fiddleback deposits which form part of the Company's Marda Gold Project
- (iv) 458,537,981 shares were issued as consideration for the purchase of Polymetals Mining Limited (refer to note 5).

**(f) Capital risk management**

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group includes equity attributable to equity holders, comprising of issued capital, reserves and accumulated losses. In order to maintain or adjust the capital structure, the company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the company.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Note 18 Contributed equity (continued)**

The Group monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure. The Group intends to continue to use capital market issues and joint venture participant funding contributions to satisfy anticipated funding requirements.

The Group has no externally imposed capital requirements.

The Group's strategy for capital risk management is unchanged from prior years.

**Note 19. Accumulated losses and reserves**

a) Accumulated Losses

	<b>2014</b> <b>\$'000</b>	<b>2013</b> <b>\$'000</b>
Opening balance	(32,100)	(23,143)
Net loss	(5,414)	(8,957)
Closing balance	(37,514)	(32,100)

b) Option Reserve

	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>
Opening balance	3,800	3,103
Cost of share based payments expensed	808	325
Cost of share based payments capitalised	-	372
Closing balance	4,608	3,800

**Nature and purpose of reserves**

*Share based payments reserve*

The share-based payments reserve is used to recognise:

- (a) the grant date fair value of options issued to directors / contractors and vendors of assets
- (b) the grant date fair value of performance rights issued to directors / contractors

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Note 20 Statement of cash flows**

a) *Reconciliation of operating loss after income tax to the net cash flows from operations*

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating loss after income tax	(5,414)	(8,957)
Add/(less)		
Impairment of tenements	2,006	580
Write-off of tenements	257	-
(Gain) / loss on sale of assets	104	(36)
Gain on acquisition of subsidiary	(3,628)	-
Depreciation	153	116
Share based payments	808	325
Prepaid drilling services	-	102
Write-back of deferred consideration	(1,440)	-
(Increase)/decrease in trade and other receivables	206	4
(Increase)/decrease in inventories	18	-
(Increase)/decrease in exploration assets	32	-
Increase/(decrease) in trade and other payables and provisions	(831)	503
Increase/(decrease) in deferred tax liabilities	787	-
Increase/(decrease) in provisions	(40)	-
Net cash flow used in operating activities	(6,982)	(7,363)

b) *Reconciliation of cash and cash equivalents*

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and on hand	2,474	1,123
Deposits at call	244	712
	2,718	1,835

c) *Non-cash Investing and Financing Activities*

2013

- i. 43,665,000 options were issued on 27 March 2013 as part consideration for the acquisition of the Sandstone Project. The calculated value of these options was \$372,000.

2014

- i. 20,000,000 shares were issued on 9 September 2013 as part consideration for the acquisition of the Red Legs and Fiddleback deposits in the Marda Gold Project. These shares had a fair value of \$400,000.
- ii. 458,597,981 shares were issued on 20 August 2013 as consideration for the acquisition of Polymetals Mining Limited (refer note 5).

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 21 Key management personnel disclosures**

**(a) Key management personnel compensation**

	Consolidated 2014 \$	Consolidated 2013 \$
Short-term employee benefits	824,111	983,818
Post-employment benefits	85,239	80,170
Termination payments	603,741	-
Share-based payments	322,505	63,872
	1,835,596	1,127,860

**Note 22 Remuneration of auditors**

During the year the following fees were paid or payable for services provided by the auditor or, its related practices and non-related audit firms:

**Deloitte Touche Tomatsu**

*Audit services*

Audit and review of financial reports	55,000	-
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**Stantons International**

*Audit services*

Audit and review of financial reports	-	42,617
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Total remuneration for audit and other assurance services	55,000	42,617
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**Deloitte Touche Tomatsu**

*Other services*

Taxation services	8,750	-
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**Stantons International**

*Other services*

Consulting services	-	10,000
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Total remuneration for other services	8,750	10,000
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<b>Total auditor remuneration</b>	<b>63,750</b>	<b>52,617</b>
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**Note 23 Related parties**

**(a) Parent entities**

The parent entity and ultimate Australian parent entity within the group is Southern Cross Goldfields Limited.

**(b) Subsidiaries**

Interests in subsidiaries are set out in note 30.

**(c) Key management personnel**

Disclosures relating to key management personnel are set out in note 21.

**(d) Amounts payable to related parties**

There are no amounts payable to related parties as at 30 June 2014.

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 24 Events occurring after reporting date**

Since 30 June 2014 Southern Cross Goldfields Limited has undertaken the following significant activities:

*(a) Securing a \$60M funding package from the the TrailStone Group*

On 8 July 2014 the Company finalised agreements with the TrailStone Group to provide two facilities to support the development of the Company's key projects. These comprised a \$25M Forward Gold Purchase Agreement for near-term development of Mt Boppy, supported by a \$35M Credit Facility to supplement the Mt Boppy funding and provide development funding for the Marda Project or other development opportunities. First drawdown of this facility has occurred, providing access to development funding and additional working capital, and enabling full repayment of the \$5M loan facility with RMB which was finalised on 23 September 2014.

Trailstone also committed to provide \$1M into an associated capital raising undertaken by the Company. As part of the transaction TrailStone are to receive 1 Billion warrants exercisable at a 30% premium to the issue price of the capital raising. These transactions are still to be concluded at the date of this report.

*(b) Capital Raising*

As a condition subsequent to drawing on the TrailStone facility, the Company is required to raise \$2M of additional capital within 30 days of the first drawdown. The Company completed a shareholder offer and associated placement on 19 September 2014, delivering funds of \$3,321,000, successfully satisfying the condition. The following directors participated in the placement as follows:

	Ordinary shares	Unlisted options
J Parker	2,500,000	1,250,000
D Sproule	112,000,000	56,000,000
K Osland	1,500,000	750,000

*(c) Acquisition of the Wonawinta Silver Project*

On 5 September 2014 the Company entered into a contract to acquire the Wonawinta Silver Project through a purchase of assets from the liquidators of Cobar Consolidated Resources Ltd. The acquisition price was \$375,000 plus the replacement of \$5,815,000 in environmental bonds. This project has operating infrastructure which provides synergies with the Mt Boppy Gold Project whilst containing significant silver reserves and resources. Completion of this transaction occurred on 23 September 2013. The Company considers the transaction to be an asset acquisition.

*(d) Board and management changes*

Following conclusion of the funding phase of the Company's strategy and transition into a development and operational phase, Frank Terranova's role as Managing Director concluded on 8 September 2014. He resigned as an executive director and was replaced by Ken Osland as a non-executive director, with David Sproule moving to an executive director role to shepherd the Company into profitable operations.

At the date of this report there are no other matters or circumstances which have arisen since 30 June 2014 that have significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Note 25 Commitments for expenditure**

*a) Tenement Commitments.*

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the various State governments. These obligations can be reduced by selective relinquishment of exploration tenure or renegotiation. Due to the nature of the Company's operations in exploring and evaluating areas of interest, exploration expenditure commitments beyond twelve months cannot be reliably determined. It is anticipated that expenditure commitments in the subsequent years will be similar to that for the forthcoming twelve months. These obligations are not provided for in the financial report and are payable:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year:	<u>3,796</u>	<u>4,263</u>

Of the 2014 commitments, \$1,517 relates to the Sandstone tenement portfolio which is currently in the process of divestment and shown as available for sale in the balance sheet.

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the Statement of Financial Position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations. Those amounts detailed above do not include expenditure commitments which are the responsibility of joint operation partners (Note 32).

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Note 26 Segment information**

The Company operates in the mineral resource industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploitation of minerals in Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

**Note 27 Loss per share**

	<b>2014 Cents</b>	<b>2013 Cents</b>
<b>(a) Basic loss per share</b>		
Basic earnings per share attributable to the ordinary equity holders of the company	0.66	2.38
<b>(b) Diluted loss per share</b>		
Diluted earnings per share attributable to the ordinary equity holders of the company	0.66	2.38
<b>(c) Reconciliation of losses used in calculating loss per share</b>		
<i>Basic and diluted earnings per share</i>		
Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share:	(5,414,000)	(8,957,000)
<b>(d) Weighted average number of shares used as the denominator</b>		
	<b>2014 Number</b>	<b>2013 Number</b>
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	821,571,500	376,437,939
Adjustments for calculation of diluted earnings per share:		
Options	-	-
<i>Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share</i>	821,571,500	376,437,939
<b>(e) Information concerning the classification of securities</b>		
<i>Options and rights</i>		
Options and rights on issue are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2014. These options and rights could potentially dilute basic earnings per share in the future. Details relating to options and rights are set out in note 18(d).		

Since the end of the financial year the company has issued 146,300,000 ordinary fully paid shares at 1 cent each and 73,150,000 unlisted options exercisable at 1.3 cents and expiring 31 December 2019.

**SOUTHERN CROSS GOLDFIELDS LIMITED**  
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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Note 28 Share based payments**

During the year the Company made the following share based payments:

- Issued 20,000,000 Options exercisable at \$0.03 vesting on grant each to the Managing Director as part of his remuneration package.
- Issued 20,000,000 Options exercisable at \$0.04 each vesting on grant to the Managing Director as part of his remuneration package.
- Issued 63,775,510 Options exercisable at \$0.0196 each vesting on grant to RMB Australia Holdings Limited for extension of the finance facility for six months.

Options granted carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share.

Set out below are summaries of options granted:

**2014**

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
28/11/2013	31/12/2017	\$0.03	-	20,000,000	-	20,000,000	20,000,000
28/11/2013	31/12/2017	\$0.04	-	20,000,000	-	20,000,000	20,000,000
24/03/2014	24/03/2016	\$0.0196	-	63,775,510	-	63,775,510	63,775,510
12/03/2008	12/03/2014	\$0.25	6,500,000	-	(6,500,000)	-	-
12/03/2008	12/03/2014	\$0.30	6,500,000	-	(6,500,000)	-	-
02/07/2008	02/07/2014	\$0.25	25,000	-	-	25,000	25,000
02/07/2008	02/07/2014	\$0.30	25,000	-	-	25,000	25,000
21/07/2009	21/07/2014	\$0.25	100,000	-	-	100,000	100,000
21/07/2009	21/07/2014	\$0.30	100,000	-	-	100,000	100,000
18/11/2010	01/10/2014	\$0.20	2,000,000	-	-	2,000,000	2,000,000
18/11/2010	01/10/2014	\$0.25	1,000,000	-	-	1,000,000	1,000,000
18/11/2010	01/10/2014	\$0.30	1,000,000	-	-	1,000,000	1,000,000
18/11/2010	01/10/2014	\$0.40	1,000,000	-	-	1,000,000	1,000,000
01/08/2011	31/07/2014	\$0.10	2,200,000	-	-	2,200,000	2,200,000
01/08/2011	31/07/2014	\$0.20	500,000	-	-	500,000	500,000
01/08/2011	31/07/2014	\$0.25	500,000	-	-	500,000	500,000
25/02/2012	24/02/2015	\$0.10	10,000,000	-	-	10,000,000	10,000,000
10/10/2012	10/10/2017	\$0.10	43,665,000	-	-	43,665,000	43,665,000
10/10/2012	10/10/2015	\$0.10	2,500,000	-	-	2,500,000	2,500,000
20/12/2012	23/11/2017	\$0.10	5,000,000	-	-	5,000,000	5,000,000
22/03/2013	21/03/2015	\$0.047	34,255,319	-	-	34,255,319	34,255,319
<b>Total</b>			116,870,319	103,775,510	(13,000,000)	207,645,829	207,645,829
<b>Weighted average exercise price</b>			<b>\$0.11</b>	<b>\$0.03</b>	<b>\$0.28</b>	<b>\$0.06</b>	<b>\$0.06</b>

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
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**Note 28 Share based payments (continued)**

2013

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
08/02/2011	08/08/2012	\$0.15	2,000,000	-	(2,000,000)	-	-
20/12/2007	31/12/2012	\$0.20	15,000,000	-	(15,000,000)	-	-
12/03/2/008	12/03/2014	\$0.25	6,500,000	-	-	6,500,000	6,500,000
12/03/2008	12/03/2014	\$0.30	6,500,000	-	-	6,500,000	6,500,000
02/07/2008	02/07/2014	\$0.25	25,000	-	-	25,000	25,000
02/07/2008	02/07/2014	\$0.30	25,000	-	-	25,000	25,000
21/07/2009	21/07/2014	\$0.25	100,000	-	-	100,000	100,000
21/07/2009	21/07/2014	\$0.30	100,000	-	-	100,000	100,000
18/11/2010	01/10/2014	\$0.20	2,000,000	-	-	2,000,000	2,000,000
18/11/2010	01/10/2014	\$0.25	1,000,000	-	-	1,000,000	1,000,000
18/11/2010	01/10/2014	\$0.30	1,000,000	-	-	1,000,000	1,000,000
18/11/2010	01/10/2014	\$0.40	1,000,000	-	-	1,000,000	1,000,000
01/08/2011	31/07/2014	\$0.10	2,200,000	-	-	2,200,000	2,200,000
01/08/2011	31/07/2014	\$0.20	500,000	-	-	500,000	500,000
01/08/2011	31/07/2014	\$0.25	500,000	-	-	500,000	500,000
25/02/2012	24/02/2015	\$0.10	10,000,000	-	-	10,000,000	10,000,000
10/10/2012	10/10/2017	\$0.10	-	43,665,000	-	43,665,000	43,665,000
10/10/2012	10/10/2015	\$0.10	-	2,500,000	-	2,500,000	2,500,000
20/12/2012	23/11/2017	\$0.10	-	5,000,000	-	5,000,000	5,000,000
24/03/2013	21/03/2015	\$0.047	-	34,255,319	-	34,255,319	34,255,319
<b>Total</b>			48,450,000	85,420,319	(17,000,000)	116,870,319	116,870,319
<b>Weighted average exercise price</b>			<b>\$0.15</b>	<b>\$0.10</b>	<b>\$0.04</b>	<b>\$0.13</b>	<b>\$0.13</b>

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2014 was \$nil (2013 - \$nil).

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.15 years (2013 – 1.66 years)

*Fair value of options granted*

The assessed fair value at grant date of options granted during the year ended 30 June 2014 was \$0.008 per option (2013 - \$0.008 per option). The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2014 included:

*Issue on 28 November 2013*

- (a) options are granted for no consideration
- (b) exercise price: \$0.03 and \$0.04
- (c) grant date: 28/11/2013
- (d) expiry date: 31/12/2017
- (e) share price at grant date: \$0.013
- (f) expected price volatility of the company's shares: 111.46%
- (g) expected dividend yield: 0%
- (h) risk-free interest rate: 3.47%

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Note 28 Share based payments (continued)**

*Issue on 24 March 2014*

- (a) options are granted for no consideration
- (b) exercise price: \$0.0196
- (c) grant date: 24/03/2014
- (d) expiry date: 24/03/2016
- (e) share price at grant date: \$0.015
- (f) expected price volatility of the company's shares: 107.732%
- (g) expected dividend yield: 0%
- (h) risk-free interest rate: 2.81%

The model inputs for options granted during the year ended 30 June 2013 included:

Consideration	Nil	Nil	Nil	Nil
Exercise price	\$0.10	\$0.047	\$0.10	\$0.10
Grant date	27/03/2013	27/03/2013	27/03/2013	23/11/2012
Expiry date	10/10/2017	21/03/2015	10/10/2015	23/11/2017
Share price at grant date	\$0.033	\$0.033	\$0.033	\$0.041
Expected price volatility of the company's shares	75.31%	75.31%	75.31%	75.31%
Expected dividend yield	0%	0%	0%	0%
Risk-free interest rate	3.14%	2.91%	2.97%	2.86%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

No options were exercised during the year.

**Expense arising from share-based payment transactions**

Total expense arising from share-based payment transactions recognised during the period were as follows:

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	\$'000	\$'000
Options issued to employees	323	325
Options issued to RMB Australia	485	-
	808	325

**Note 29 Contingent liabilities**

**Litigation**

All outstanding litigation matters that the Company and its subsidiaries were a party to were concluded in May 2014.

Polymetals Mining Limited, a wholly owned subsidiary of SXG acquired in the 2013 merger, had been the subject of litigation brought by Peak Gold Mines Pty Ltd ("Peak") in 2009.

The Company has incurred no financial impact from the transaction as it been fully indemnified against all costs incurred from the litigation through arrangements arising before and at the time of the merger with Polymetals Mining Limited.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Note 30 Subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2014 %	2013 %
Polymetals Mining Limited	Australia	Ordinary	100	-
Polymetals (Mt Boppy) Pty Ltd	Australia	Ordinary	100	-
Polymetals (Turner River) Pty Ltd	Australia	Ordinary	100	-

All of these entities were acquired on 20 August 2013.

**Note 31 Parent entity information**

The following information relates to the parent entity, Southern Cross Goldfields Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1 where applicable.

	<b>2014</b> <b>\$'000</b>	2013 \$'000
Current assets	1,245	1,873
Non-current assets	15,688	9,493
<b>Total assets</b>	<b>16,933</b>	<b>11,366</b>
Current liabilities	5,692	8,268
Non-current liabilities	8,316	1,017
<b>Total liabilities</b>	<b>14,008</b>	<b>9,285</b>
Issued capital	39,952	30,381
Accumulated losses	(41,635)	(32,100)
Share based payment reserve	4,608	3,800
<b>Total equity</b>	<b>2,925</b>	<b>2,081</b>
<b>Profit or loss for the year</b>	<b>(9,534)</b>	<b>(8,957)</b>
<b>Total comprehensive income</b>	<b>(9,534)</b>	<b>(8,957)</b>

**Contingent liabilities**

Southern Cross Goldfields Limited does not have any contingent liabilities at 30 June 2014.

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Note 31 Parent entity information (continued)**

**Capital commitments**

Southern Cross Goldfields Limited has the following exploration commitments, which are included in the Group's exploration commitments as detailed in note 25:

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Tenement commitments</b>		
Commitments for payments under exploration permits for minerals in existence at the reporting date but not recognized as liabilities payable is as follows:	3,550	4,263

**Guarantees**

Southern Cross Goldfields Limited has not guaranteed any debts of its subsidiaries.

**Note 32 Interests in joint operations**

The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint operations that are material to the consolidated entity are set out below:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2014</b>	<b>2013</b>
		%	%
Dev's Reward Joint Venture	Australia	90%	90%

## ***DIRECTORS' DECLARATION***

### **DECLARATION BY DIRECTORS**

In the directors' opinion:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, for the reasons provided in note 1(a)(iii).

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The remuneration disclosures contained in the Remuneration Report comply with s300A of the Corporations Act 2001.

The directors have been given the declarations by the chief executive officer and the chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'for J Parker', enclosed within a large, stylized oval scribble.

J Parker  
Chairman

Brisbane, 29 September 2014

## Independent Auditor's Report to the Members of Southern Cross Goldfields Limited

### Report on the Financial Report

We have audited the accompanying financial report of Southern Cross Goldfields Limited, which comprises the consolidated balance sheet as at 30 June 2014, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 28 to 68.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Southern Cross Goldfields Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## *Opinion*

In our opinion:

- (a) the financial report of Southern Cross Goldfields Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 11 to 17 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## *Opinion*

In our opinion the Remuneration Report of Southern Cross Goldfields Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



Rowan Smith  
Partner  
Chartered Accountants  
Brisbane, 29 September 2014

**SOUTHERN CROSS GOLDFIELDS LIMITED**

ABN 34 108 102 432

**SHAREHOLDER INFORMATION**

The shareholder information set out below was applicable as at 24 September 2014.

**A. Distribution of equity securities**

Analysis of numbers of equity security holders by size of holding:

	<b>Class of equity security</b>
	<b>Ordinary Shares</b>
1 – 1,000	371
1,001 – 5,000	323
5,001 – 10,000	154
10,001 – 100,000	887
100,001 and over	767
	<b>2,502</b>

There were 1,405 holders of less than a marketable parcel of ordinary shares.

**B. Equity security holders*****Twenty largest quoted equity security holders***

The names of the twenty largest holders of quoted equity securities are listed below:

<b>Name</b>	<b>Ordinary shares</b>	
	<b>Number Held</b>	<b>Percentage(%) of issued shares</b>
Meadowhead Investments Pty Ltd	236,579,204	19.40
Mrs Jane Christine Sproule <Sproule Family A/C>	93,796,985	7.69
Washington H Soul Pattinson And Company Limited	44,000,000	3.61
Kamjoh Pty Ltd	30,000,000	2.46
Polaris Metals Pty Ltd	23,300,002	1.91
Richlark Pty Ltd <HL Spoule Family A/C>	22,984,749	1.88
Novabank Pty Ltd	20,934,828	1.72
Barranco Resources NL	20,000,000	1.64
Mr Siang Hai Teoh	18,888,867	1.55
Mrs Elaine Lawry	18,009,486	1.48
Strata Drilling WA Pty Ltd <Hall Super Fund A/C>	15,000,000	1.23
Deering Nominees Pty Ltd	14,826,544	1.22
Western Areas NL	14,739,721	1.21
Richlark Pty Ltd <Akers Family A/C>	14,029,165	1.15
Richlark Pty Ltd <RJ Sproule Family A/C>	14,029,165	1.15
Locantro Speculative Investments Limited	12,771,046	1.05
Mineral Resources Limited	12,756,219	1.05
Slade Technologies Pty Ltd <Embrey family Superfund A/C>	11,500,000	0.94
Grosvenor Pirie Management Ltd <Roslyn No 4 S/F A/C>	11,000,000	0.90
Icola Pty Ltd	10,831,370	0.89
	<b>659,977,351</b>	<b>54.12</b>

## SHAREHOLDER INFORMATION

### *Unquoted equity securities*

	<b>Number on issue</b>	<b>Number of holders</b>
Unquoted options	370,245,829	211

No person holds 20% of more of these securities.

### **C. Substantial holders**

Substantial holders in the company are set out below:

	<b>No. of shares</b>	<b>Percentage</b>
Meadowhead Investments Pty Ltd	332,536,189	27.27%
Mrs Jane Christine Sproule	332,536,189	27.27%

### **D. Voting rights**

The voting rights attaching to each class of equity securities are set out below:

- (a) Ordinary shares  
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) Options  
No voting rights.

## SOUTHERN CROSS GOLDFIELDS LIMITED

ABN 34 108 102 432

### MINERAL RESOURCES AND ORE RESERVES STATEMENTS

The tables on the following pages detail the estimates of the Mineral Resources and Ore Reserves held by the Company as at 30 June 2014.

During the period 1 July 2013 to 30 June 2014 the Resources have increased by 8% from 1,266koz to 1,299koz, and the Reserves have increased by 43% from 175koz to 251koz, due to the merger with Polymetals Mining Limited in August 2013, and the associated inclusion of the Canbelego Project Resources and Reserves.

#### Governance Arrangements and Internal Controls

A summary of the governance arrangements and internal controls put in place by the company in respect to its estimates of Mineral Resources and Ore Reserves and the estimation process is as follows:

##### Mineral Resources

- Review and validation of sampling techniques and data.
- Review of geological interpretations and possible alternative interpretations.
- Review and validation of estimation and modelling techniques.
- Review of cut-off grade parameters and mining assumptions.
- Internal and external peer reviews.

##### Ore Reserves

- Review of cut-off grade parameters and mining assumptions.
- Review of metallurgical factors or assumptions.
- Review of cost assumptions.
- Pit Designs based on optimised pit shells.

#### Competent Person Statements

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

##### Marda

*Announcement - "SXG set to open up new WA gold province with Marda Gold Development" released on 10 May 2012; available to view on [www.scross.com.au](http://www.scross.com.au) and [www.asx.com.au](http://www.asx.com.au).*

*Competent Person (Mineral Resources) – Richard Simmons*

*Competent Person (Ore Reserves) – Denis Grubic*

##### Canbelego

*Announcement - "Mt Boppy Feasibility Study Results" released by Polymetals Mining Limited (ASX:PLY) on 29 January 2013; available to view on [www.asx.com.au](http://www.asx.com.au).*

*Competent Person (Mineral Resources) – Troy Lowien*

*Competent Persons (Ore Reserves) – Andrew Lawry & Sean Buxton*

##### Sandstone

*Unchanged since acquisition from Troy Resources Limited (ASX:TRY) in 2012*

*Announcement - "2011 Annual Report of Troy Resources Limited" released on 21<sup>st</sup> October 2011; available to view on [www.asx.com.au](http://www.asx.com.au).*

*Competent Person (Mineral Resources) – David Otterman*

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.

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**SOUTHERN CROSS GOLDFIELDS LIMITED**

ABN 34 108 102 432

***MINERAL RESOURCES AND ORE RESERVES STATEMENTS***

The Mineral Resources and Ore Reserves statement is based on, and fairly represents, the information and supporting documentation prepared by the competent persons listed above. The Mineral Resources and Ore Reserves statement as a whole has been approved by Troy Lowien, a competent person who is a Member of the Australian Institute of Mining and Metallurgy and a full-time employee of the company.

# SOUTHERN CROSS GOLDFIELDS LIMITED

ABN 34 108 102 432

## MINERAL RESOURCES STATEMENT

### Marda Project Resources

Deposit	Cut Off Grade (Au g/t)	Material	Measured			Indicated			Measured & Indicated			Inferred			Total		
			Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)
Dolly Pot	1	oxide	569	1.9	34	14	1.7	1	583	1.8	35	32	1.8	2	615	1.8	36
Dugite	1	oxide	294	1.9	18	8	1.5	<1	302	1.9	18	11	1.4	<1	312	1.9	19
King Brown	1	oxide	100	4.4	14	63	2.6	5	164	3.7	19	74	3.0	7	238	3.4	26
Golden Orb	1	oxide	416	3.0	40	103	2.0	7	519	2.8	47	176	1.8	10	694	2.5	57
Python	1	oxide	738	2.0	46	40	1.6	2	779	1.9	48	192	1.9	12	970	1.9	60
Goldstream	1	oxide	210	2.0	13	1	1.4	<1	211	1.9	13	1	1.3	<1	212	1.9	13
Red Legs	1	oxide	-	-	-	319	2.4	25	319	2.4	25	361	1.9	22	680	2.2	47
Die Hardy	1	oxide	-	-	-	983	1.5	47	983	1.5	47	589	1.5	28	1,572	1.5	75
Battler	1	oxide	361	2.7	31	39	3.5	4	401	2.8	36	52	3.5	6	453	2.9	42
British Hill	1	oxide	-	-	-	970	1.9	59	970	1.9	59	951	1.5	46	1,921	1.7	105
<b>Project Total</b>			<b>2,688</b>	<b>2.3</b>	<b>197</b>	<b>2,542</b>	<b>1.8</b>	<b>149</b>	<b>5,230</b>	<b>2.1</b>	<b>346</b>	<b>2,437</b>	<b>1.7</b>	<b>133</b>	<b>7,668</b>	<b>1.9</b>	<b>480</b>

### Canbelego Project Resources

Deposit	Cut Off Grade (Au g/t)	Material	Measured			Indicated			Measured & Indicated			Inferred			Total		
			Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)
Mount Boppy	2.5	oxide	25	6.3	5	14	5.2	2	38	5.9	7	4	3.7	<1	42	5.7	8
	2.5	fresh	14	6.5	3	367	4.7	56	381	4.8	58	73	4.0	9	453	4.7	68
	2.5	stope fill	-	-	-	160	3.6	19	160	3.6	19	-	-	-	160	3.6	19
<b>Sub Total</b>			<b>39</b>	<b>6.4</b>	<b>8</b>	<b>540</b>	<b>4.4</b>	<b>76</b>	<b>579</b>	<b>4.5</b>	<b>84</b>	<b>77</b>	<b>3.8</b>	<b>9</b>	<b>656</b>	<b>4.5</b>	<b>94</b>
Boppy South	1	oxide	-	-	-	90	2.3	7	90	2.3	7	2	2.1	<1	93	2.3	7
	1	fresh	-	-	-	15	2.1	1	15	2.1	1	2	1.9	<1	18	2.1	1
<b>Sub total</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>106</b>	<b>2.3</b>	<b>8</b>	<b>106</b>	<b>2.3</b>	<b>8</b>	<b>5</b>	<b>2.0</b>	<b>&lt;1</b>	<b>110</b>	<b>2.3</b>	<b>8</b>
<b>Project Total</b>			<b>39</b>	<b>6.4</b>	<b>8</b>	<b>646</b>	<b>4.0</b>	<b>84</b>	<b>684</b>	<b>4.2</b>	<b>92</b>	<b>82</b>	<b>3.6</b>	<b>9</b>	<b>766</b>	<b>4.1</b>	<b>102</b>

### Sandstone Project Resources

Deposit	Cut Off Grade (Au g/t)	Material	Measured			Indicated			Measured & Indicated			Inferred			Total		
			Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)
Lord Nelson	0.5	-	-	-	-	392	3.0	38	392	3.0	38	84	1.8	5	476	2.8	43
Lord Henry	0.8	-	-	-	-	987	1.9	59	987	1.9	59	39	1.7	2	1,026	1.8	61
Two Mile Hill Tonalite	0.5	-	-	-	-	-	-	-	-	-	-	10,541	1.3	451	10,541	1.3	451
Two Mile Hill BIF	0.5	-	-	-	-	59	9.9	19	59	9.9	19	-	-	-	59	9.9	19
Other	1	-	-	-	-	494	1.8	29	494	1.8	29	1,922	1.9	116	2,416	1.9	145
<b>Project Total</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>1,932</b>	<b>2.3</b>	<b>144</b>	<b>1,932</b>	<b>2.3</b>	<b>144</b>	<b>12,586</b>	<b>1.4</b>	<b>573</b>	<b>14,518</b>	<b>1.5</b>	<b>718</b>

### Total Resources

Deposit	Cut Off Grade (Au g/t)	Material	Measured			Indicated			Measured & Indicated			Inferred			Total		
			Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)
All	-	-	2,727	2.3	204	5,120	2.3	378	7,847	2.3	583	15,105	1.5	715	22,952	1.8	1,299

**SOUTHERN CROSS GOLDFIELDS LIMITED**

ABN 34 108 102 432

**ORE RESERVES STATEMENT**

**Marda Project Reserves**

Deposit	Cut Off Grade (Au g/t)	Proved			Probable			Total		
		Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)
Dolly Pot	0.80	370	1.7	21	0	1.2	0	371	1.8	21
Dugite	0.80	213	1.9	13	0	1.5	0	213	2.0	13
King Brown	0.88	87	4.5	13	12	2.7	1	99	4.5	14
Golden Orb	0.87	271	3.1	27	9	2.0	1	280	3.2	28
Python	0.80	552	1.9	34	3	1.4	0	555	2.0	34
Goldstream	0.80	86	2.4	7	0	0.0	0	86	2.5	7
Red Legs	0.90	0	0.0	0	163	2.9	15	163	3.1	15
Die Hardy	0.90	0	0.0	0	396	1.6	21	396	1.6	21
Battler	1.29	136	3.7	16	6	5.7	1	142	4.0	17
British Hill	1.52	0	0.0	0	71	2.9	7	71	4.6	7
<b>Total</b>		<b>1,715</b>	<b>2.4</b>	<b>130</b>	<b>660</b>	<b>2.1</b>	<b>46</b>	<b>2,375</b>	<b>2.3</b>	<b>175</b>

**Canbelego Project Reserves**

Deposit	Cut Off Grade (Au g/t)	Proved			Probable			Total		
		Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)
Mt Boppy	1.85	42	5.6	8	507	4.2	68	549	4.3	76

**Total Reserves**

Deposit	Proved			Probable			Total		
	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)	Tonnes (kt)	Grade (Au g/t)	Ounces (Au koz)
All	1,757	2.4	138	1,167	3.0	114	2,924	2.7	251

**SOUTHERN CROSS GOLDFIELDS LIMITED**  
**ABN 34 108 102 432**

**TENEMENT SCHEDULE at 30 JUNE 2014**

**Mining tenements held at the end of the financial year and their location  
(includes associated interests in mineral rights)**

State	Tenement Name	Tenement ID	Location	Interest	Holder
NSW	Canbelego	EL 5842	East of Cobar	100%	PMB
NSW	Mt Boppy Mine	GL 3255	East of Cobar	100%	PMB
NSW	Mt Boppy Mine	GL 5836	East of Cobar	100%	PMB
NSW	Mt Boppy Mine	GL 5848	East of Cobar	100%	PMB
NSW	Mt Boppy Mine	GL 5898	East of Cobar	100%	PMB
NSW	Mt Boppy Mine	ML 311	East of Cobar	100%	PMB
NSW	Mt Boppy Mine	MPL 240	East of Cobar	100%	PMB
NSW	Mt Boppy Mine	ML 1681	East of Cobar	100%	PMB
WA	Bullfinch	E77/1374	Bullfinch	0% (1)	POL
WA	Bullfinch	E77/1630	Bullfinch	100% (2)	SXG
WA	Bullfinch	E77/1692	Bullfinch	100%	GRY
WA	Bullfinch	E77/2092	Bullfinch	100% (2)	JAY
WA	Bullfinch	E77/2093	Bullfinch	100% (1)	GEO
WA	Bullfinch	E77/2094	Bullfinch	100% (1)	GEO
WA	Bullfinch	E77/2095	Bullfinch	100% (1)	GEO
WA	Bullfinch	E77/2096	Bullfinch	100%	GRE
WA	Bullfinch	E77/2146	Bullfinch	100% (2)	MAJ
WA	Bullfinch	M77/1064	Bullfinch	85% (2)	SXG/POL
WA	Bullfinch	M77/1090	Bullfinch	85% (2)	SXG/POL
WA	Bullfinch	M77/1103	Bullfinch	85% (2)	SXG/POL
WA	Bullfinch	M77/1253	Bullfinch	0% (1)	POL
WA	Bullfinch	M77/228	Bullfinch	85% (2)	SXG/POL
WA	Bullfinch	P77/3614	Bullfinch	90%	GRY/OTH
WA	Bullfinch	P77/3628	Bullfinch	85% (2)	SXG/POL
WA	Bullfinch	P77/3629	Bullfinch	85% (2)	SXG/POL
WA	Bullfinch	P77/3630	Bullfinch	0% (1)	POL
WA	Bullfinch	P77/3631	Bullfinch	0% (1)	POL
WA	Bullfinch	P77/3632	Bullfinch	0% (1)	POL
WA	Bullfinch	P77/3633	Bullfinch	0% (1)	POL
WA	Bullfinch	P77/3634	Bullfinch	0% (1)	POL
WA	Bullfinch	P77/3635	Bullfinch	0% (1)	POL
WA	Bullfinch	P77/3636	Bullfinch	0% (1)	POL
WA	Bullfinch	P77/3665	Bullfinch	100%	GRY
WA	Bullfinch	P77/3666	Bullfinch	100%	GRY
WA	Bullfinch	P77/3970	Bullfinch	0% (1)	POL
WA	Bullfinch	P77/3996	Bullfinch	100% (2)	SXG
WA	Bullfinch	P77/3997	Bullfinch	100% (2)	SXG
WA	Bullfinch	P77/4223	Bullfinch	100%	SXG
WA	Bullfinch	P77/4224	Bullfinch	100%	SXG
WA	Bullfinch	P77/4225	Bullfinch	100%	SXG
WA	Bullfinch	P77/4232	Bullfinch	90% (3)	SXG
WA	Bullfinch	P77/4233	Bullfinch	90% (3)	SXG
WA	Bullfinch	P77/4234	Bullfinch	100%	SXG
WA	Johnston Range	E77/1280	Johnston Range	0% (4)	RAD
WA	Johnston Range	E77/1281	Johnston Range	0% (4)	RAD
WA	Johnston Range	E77/1807	Johnston Range	0% (4)	RAD
WA	Koolyanobbing	E77/2013	Koolyanobbing	100% (2)	SXG
WA	Marda	E77/1117	Marda	0% (2)	CLF
WA	Marda	E77/1164	Marda	100% (2)	SXG
WA	Marda	E77/1321	Marda	0% (2)	CLF
WA	Marda	E77/1322	Marda	0% (2)	CLF
WA	Marda	E77/1423	Marda	100% (2)	SXG
WA	Marda	E77/1459	Marda	0% (2)	POL
WA	Marda	E77/1462	Marda	0% (2)	POL
WA	Marda	E77/1474	Marda	100% (2)	SXG

**SOUTHERN CROSS GOLDFIELDS LIMITED**  
**ABN 34 108 102 432**

**TENEMENT SCHEDULE at 30 JUNE 2014**

State	Tenement Name	Tenement ID	Location	Interest	Holder
WA	Marda	E77/1477	Marda	100% (2)	SXG
WA	Marda	E77/1508	Marda	100% (5)	OTH
WA	Marda	E77/1509	Marda	100% (5)	SXG
WA	Marda	E77/1649	Marda	100% (5)	SXG
WA	Marda	E77/1650	Marda	100% (2)	SXG
WA	Marda	E77/1653	Marda	100% (2)	SXG
WA	Marda	E77/1654	Marda	100% (2)	SXG
WA	Marda	E77/1657	Marda	100% (2)	SXG
WA	Marda	E77/1658	Marda	100% (2)	SXG
WA	Marda	E77/1659	Marda	100% (2)	SXG
WA	Marda	E77/1699	Marda	100% (2)	SXG
WA	Marda	E77/1728	Marda	100% (6)	SXG
WA	Marda	E77/1741	Marda	100% (2)	SXG
WA	Marda	E77/1742	Marda	100% (2)	SXG
WA	Marda	E77/1766	Marda	100% (2)	SXG
WA	Marda	E77/1791	Marda	100% (5)	SXG
WA	Marda	E77/1803	Marda	100% (5)	SXG
WA	Marda	E77/1814	Marda	100% (5)	SXG
WA	Marda	E77/1817	Marda	100% (2)	SXG
WA	Marda	E77/1879	Marda	100% (2)	SXG
WA	Marda	E77/1880	Marda	100% (6)	SXG
WA	Marda	E77/1893	Marda	100% (2)	SXG
WA	Marda	E77/1899	Marda	100% (4)	SXG
WA	Marda	E77/1900	Marda	100% (4)	SXG
WA	Marda	E77/1911	Marda	100% (2)	SXG
WA	Marda	E77/1921	Marda	100% (4)	SXG
WA	Marda	E77/1976	Marda	100% (4)	SXG
WA	Marda	E77/1997	Marda	100% (2)	SXG
WA	Marda	E77/2018	Marda	100% (2)	SXG
WA	Marda	E77/2024	Marda	100% (2)	SXG
WA	Marda	E77/2025	Marda	100% (2)	SXG
WA	Marda	E77/2067	Marda	100% (2)	SXG
WA	Marda	E77/2081	Marda	100%	SXG
WA	Marda	E77/2105	Marda	100% (2)	JAY
WA	Marda	E77/2106	Marda	100% (2)	JAY
WA	Marda	E77/2107	Marda	100% (2)	JAY
WA	Marda	E77/2109	Marda	100% (2)	GRE
WA	Marda	E77/2110	Marda	100% (2)	GRE
WA	Marda	E77/2124	Marda	100% (2)	SNH
WA	Marda	E77/2140	Marda	100% (2)	FOR
WA	Marda	E77/2141	Marda	100% (2)	SXG
WA	Marda	E77/2150	Marda	100% (2)	POL
WA	Marda	E77/2171	Marda	100% (2)	FLA
WA	Marda	E77/2172	Marda	100% (2)	GRE
WA	Marda	E77/2240	Marda	100% (1)	RAD
WA	Marda	G77/120	Marda	100%	SXG
WA	Marda	G77/35	Marda	100% (2)	SXG
WA	Marda	L77/238	Marda	100%	SXG
WA	Marda	L77/239	Marda	100%	SXG
WA	Marda	L77/240	Marda	100%	SXG
WA	Marda	L77/241	Marda	100%	SXG
WA	Marda	L77/242	Marda	100%	SXG
WA	Marda	L77/258	Marda	100%	SXG
WA	Marda	L77/259	Marda	100%	SXG
WA	Marda	L77/260	Marda	100%	SXG
WA	Marda	L77/261	Marda	100%	SXG
WA	Marda	L77/268	Marda	100%	SXG
WA	Marda	M77/1264	Marda	0%(2)	SXG

**SOUTHERN CROSS GOLDFIELDS LIMITED**  
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**TENEMENT SCHEDULE at 30 JUNE 2014**

State	Tenement Name	Tenement ID	Location	Interest	Holder
WA	Marda	M77/1271	Marda	100%	SXG
WA	Marda	M77/1272	Marda	100%	SXG
WA	Marda	M77/394	Marda	100% (2)	SXG
WA	Marda	M77/576	Marda	100% (5)	SXG
WA	Marda	M77/646	Marda	100% (2)	SXG
WA	Marda	M77/824	Marda	100% (6)	SXG
WA	Marda	M77/931	Marda	100% (2)	SXG
WA	Marda	M77/962	Marda	100% (2)	SXG
WA	Marda	M77/973	Marda	0% (1)	POL
WA	Marda	P77/3412	Marda	100% (2)	SXG
WA	Marda	P77/3414	Marda	100% (2)	SXG
WA	Marda	P77/3460	Marda	100% (2)	SXG
WA	Marda	P77/3461	Marda	100% (2)	SXG
WA	Marda	P77/3462	Marda	100% (2)	SXG
WA	Marda	P77/3552	Marda	100% (2)	SXG
WA	Marda	P77/3801	Marda	100% (2)	SXG
WA	Marda	P77/3816	Marda	100% (2)	SXG
WA	Marda	P77/3817	Marda	100% (2)	SXG
WA	Marda	P77/3874	Marda	0% (10)	OTH
WA	Marda	P77/3898	Marda	100% (2)	SXG
WA	Marda	P77/3899	Marda	100% (2)	SXG
WA	Marda	P77/3901	Marda	100% (5)	SXG
WA	Marda	P77/3903	Marda	100% (2)	SXG
WA	Marda	P77/3936	Marda	100% (2)	SXG
WA	Marda	P77/3967	Marda	100% (2)	SXG
WA	Marda	P77/3968	Marda	0%(10)	OTH
WA	Marda	P77/3978	Marda	100% (2)	SXG
WA	Marda	P77/3979	Marda	100% (2)	SXG
WA	Marda	P77/3994	Marda	100% (2)	SXG
WA	Marda	P77/4019	Marda	0%(10)	OTH
WA	Marda	P77/4022	Marda	100% (6)	SXG
WA	Marda	P77/4027	Marda	0%(10)	OTH
WA	Marda	P77/4028	Marda	100% (2)	SXG
WA	Marda	P77/4029	Marda	100% (2)	SXG
WA	Marda	P77/4055	Marda	100% (5)	SXG
WA	Marda	P77/4061	Marda	0%(10)	OTH
WA	Marda	P77/4076	Marda	100% (2)	SXG
WA	Marda	P77/4077	Marda	100% (2)	SXG
WA	Marda	P77/4078	Marda	100% (2)	SXG
WA	Marda	P77/4101	Marda	100% (2)	SXG
WA	Marda	P77/4118	Marda	100%	SXG
WA	Marda	P77/4119	Marda	100%	SXG
WA	Marda	P77/4170	Marda	100% (2)	SXG
WA	Marda	P77/4171	Marda	100% (2)	SXG
WA	Marda	P77/4179	Marda	100% (2)	SXG
WA	Marda	P77/4180	Marda	100% (2)	SXG
WA	Marda	P77/4181	Marda	100% (2)	SXG
WA	Marda	P77/4193	Marda	100% (2)	SXG
WA	Marda	P77/4194	Marda	100% (2)	SXG
WA	Marda	P77/4195	Marda	100% (2)	SXG
WA	Marda	P77/4204	Marda	100% (2)	SXG
WA	Marda	P77/4221	Marda	100%	SXG
WA	Marda	P77/4222	Marda	100%	SXG
WA	Marda	P77/4226	Marda	100% (2)	SXG
WA	Marda	P77/4227	Marda	100% (2)	SXG
WA	Marda	P77/4228	Marda	100% (2)	SXG
WA	Marda	P77/4229	Marda	100% (2)	SXG
WA	Marda	P77/4230	Marda	100% (2)	SXG

**SOUTHERN CROSS GOLDFIELDS LIMITED**  
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**TENEMENT SCHEDULE at 30 JUNE 2014**

State	Tenement Name	Tenement ID	Location	Interest	Holder
WA	Marda	P77/4231	Marda	100% (2)	SXG
WA	Marda	P77/4238	Marda	100% (2)	SXG
WA	Marda	P77/4239	Marda	100% (2)	SXG
WA	Marda	P77/4240	Marda	100% (2)	SXG
WA	Marda	R77/1	Marda	100%	SXG
WA	Marda	R77/2	Marda	100%	SXG
WA	Marda - Evanston	E77/1376	Marda - Evanston	0% (2)	POL
WA	Marda - Evanston	E77/1721	Marda - Evanston	0% (2)	POL
WA	Marda - Evanston	E77/2032	Marda - Evanston	0% (2)	POL
WA	Mount Holland	E77/1773	Mount Holland	100% (5)	SXG
WA	Mount Holland	E77/1775	Mount Holland	100% (5)	SXG
WA	Mount Holland	E77/1776	Mount Holland	100% (5)	SXG
WA	Mount Holland	E77/1777	Mount Holland	100% (5)	SXG
WA	Perrinvale	E29/564	Perrinvale	0% (2)	CLF
WA	Perrinvale	E29/593	Perrinvale	0% (2)	CLF
WA	Perrinvale	E29/653	Perrinvale	0% (2)	CLF
WA	Perrinvale	E29/655	Perrinvale	0% (2)	CLF
WA	Perrinvale	E29/793	Perrinvale	0% (4)	POL
WA	Perrinvale	E30/331	Perrinvale	0% (2)	CLF
WA	Perrinvale	E30/423	Perrinvale	0% (4)	POL
WA	Perrinvale	E30/424	Perrinvale	0% (4)	POL
WA	Perrinvale	P29/1922	Perrinvale	0% (2)	CLF
WA	Perrinvale	P29/1923	Perrinvale	0% (2)	CLF
WA	Perrinvale	P29/1926	Perrinvale	0% (2)	CLF
WA	Perrinvale	P29/1927	Perrinvale	0% (2)	CLF
WA	Perrinvale	P30/1011	Perrinvale	0% (2)	CLF
WA	Sandstone	E57/580	Sandstone	100%	SXG
WA	Sandstone	E57/583	Sandstone	100%	SXG
WA	Sandstone	E57/664	Sandstone	100%	SXG
WA	Sandstone	E57/703	Sandstone	100%	SXG
WA	Sandstone	E57/704	Sandstone	100%	SXG
WA	Sandstone	E57/808	Sandstone	100%	SXG
WA	Sandstone	M57/1	Sandstone	100%	SXG
WA	Sandstone	M57/128	Sandstone	100%	SXG
WA	Sandstone	M57/129	Sandstone	100%	SXG
WA	Sandstone	M57/130	Sandstone	100%	SXG
WA	Sandstone	M57/22	Sandstone	100%	SXG
WA	Sandstone	M57/239	Sandstone	50%	SXG/OTH
WA	Sandstone	M57/248	Sandstone	100%	SXG
WA	Sandstone	M57/266	Sandstone	100%	SXG
WA	Sandstone	M57/301	Sandstone	100%	SXG
WA	Sandstone	M57/40	Sandstone	100%	SXG
WA	Sandstone	M57/415	Sandstone	100%	SXG
WA	Sandstone	M57/416	Sandstone	100%	SXG
WA	Sandstone	M57/417	Sandstone	100%	SXG
WA	Sandstone	M57/439	Sandstone	100%	SXG
WA	Sandstone	M57/529	Sandstone	100%	SXG
WA	Sandstone	M57/530	Sandstone	100%	SXG
WA	Sandstone	M57/632	Sandstone	100%	SXG
WA	Sandstone	M57/68	Sandstone	100%	SXG
WA	Sandstone	M57/88	Sandstone	100%	SXG
WA	Sandstone	P57/1091	Sandstone	85%	SXG/ELX
WA	Sandstone	P57/1092	Sandstone	85%	SXG/ELX
WA	Sandstone	P57/1095	Sandstone	100%	SXG
WA	Sandstone	P57/1108	Sandstone	100%	SXG
WA	Sandstone	P57/1109	Sandstone	100%	SXG
WA	Sandstone	P57/1110	Sandstone	100%	SXG
WA	Sandstone	P57/1114	Sandstone	85%	SXG/ELX

**SOUTHERN CROSS GOLDFIELDS LIMITED**  
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**TENEMENT SCHEDULE at 30 JUNE 2014**

State	Tenement Name	Tenement ID	Location	Interest	Holder
WA	Sandstone	P57/1115	Sandstone	85%	SXG/ELX
WA	Sandstone	P57/1116	Sandstone	100%	SXG
WA	Sandstone	P57/1117	Sandstone	100%	SXG
WA	Sandstone	P57/1118	Sandstone	100%	SXG
WA	Sandstone	P57/1119	Sandstone	100%	SXG
WA	Sandstone	P57/1121	Sandstone	100%	SXG
WA	Sandstone	P57/1122	Sandstone	100%	SXG
WA	Sandstone	P57/1203	Sandstone	100%	SXG
WA	Sandstone	P57/1204	Sandstone	100%	SXG
WA	Sandstone	P57/1206	Sandstone	100%	SXG
WA	Sandstone	P57/1209	Sandstone	100%	SXG
WA	Sandstone	P57/1210	Sandstone	100%	SXG
WA	Sandstone	P57/1220	Sandstone	100%	SXG
WA	Sandstone	P57/1221	Sandstone	100%	SXG
WA	Sandstone	P57/1222	Sandstone	100%	SXG
WA	Sandstone	P57/1224	Sandstone	100%	SXG
WA	Sandstone	P57/1225	Sandstone	100%	SXG
WA	Sandstone	P57/1229	Sandstone	100%	SXG
WA	Sandstone	P57/1230	Sandstone	100%	SXG
WA	Sandstone	P57/1246	Sandstone	100%	SXG
WA	Sandstone	P57/1252	Sandstone	100%	SXG
WA	Sandstone	P57/1253	Sandstone	100%	SXG
WA	Sandstone	P57/1254	Sandstone	100%	SXG
WA	Sandstone	P57/1255	Sandstone	100%	SXG
WA	Sandstone	G57/3	Sandstone	100%	SXG
WA	Sandstone	L57/10	Sandstone	100%	SXG
WA	Sandstone	L57/15	Sandstone	100%	SXG
WA	Sandstone	L57/22	Sandstone	100%	SXG
WA	Sandstone	L57/23	Sandstone	100%	SXG
WA	Sandstone	L57/24	Sandstone	100%	SXG
WA	Sandstone	L57/25	Sandstone	100%	SXG
WA	Sandstone	L57/26	Sandstone	100%	SXG
WA	Sandstone	L57/27	Sandstone	100%	SXG
WA	Sandstone	L57/33	Sandstone	100%	SXG
WA	Sandstone	L57/34	Sandstone	100%	SXG
WA	Southern Cross	E77/1726	Southern Cross	100% (5)	SXG
WA	Southern Cross	E77/1778	Southern Cross	100% (5)	SXG
WA	Southern Cross	E77/1790	Southern Cross	100% (5)	SXG
WA	Southern Cross	E77/1837	Southern Cross	100% (5)	SXG
WA	Southern Cross	E77/1938	Southern Cross	100% (5)	SXG
WA	Southern Cross	E77/1939	Southern Cross	100% (5)	SXG
WA	Southern Cross	E77/1965	Southern Cross	100% (5)	SXG
WA	Southern Cross	E77/2091	Southern Cross	100% (5)	JAY
WA	Southern Cross	L77/221	Southern Cross	100% (5)	SXG
WA	Southern Cross	L77/223	Southern Cross	100% (5)	SXG
WA	Southern Cross	L77/224	Southern Cross	100%	SXG
WA	Southern Cross	L77/225	Southern Cross	100%	SXG
WA	Southern Cross	M77/1025	Southern Cross	100% (5)	SXG
WA	Southern Cross	M77/1044	Southern Cross	100% (5)	SXG
WA	Southern Cross	M77/1102	Southern Cross	100% (5)	SXG
WA	Southern Cross	M77/1256	Southern Cross	100% (6)	SXG
WA	Southern Cross	M77/166	Southern Cross	100% (5)	SXG
WA	Southern Cross	M77/948	Southern Cross	90% (3)	SXG/BEL
WA	Southern Cross	P77/3645	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4036	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4037	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4038	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4079	Southern Cross	100% (2)	SXG

**SOUTHERN CROSS GOLDFIELDS LIMITED**  
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**TENEMENT SCHEDULE at 30 JUNE 2014**

State	Tenement Name	Tenement ID	Location	Interest	Holder
WA	Southern Cross	P77/4080	Southern Cross	100% (2)	SXG
WA	Southern Cross	P77/4103	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4112	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4113	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4120	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4121	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4122	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4124	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4125	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4150	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4151	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4152	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4168	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4169	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4185	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4196	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4197	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4198	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4199	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4202	Southern Cross	100% (5)	SXG
WA	Southern Cross	P77/4203	Southern Cross	100% (5)	SXG
WA	Yilgarn	E77/1275	Yilgarn	0% (9)	POL
WA	Yilgarn	E77/1380	Yilgarn	0% (2)	POL
WA	Yilgarn	E77/1989	Yilgarn	0% (2)	POL
WA	Yilgarn	E77/1991	Yilgarn	0% (2)	POL
WA	Yilgarn	E77/2077	Yilgarn	0% (2)	POL

Notes – SXG Interests in Mineral Rights

- (1) SXG holds 100% of Non-Fe & Ni Rights
- (2) SXG holds 100% of Non- Fe Rights & 30% Ni Rights
- (3) SXG holds 90% of all Rights except 30% Ni Rights
- (4) SXG holds 100% of Non- Fe Rights
- (5) SXG holds 100% of all Rights and 30% of Ni Rights
- (6) same as (5)
- (7) SXG holds 80% of Non- Ni Rights & 30 % of Ni Rights
- (8) SXG holds 95% of Fe Rights & 100% of all other rights
- (9) SXG holds 100% of Non- Fe Rights - Non CESB. Polaris 100% of Non - Fe rights CESB
- (10) SXG – Option to Purchase 100%

EL	New South Wales	exploration licence
GL	New South Wales	gold lease
ML	New South Wales	mining lease
MPL	New South Wales	mining purposes lease
E	Western Australia	exploration licence
L	Western Australia	miscellaneous licence
M	Western Australia	mining lease
P	Western Australia	prospecting licence

BEL	Bellriver Pty Ltd
CLF	Cliffs Asia Pacific Iron Ore Pty Ltd
ELX	Elixir Holdings Pty Ltd
FLA	Flatrock Resources Pty Ltd
FOR	Formula Resources Pty Ltd
GEO	Geological Resource Solutions Pty Ltd
GRE	Greenwood Resources Pty Ltd
GRY	Gryphon Minerals Pty Ltd
JAY	Jayvee Resources Pty Ltd
MAJ	Majeka Minerals Pty Ltd
MOT	Motueka Investments Pty Ltd

***TENEMENT SCHEDULE at 30 JUNE 2014***

OTH	Other non-corporate individuals
PMB	Polymetals (Mt Boppy) Ltd
POL	Polaris Metals Pty Ltd
RAD	Radar Resources Pty Ltd
SXG	Southern Cross Goldfields Ltd