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

PROSPECTUS

For a renounceable pro rata offer to Eligible Shareholders of approximately 60,118,479 New Shares at an issue price of \$0.065 per share on the basis of 3 New Shares for every 7 Existing Shares held to raise approximately \$3,907,701 before issue costs

Underwriter and Lead Manager

Patersons Securities Limited

ACN 008 896 311

Important Notice

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

The Shares offered by this Prospectus should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

INVESTMENT HIGHLIGHTS

- Proceeds of Issue to underpin feasibility study on a proposed integrated development of the Company's portfolio of oxide gold deposits in the Southern Cross region of Western Australia as part of an initial near-term production strategy.
- Production strategy based on the establishment of a 400,000tpa processing facility at the Marda Project, where the Company's resource base is centred, with an initial production target of 30,000 ounces per annum over five years.
- Based on currently known and identified parameters, the Company is targeting cash operating costs in the region of A\$750-800 per ounce from this scale of operation, which would enable it to generate strong cash flows at current gold prices.
- Feasibility study targeted for completion by mid-2011, with first production targeted for mid-2012.
- Strong potential for extensions to mineralisation at all deposits, with numerous high-grade drill intercepts outside of the initial pit designs indicating the potential for production upside.
- Recent drilling at the key Battler deposit (as announced on 14 February 2011 and 18 February 2011) has confirmed the discovery of a near-surface zone of gold mineralisation and a northern extension to the existing resource, with recent results including 6m @ 19.1g/t Au including 4m @ 28.2g/t Au and 4m @ 10.6 g/t Au including 2m @ 18.3 g/t Au.
- The results highlight the significant potential for new discoveries and resource extensions that can be unlocked within the Company's tenements through a re-energised and focused exploration campaign, underpinned by the establishment of a centrally located treatment facility.
- Major exploration program planned for 2011 as part of three-pronged exploration strategy to be pursued in parallel with the production strategy. The key objectives of this are to:
 - increase the resource/reserve position at existing deposits
 - define initial resource estimates at key exploration targets
 - conduct greenfields exploration to identify new, undiscovered gold deposits
- Recent agreement to divest non-core iron ore exploration rights at the Johnston Range and Jackson Range Projects to Radar Iron Limited for \$1.5 million in cash and 1 million Radar shares. Proceeds to be used to support the gold production strategy.
- Agreement with Radar also involves the acquisition by the Company of the non-iron ore rights held by Radar surrounding the Company's highly prospective Copper Bore project, where exploration for copper and gold mineralisation is planned during 2011.

MAJOR INVESTMENT RISKS

The Directors have considered and identified in **Section 5** of the Prospectus the critical areas of risk associated with investing in the Offer. The major investment risks to be considered by potential investors include:

- Commodity prices - Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project.
- Future capital requirements - the Company's activities will require substantial expenditures. There can be no guarantees that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy.

An investment in the Company is not risk free and investors should consider the risk factors described below in **section 5**, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.

JORC CODE COMPLIANCE STATEMENT

The information in this Prospectus that relates to Exploration Results is based on information compiled by Richard Simmons who is a Member of The Australian Institute of Mining and Metallurgy. Richard Simmons is a full time employee of Southern Cross Goldfields Limited. Richard Simmons has sufficient experience that is relevant to the sampling and analytical techniques relevant to the type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Richard Simmons consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

JORC CODE – EXPLOPRATION TARGETS

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information in this Prospectus relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

IMPORTANT NOTES

This Prospectus is dated 23 February 2011 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus. No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Company will apply to ASX for the Shares to be granted quotation on ASX.

This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer. Refer to **section 1.10** for treatment of overseas shareholders. Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

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

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

This Prospectus including each of the documents attached to it and which form part of this Prospectus is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser.

In particular, it is important that you consider the risk factors (see **section 5** of this Prospectus) that could affect the performance of the Company before making an investment decision.

This Prospectus contains forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the mining industry as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. You are cautioned not to place undue reliance on those statements. The forward looking statements in this Prospectus reflect views held only as at the date of this Prospectus.

Some words and expressions used in this Prospectus have defined meanings which are explained in **section 8**.

ELECTRONIC PROSPECTUS

A copy of the Prospectus can be downloaded from the website of the Company at www.scross.com.au, or the ASX website. Any person accessing the electronic version of the Prospectus for the purposes of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person the Application Form unless it is attached to a hard copy of the Prospectus or it accompanies the complete and unaltered version of the Prospectus. Any person may obtain a hard copy of the Prospectus free of charge by contacting the Company.

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SUMMARY OF IMPORTANT DATES

Lodgement Date	23 February 2011
"Ex" date and Rights trading commences	1 March 2011
Record date to determine Entitlement	7 March 2011
Prospectus with Application Form dispatched	10 March 2011
Offer opens for receipt of Applications	10 March 2011
Rights trading ends	18 March 2011
Closing date for acceptances	25 March 2011 (Note Bpay closes at 2pm WST)
Notify ASX of under subscriptions	30 March 2011
Allotment and issue of New Shares	1 April 2011
Dispatch of shareholding statements	4 April 2011
Trading of New Shares expected to commence	5 April 2011

This timetable is indicative only and subject to change. The Company reserves the right to vary the above dates, subject to the ASX Listing Rules and Corporations Act.

1 DETAILS OF THE OFFER

1.1 The Issue

A renounceable pro rata entitlements issue to Eligible Shareholders of approximately 60,118,479 New Shares (assuming no Options are exercised before the Record Date) on the basis of 3 New Shares for every 7 Existing Shares held as at the Record Date at an issue price of \$0.065 each to raise approximately \$3,907,701 before issue costs.

1.2 No Minimum Subscription

There is no minimum subscription for the Offer.

1.3 Underwriting

The Issue is fully underwritten by Patersons Securities Limited. A summary of the underwriting agreement is set out in **section 6.2** of the Prospectus.

1.4 Entitlement to Rights Issue

Eligible Shareholders who are on the Company's Share Register at the close of business on the Record Date are eligible to participate in the Offer.

Fractional Entitlements will be rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements.

An Application Form setting out your Entitlement to New Shares accompanies this Prospectus.

1.5 Acceptances

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period or close the Offer early.

Instructions for accepting your Entitlement are set out in **section 3** and on the Application Form which accompanies this Prospectus.

1.6 Rights Trading

The Rights to New Shares are renounceable, which enables Eligible Shareholders who do not wish to take up some or all of their Entitlements to sell or otherwise transfer all or part of their Entitlement. Trading of Rights on the ASX is expected to commence on 1 March 2011 and end on 18 March 2011.

1.7 Applying for Additional New Shares

Eligible Shareholders may, in addition to their Entitlement, apply for additional New Shares regardless of the size of their present holding.

Any Entitlements not taken up may become available as Additional New Shares which may be placed by the Company in conjunction with the Lead Manager and Underwriter in accordance with the Underwriting Agreement. It is possible that there will be few or no Additional New Shares available for issue, depending on the level of take up of Entitlements by Shareholders. There is also no guarantee that in the event Additional New Shares are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

It is an express term of the Offer that applicants for Additional New Shares will be bound to accept a lesser number of Additional New Shares allocated to them than applied for. If a lesser number is allocated to them, excess application money will be refunded without interest. The Company reserves the right to scale back any applications for Additional New Shares as directed by the Lead Manager and Underwriter in its absolute discretion.

1.8 Allotment and Application Money

New Shares will be issued only after all Application Money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on 1 April 2011 and trading of the New Shares on ASX is expected to commence on 5 April 2011.

All Application Money received before New Shares are issued will be held in a special purpose account. After Application Money is refunded (if required) and New Shares are issued to Applicants, the balance of funds in the account plus accrued interest will be received by the Company.

Application will be made within seven days of the date of issue of this Prospectus for the New Shares to be granted Official Quotation by ASX. If such an application is not made within these seven days, or Official Quotation of the New Shares is not granted by ASX within three months of the date of this Prospectus, then the Company will not allot or issue any New Shares and all Application Money received pursuant to this Prospectus will be repaid as soon as practicable, without interest.

If the New Shares are not quoted by ASX within three months after the date of this Prospectus, the Company will refund all Application Money in full.

The fact that ASX may agree to grant Official Quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares. ASX takes no responsibility for the contents of this Prospectus.

1.9 Issue Outside Australia and New Zealand

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the Shares or the Issue or otherwise to permit an offering of the Shares in any jurisdiction outside Australia and New Zealand.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

1.10 Treatment of Overseas Shareholders

The Offer in this Prospectus is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia or New Zealand because of the small number of such Shareholders, and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand. The Prospectus is sent to those Shareholders for information only.

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). If you are an Eligible Shareholder and have a registered address in New Zealand but are no longer a Shareholder on the Opening Date, you will have no entitlement and may not accept the Offer being made under this Prospectus. Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any Shares.

Recipients may not send or otherwise distribute this Prospectus or the Application Form to any person outside Australia (other than to Eligible Shareholders).

Subject to ASIC's consent, the Company has appointed Patersons Securities Limited as nominee to sell the Non-qualifying Foreign Shareholders' Rights.

Any such sale will be at a price and be conducted in a manner that Patersons Securities Limited will determine in its absolute discretion.

The proceeds of sale (in Australian dollars) will be distributed to the Non-qualifying Foreign Shareholders for whose benefits the Rights have been sold in proportion to their shareholdings as at the Record Date (after deducting the costs of the sale).

1.11 Notice to nominees and custodians

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

1.12 Market Prices of Existing Shares on ASX

The highest and lowest market sale price of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the three months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	3 months high	3 month low	Last market sale price
Existing Shares	\$0.11 on 14 February 2011	\$0.062 on 8 February 2011, 7 February 2011, 2 December 2010 and 26 November 2010	\$0.088 on 21 February 2011

1.13 Opening and Closing Dates

The Issue will open for receipt of acceptances on 10 March 2011 and will close at 5.00 pm WST (2.00 pm WST for Bpay) on 25 March 2011, subject to the right of the Company to vary these dates.

1.14 CHESS

The Company participates in the Clearing House Electronic Sub-register System (“**CHESS**”). ASC, a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASC Settlement Rules.

Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASC will send you a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company’s share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

1.15 Rights and Liabilities attaching to the New Shares

The New Shares will rank equally in respect of dividends and in all other respects (e.g. voting, bonus issues) as Existing Shares.

A summary of the rights and liabilities attaching to the New Shares is set out in **section 4**.

1.16 Taxation Implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Rights Issue or Shareholders applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Issue. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Issue.

1.17 Enquiries

Any queries regarding the Offer should be directed to Dan Calvert, Company Secretary on +61 8 9215 7600.

Any queries regarding the Application Form should be directed to the Share Registry on 1300 764 223.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

2 PURPOSE AND EFFECT OF THE ISSUE

2.1 Purpose of the Issue

The purpose of the Issue is to raise \$3,907,701 before Issue costs.

The proceeds from the Issue are planned to be used for the following purposes in accordance with the table set out below:

- conduct a feasibility study on the Marda Central Deposits, King Brown and Battler gold deposits;
- ongoing regional exploration at Marda, Copper Bore, Parker Range and Bullfinch North;
- working capital; and
- to fund Issue expenses.

The table assumes that Entitlements are taken up in full.

Proceeds of the Issue	\$
Funding for feasibility study	2,364,000
Ongoing Regional Exploration comprising:	
• Marda Project ;	259,000
• Copper Bore Project	273,000
• Parker Range Project; and	78,000
• Bullfinch North Project	72,000
Working Capital	513,701
Expenses of the Offer	348,000
ESTIMATED TOTAL	\$3,907,701

In the event that circumstances change or other opportunities arise the Directors reserve the right to vary the proposed use of funds to maximise benefits to Shareholders.

2.2 Effect of the Issue and Pro Forma Statement of Financial Position

The effect of the Issue will be (assuming no Options are exercised and Entitlements are taken up in full) that:

- (a) cash reserves will initially increase by approximately \$3,559,701; and
- (b) the number of Shares on issue will increase from 140,276,451 to 200,394,930.

2.3 Statement of Financial Position

Set out below is the Statement of Financial Position of the Company as at 31 December 2010 (auditor reviewed), and the Pro-Forma Statement of Financial Position as at 31 December 2010 assuming Full Subscription on the basis of the assumptions detailed further. The significant accounting policies upon which the Statement of Financial Position and the Pro-Forma Statement of Financial Position are based are contained in the auditor reviewed financial report for six months ended 31 December 2010.

SOUTHERN CROSS GOLDFIELDS LIMITED
Pro-Forma Statement of Financial Position

	Notes	Reviewed 31-Dec-10 \$	Pro forma Adjustments \$	Pro forma 31-Dec-10 \$
ASSETS				
Current Assets				
Cash and cash equivalents	1	1,935,118	3,559,701	5,494,819
Other receivables		57,206	-	57,206
Total Current Assets		<u>1,992,324</u>	<u>3,559,701</u>	<u>5,552,025</u>
Non-current Assets				
Other receivables		94,603	-	94,603
Property, plant & equipment		185,954	-	185,954
Tenement Acquisition Costs		2,970,412	-	2,970,412
Total Non-current Assets		<u>3,250,969</u>	<u>-</u>	<u>3,250,969</u>
TOTAL ASSETS		<u>5,243,293</u>	<u>3,559,701</u>	<u>8,802,994</u>
LIABILITIES				
Current Liabilities				
Trade and other payables		268,917	-	268,917
Provisions		29,240	-	29,240
Total Current Liabilities		<u>298,157</u>	<u>-</u>	<u>298,157</u>
Non Current Liabilities				
Provisions		7,247	-	7,247
Total Non Current Liabilities		<u>7,247</u>	<u>-</u>	<u>7,247</u>
TOTAL LIABILITIES		<u>305,404</u>	<u>-</u>	<u>305,404</u>
NET ASSETS		<u>4,937,889</u>	<u>3,559,701</u>	<u>8,497,590</u>
EQUITY				
Issued capital	2	15,804,345	3,559,701	19,364,046
Other reserves		2,771,010	-	2,771,010
Accumulated losses		-13,637,466	-	-13,637,466
TOTAL EQUITY		<u>4,937,889</u>	<u>3,559,701</u>	<u>8,497,590</u>

Note 1. Cash and cash equivalents

Balance at 31 Dec 2010	1,935,118
Funds raised pursuant to this Prospectus	3,907,701
Cost of funds raised pursuant to this Prospectus	<u>-348,000</u>
Pro forma balance at 31 Dec 2010	<u>5,494,819</u>

Note 2. Issued capital

Balance at 31 Dec 2010	15,804,345
Issue from this Prospectus	3,907,701
Costs of issue from this Prospectus	<u>-348,000</u>
Pro-forma balance at 31 Dec 2010	<u><u>19,364,046</u></u>

Note 3. Sale of Iron Assets

On 16 February 2011 the Company announced it had sold certain iron assets to Radar Iron Ltd for consideration of \$1.5m, 1m Radar Shares and non iron rights in certain tenements surrounding Copper Bore, subject to due diligence and formal agreement. Because the conditions precedent have not been met the transaction is not included in the Pro Forma Balance Sheet.

2.4 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Issue is set out below, assuming that the Issue is fully subscribed.

Capital Structure after Completion of Issue

Shares	
140,276,451	Shares quoted on ASX as at the date of this Prospectus
60,118,479	Shares issued pursuant to this Prospectus
200,394,930	Total issued Shares

Options	
5,000,000	Unlisted Options exercisable at \$0.20 on or before 10 March 2011
1,000,000	Unlisted Options exercisable at \$0.20 on or before 10 March 2012
2,000,000	Unlisted Options exercisable at \$0.15 on or before 8 August 2012 (voluntarily escrowed until 8 February 2012)
15,000,000	Unlisted Options exercisable at \$0.20 on or before 31 December 2012
6,575,000	Unlisted Options exercisable at \$0.25 on or before 12 March 2014
6,575,000	Unlisted Options exercisable at \$0.30 on or before 12 March 2014
125,000	Unlisted Options exercisable at \$0.25 on or before 2 July 2014
125,000	Unlisted Options exercisable at \$0.30 on or before 2 July 2014
100,000	Unlisted Options exercisable at \$0.25 on or before 21 July 2014
100,000	Unlisted Options exercisable at \$0.30 on or before 21 July 2014
2,000,000	Unlisted Options exercisable at \$0.20 on or before 1 October 2014

1,000,000	Unlisted Options exercisable at \$0.25 on or before 1 October 2014
1,000,000	Unlisted Options exercisable at \$0.30 on or before 1 October 2014
1,000,000	Unlisted Options exercisable at \$0.40 on or before 1 October 2014

3 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

3.1 What you may do

As an Eligible Shareholder, you may:

- subscribe for all of your Entitlement (refer **section 3.2**);
- apply for Additional New Shares (refer **section 3.3**);
- sell all of your Entitlement on ASX (refer **section 3.4**);
- take up part of your Entitlement and sell the balance on ASX (refer **section 3.5**);
- deal with part or all of your Entitlement other than on ASX (refer **section 3.6**); or
- allow all or part of your Entitlement to lapse (refer **section 3.7**);

3.2 To subscribe for all of your Entitlement

If you wish to subscribe for all of your Entitlement, complete the accompanying Application Form in accordance with the instructions set out in that form. The Application Form sets out the number of New Shares you are entitled to subscribe for. The completed Application Form must be accompanied by a cheque or bank draft made payable to “Southern Cross Goldfields Ltd – Rights Issue” and crossed “Not Negotiable” for the appropriate Application Money in Australian dollars calculated at \$0.065 per New Share accepted, and received by the Company at either of the following addresses by no later than 5.00 pm (WST) on 25 March 2011. The Company will present the cheque or bank draft on or around the day of receipt of the Application Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Application Form.

If the amount of your cheque(s) or bank draft(s) for Application Money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Application Form, you may be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for (and to have specified that number of New Shares in your Application Form) or your Application may be rejected.

Street Address:	Postal Address:
Southern Cross Goldfields Limited c/o Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA 6000	Southern Cross Goldfields Limited c/o Computershare Investor Services Pty Ltd Locked Bag 2508 Perth WA 6001

Alternatively, if you are paying by Bpay, refer to your personalised instructions on your Application Form. Shareholders who wish to pay by Bpay must ensure that payment is received by no later than 5.00 pm Eastern Daylight Savings Time (2.00 pm (WST)) on 25 March 2011.

3.3 To apply for Additional New Shares

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Shares regardless of the size of their present holding. Refer to **section 1.7** if you wish to apply for Additional New Shares.

A single cheque should be used for the Application Money for your Entitlement and the number of Additional New Shares you wish to apply for as marked where indicated on the Application Form.

Alternatively, if you are paying by Bpay, refer to your personalised instructions on your Application Form. Shareholders who wish to pay by Bpay must ensure that payment is received by no later than 5.00 pm Eastern Daylight Savings Time (2.00 pm (WST)) on 25 March 2011.

3.4 If you wish to sell all of your Entitlement

Complete the section marked “**Instructions to Stockbroker**” on the back of the Application Form, which accompanies this Prospectus, in accordance with the instructions contained on the form and lodge it with your stockbroker as soon as possible.

Rights trading will commence on ASX on 1 March 2011. Sale of your Rights must be completed by 18 March 2011 when Rights trading is expected to cease.

3.5 If you wish to take up part of your Entitlement and sell the balance

Please complete the Application Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept (being less than as specified on the Application Form) and complete the section marked “**Instructions to Stockbroker**” on the back of the form in respect of that part of your Entitlement you wish to sell.

Forward the form to your stockbroker together with your cheque for the total amount payable in respect of the New Shares accepted. Your stockbroker will need to ensure that the completed Application Form reaches the Company’s share registry, by 5.00 pm (WST) on 25 March 2011.

Cash will not be accepted and no receipts will be issued.

Alternatively, if you are paying by Bpay, refer to your personalised instructions on your Application Form. Shareholders who wish to pay by Bpay must ensure that payment is received by no later than 5.00 pm Eastern Daylight Savings Time (2.00 pm (WST)) on 25 March 2011.

Rights trading will commence on ASX on 1 March 2011. Sale of your Rights must be completed by 18 March 2011 when Entitlements trading is expected to cease.

3.6 If you wish to transfer your Entitlement other than on ASX

If you are a Shareholder and hold Existing Shares on the issuer sponsored sub-register, forward a completed Renunciation Form (obtainable through your stockbroker or the Company’s share registrar) together with your Application Form completed by the transferee together with a cheque for the appropriate Application Monies to reach the Company’s share registry (at the address shown above), by 5.00 pm WST on Thursday 17 March 2011.

If you are a Shareholder and hold Existing Shares registered on CHESS, you should contact your sponsoring broker.

Cash will not be accepted and no receipts will be issued.

3.7 Entitlements not taken up

If you are a Shareholder and do not wish to accept all (or part) of your Entitlement, you are not obliged to do anything. You will receive no benefit; New Shares and your Entitlement will become available to Eligible Shareholders as Shortfall Shares to be applied for.

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the back of the accompanying Application Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

Your Entitlement may have value and accordingly you should consider renouncing (selling) your Rights, rather than allowing them to lapse.

The Company and the Underwriter will deal with any New Shares not accepted in accordance with the Underwriting Agreement.

3.8 Application Form is binding

A completed and lodged Application Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn. If the Application Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Application Form is final.

By completing and returning your Application Form with the requisite Application Monies, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- agree to be bound by the terms of the Offer;
- declare that all details and statements in the Application Form are complete and accurate;
- declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Application Form;
- declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

If you have any queries concerning your entitlement or allocation, please contact:

Dan Calvert, the Company Secretary
Tel: 08 9215 7600 Fax: 08 9485 1283

or contact your stockbroker or professional adviser.

4 RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES

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

The rights attaching to the New Shares arise from a combination of the Company's Constitution, the Corporations Act, the ASX Listing Rules and general law. A copy of the Company's Constitution is available for inspection free of charge during business hours at its registered office.

The New Shares to be issued pursuant to this Prospectus are ordinary shares and will as from their allotment rank equally in all respects with all Existing Shares.

A summary of the rights attaching to the New Shares is set out below.

(a) Voting Rights

Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder. In the case of an equality of votes, the chairperson has a casting vote.

(b) Dividends

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of Shares, the Company may from time to time pay dividends as the Directors resolve but only to the extent that:

- (i) the Company's assets exceed its liabilities by at least the amount of the dividend to be paid;
- (ii) it is fair and reasonable to the Company's Shareholders as a whole; and
- (iii) the payment of the dividend does not materially prejudice the Company's abilities to pay its creditors.

(c) Winding up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus may be divided among the shareholders of the Company.

(d) Transfer of Shares

Generally, shares are freely transferable, subject to satisfying the requirements of the ASX Listing Rules, ASC Settlement Rules and the Corporations Act. The Directors may decline to register any transfer of Shares but only where permitted to do so by the ASX Listing Rules, the ASC Settlement Rules, or under the Company's Constitution.

(e) Further Increases in Capital

Subject to the Corporations Act, the ASX Listing Rules, the ASC Settlement Rules and any rights attached to a class of shares, the Company (under the control of the Directors) may allot and issue shares and grant options over shares, on any terms, at any time and for any consideration, as the Directors resolve.

(f) Variation of Rights

Subject to the Corporations Act, the ASX Listing Rules, the ASC Settlement Rules and the terms of issue of shares in a particular class, if at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class may

be varied with the written consent of the holders of at least 75% of the issued shares in that class or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

(g) Meetings and Notices

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the ASX Listing Rules.

5 RISK FACTORS

5.1 Overview

An investment in the Company is not risk free and investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares.

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

5.2 Future capital requirements

The Company's activities will require substantial expenditures. There can be no guarantees that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. A further capital raising is likely to be required within 12 months. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

5.3 Exploration and evaluation risks

The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

5.4 Ability to exploit successful discoveries

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploration would involve obtaining the necessary licences or clearances from the relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploration may require participation of other companies whose interests and objectives may not be the same as the Company's.

5.5 Mining and development risk

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

5.6 Resource estimations

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

5.7 Environmental risks

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures, or production costs, or reduction in levels of production at producing properties, or require abandonment or delays in development of new mining properties.

5.8 Title risks and Native Title

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

5.9 Licences and permits

The Company's mining exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, tenements, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on the Company being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

5.10 Joint venture parties, agents and contractors

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

5.11 Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

5.12 Reliance on Key Personnel

The Company is reliant on key personnel employed or engaged by the Company. Loss of such personnel may have a material adverse impact on the performance of the Company. In addition, the recruiting of qualified personnel is critical to the Company's success. As the Company's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations. While the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

5.13 Insurance and uninsured risks

The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons.

Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

5.14 Government regulation

The mining, processing, development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, and other matters. Although the exploration and development activities of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

5.15 Mining is inherently dangerous and subject to conditions or events beyond the control of the Company, and any operating hazards could have a material adverse effect on its business

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including: environmental hazards; industrial accidents; metallurgical and other processing problems; unusual or unexpected rock formations; structure cave-in or slides; flooding; fires and interruption due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

Whether income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development.

5.16 Commodity price and exchange rate risks

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

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

In addition to adversely affecting the reserve estimates of the Company and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

5.17 Economic risks

General economic conditions in Australia and internationally, movements in interest, inflation and currency exchange rates, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and

foreign taxation laws and changes to dividend imputation in Australia may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

5.18 Market conditions

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

5.19 Security investments

Applicants should be aware that there are risks associated with any New Shares investment. Securities listed on the stock market, and in particular New Shares of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the New Shares regardless of the Company's performance.

5.20 Stock exchange prices

The market price of a publicly traded stock is affected by many variables not all of which are directly related to the success of the Company. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating performance or underlying asset values of such companies. There can be no assurance that such fluctuations will not affect the price of the Company's securities.

5.21 Liquidity risk

There may be relatively few buyers or sellers of securities on ASX at any given time. This may affect the volatility of the market price of the securities and the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offer.

5.22 Other risks

Other risk factors include those normally found in conducting business, including litigation through breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel and other matters that may interfere with the Company's business or trade.

6 ADDITIONAL INFORMATION

6.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in section 111 AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

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

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

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

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2010, being the most recent annual financial report of the Company lodged with the ASIC before the issue of this Prospectus; and
 - (ii) the half-year financial report of the Company for the half-year ended 31 December 2010, being the half-year financial report of the Company lodged with the ASIC after lodgement of the financial statements referred to in paragraph (i) above and before the issue of this Prospectus; and

- (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2010 half yearly audited financial statements:

Date	Description of Announcement
21/02/2011	Trading Halt
18/02/2011	High Grade Gold North of Planned Open Pit at Battler
16/02/2011	Sale of Non-Core Iron Ore Assets to Radar Iron
14/02/2011	Discovery of Near Surface High Grade Gold Enhances Battler
10/02/2011	Gold Production Strategy
09/02/2011	Notice Under Section 708A and Appendix 3B
07/02/2011	Appendix 3B
07/02/2011	Appendix 3Y (Amended)

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

6.2 Material Contracts

The following is a summary of the significant terms of the material agreements which relate to the business of the Company.

Underwriting Agreement and Lead Manager Appointment

Under an underwriting agreement dated 23 February 2011 ("**Underwriting Agreement**"), Patersons Securities Limited ("**Underwriter**") has agreed to underwrite the Offer.

Upon completion, the Underwriter will receive an underwriting fee of 5.5% of the amount underwritten. In addition, the Underwriter will receive a lead manager fee of \$60,000. The Underwriter will also receive payment of reasonable costs and expenses incurred by it in connection with the Offer. The Company will pay any GST applicable to any fee payable to the Underwriter under the Underwriting Agreement.

The Underwriter has discretion to terminate the Underwriting Agreement for reasons that are standard in agreements of this nature.

6.3 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Issue of Securities pursuant to this Prospectus; or

(c) the Issue of Securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Issue of Securities pursuant to this Prospectus.

Directors' direct and indirect interests in securities of the Company at the date of this Prospectus are:

Name	Security
Samantha Tough	277,858 Shares 1,000,000 unlisted Options exercisable at \$0.25 on or before 12 March 2014 1,000,000 unlisted Options exercisable at \$0.30 on or before 12 March 2014
Glenn Jardine	900,000 Shares 2,000,000 unlisted Options exercisable at \$0.20 on or before 1 October 2014 1,000,000 unlisted Options exercisable at \$0.25 on or before 1 October 2014 1,000,000 unlisted Options exercisable at \$0.30 on or before 1 October 2014 1,000,000 unlisted Options exercisable at \$0.40 on or before 1 October 2014
Graham Brock	133,334 Shares 250,000 unlisted Options exercisable at \$0.25 on or before 12 March 2014 250,000 unlisted Options exercisable at \$0.30 on or before 12 March 2014
John Rowe	20,000 Shares 250,000 unlisted Options exercisable at \$0.25 on or before 12 March 2014 250,000 unlisted Options exercisable at \$0.25 on or before 12 March 2014

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Non-executive Directors and in default of agreement then in equal shares.

In the two years preceding lodgement of this Prospectus, \$780,322 (excluding GST where applicable) has been paid by the Company by way of remuneration for services provided by all Directors, companies associated with the Directors or their associates in their capacity as Directors, employees, consultants or advisers. Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course

of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

Sub-underwriting arrangements

The Underwriter has entered into sub-underwriting arrangements with Mr Glenn Jardine, Managing Director of the Company and Mr John Rowe, Director of the Company.

Mr Jardine has agreed to sub-underwrite the Issue for up to 3,000,000 Shares (\$195,000). Mr Jardine will be entitled to be paid a commission of 1.25% in respect of the New Shares the subject of the Offer that he has committed to take up or sub-underwritten. The commission is payable by the Underwriter out of the fees it receives from the Company pursuant to the Underwriting Agreement.

Mr Rowe has agreed to sub-underwrite the Issue for up to 770,000 Shares (\$50,050). Mr Rowe will be entitled to be paid a commission of 1.25% in respect of the New Shares the subject of the Offer that he has committed to take up or sub-underwritten. The commission is payable by the Underwriter out of the fees it receives from the Company pursuant to the Underwriting Agreement.

6.4 Interests and Consents of Experts and Advisers

The following parties have given (and not before the date of this document withdrawn) their consent to be named in this document in the form and context in which they are named:

- Patersons Securities Limited, in the capacity of Underwriter and Lead Manager and nominee to sell Non-qualifying Shareholder Entitlements;
- Stantons International in its capacity as auditor of the Company; and
- Allion Legal, in its capacity as solicitors to the Company.

In addition, Stantons International has consented to the inclusion of the Company's auditor reviewed financial statements as at 31 December 2010 in the form and context in which they appear in section 2 of this Prospectus.

Each of Patersons Securities Limited, Stantons International and Allion Legal has not:

- authorised or caused the issue of this Prospectus;
- made, or purported to have made, any statement in this Prospectus or on which a statement in this Prospectus is based except as set out in this section; or
- assumed the responsibility for any part of this Prospectus except as set out in this section and to the maximum extent permitted by law, expressly disclaims responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Other than as set out below or elsewhere in this Prospectus, all persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation of or distribution of this Prospectus do not have, and have not had in the two years before the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of securities pursuant to this Prospectus; or
- the offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the offer of securities pursuant to this Prospectus.

Patersons Securities Limited are acting as Lead Manager and Underwriter for the Offer and for this are entitled to be paid the fees set out in **section 6.2**.

The Company has also agreed to pay the Patersons' costs incurred in connection with the Rights Issue, including legal costs.

Allion Legal is entitled to be paid \$10,000 for advice and assistance in relation to certain aspects of this Prospectus, assisting the Company in relation to its due diligence regime and enquiries and in relation to application for quotation of the New Shares on ASX.

References to Computershare Investor Services Pty Ltd appear for information purposes only. Computershare Investor Services Pty Ltd has not been involved in, authorised or caused the issue of this Prospectus.

6.5 Competent Person consent

Richard Simmons has given, and not withdrawn before the lodgement of this Prospectus with ASIC, his written consent to be named in this Prospectus as a Competent Person in the form and context he is so named. Richard Simmons takes no responsibility for any part of this Prospectus other than any reference to his name.

6.6 Estimated Expenses of Issue

The estimated expenses of the Issue are approximately \$348,000 including fees payable to the Lead Manager, Underwriter, legal, ASIC, ASX and printing costs.

6.7 Litigation

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

6.8 Privacy Act

If you complete an application for New Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

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

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

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

6.9 Directors' Consent

Each Director has consented to the lodgement of this Prospectus with the ASIC.
Signed on behalf of the Directors pursuant to a resolution of the Board.

A handwritten signature in black ink, appearing to read 'G. Jardine', written in a cursive style.

Glenn Jardine
Managing Director

7 CORPORATE DIRECTORY**Directors**

Samantha Tough (Non-Executive Chairman)
Glenn Jardine (Managing Director)
Graham Brock (Non-Executive Director)
John Rowe (Non-Executive Director)

Company Secretary

Dan Calvert

Auditors

Stantons International
Level 1
1 Havelock Street
West Perth WA 6005

Registered Office

Level 2
123B Colin Street
West Perth WA 6005
Telephone: (08) 9215 7600
Facsimile: (08) 9485 1283
Email: admin@scross.com.au

Website: www.scross.com.au

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Solicitors

Allion Legal
Level 2, 50 Kings Park Road
West Perth WA 6005

Underwriter and Lead Manager

Patersons Securities Limited
Level 23, 2 The Esplanade
Perth WA 6000

ASX Code: SXG

ABN: 71 124 374 321

8 GLOSSARY

"A\$", "\$" and **dollars** means Australian dollars, unless otherwise stated.

Additional New Shares means New Shares in addition to an Eligible Shareholder's Entitlement for which an applicant makes an Application.

Application means an application for New Shares pursuant to the Application Form.

Application Form means the Application form attached to or accompanying this Prospectus.

Application Money means the money received from Eligible Shareholders in respect of their Application.

ASIC means the Australian Securities and Investments Commission.

ASC means ASX Settlement Corporation Pty Ltd (ABN 49 008 504 532).

ASC Settlement Rules means the settlement rules of ASC.

ASX means ASX Limited (ABN 98 008 624 691) or the market operated by that entity.

Board means the board of Directors.

Business Day means a day on which trading takes place on the stock market of ASX.

CHES means ASX Clearing House Electronic Sub-registry System.

Closing Date means 25 March 2011, or such other date as may be determined by the Directors under this Prospectus.

Company means Southern Cross Goldfields Limited (ABN 71 124 374 321).

Competent Person has the meaning set out in the JORC Code.

Constitution means the Company's Constitution as at the date of this Prospectus.

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

Director means directors of the Company at the date of this Prospectus.

Eligible Shareholders means a Shareholder as at the Record Date other than a Non-qualifying Foreign Shareholder.

Entitlement or **Right** means a Shareholder's entitlement to subscribe for New Shares offered by this Prospectus.

Existing Share means a fully paid ordinary share in the capital of the Company on issue as at the Record Date.

Issue means the issue of New Shares under this Prospectus.

JORC Code means the 2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

Listing Rules or **ASX Listing Rules** means the Listing Rules of the ASX.

New Shares means a fully paid ordinary share in the capital of the Company to be issued under this Prospectus.

Non-qualifying Foreign Shareholders means a Shareholder whose registered address is not situated in Australia or New Zealand.

Offer means the offer of 3 New Shares for every 7 Existing Shares held at the Record Date at an issue price of \$0.065 per New Share.

Official Quotation means official quotation on ASX.

Opening Date means 10 March 2011.

Option means an option to subscribe for a Share.

Prospectus means the prospectus constituted by this document.

Record Date means 5pm WST on 7 March 2011.

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

Shareholder means the holder of a Share.

Shortfall will occur if the Company does not hold successful valid Applications for all the New Shares offered by the Company under this Prospectus by the Closing Date.

Shortfall Shares means New Shares for which successful valid Applications have not been received by the Closing Date.

Underwriter means Patersons Securities Limited (ACN 008 896 311).

Underwriting Agreement means the underwriting agreement dated 23 February 2011 between the Underwriter and the Company.

WST means Western Standard Time.