

SOUTHERN CROSS GOLDFIELDS LIMITED

ABN 71 124 374 321

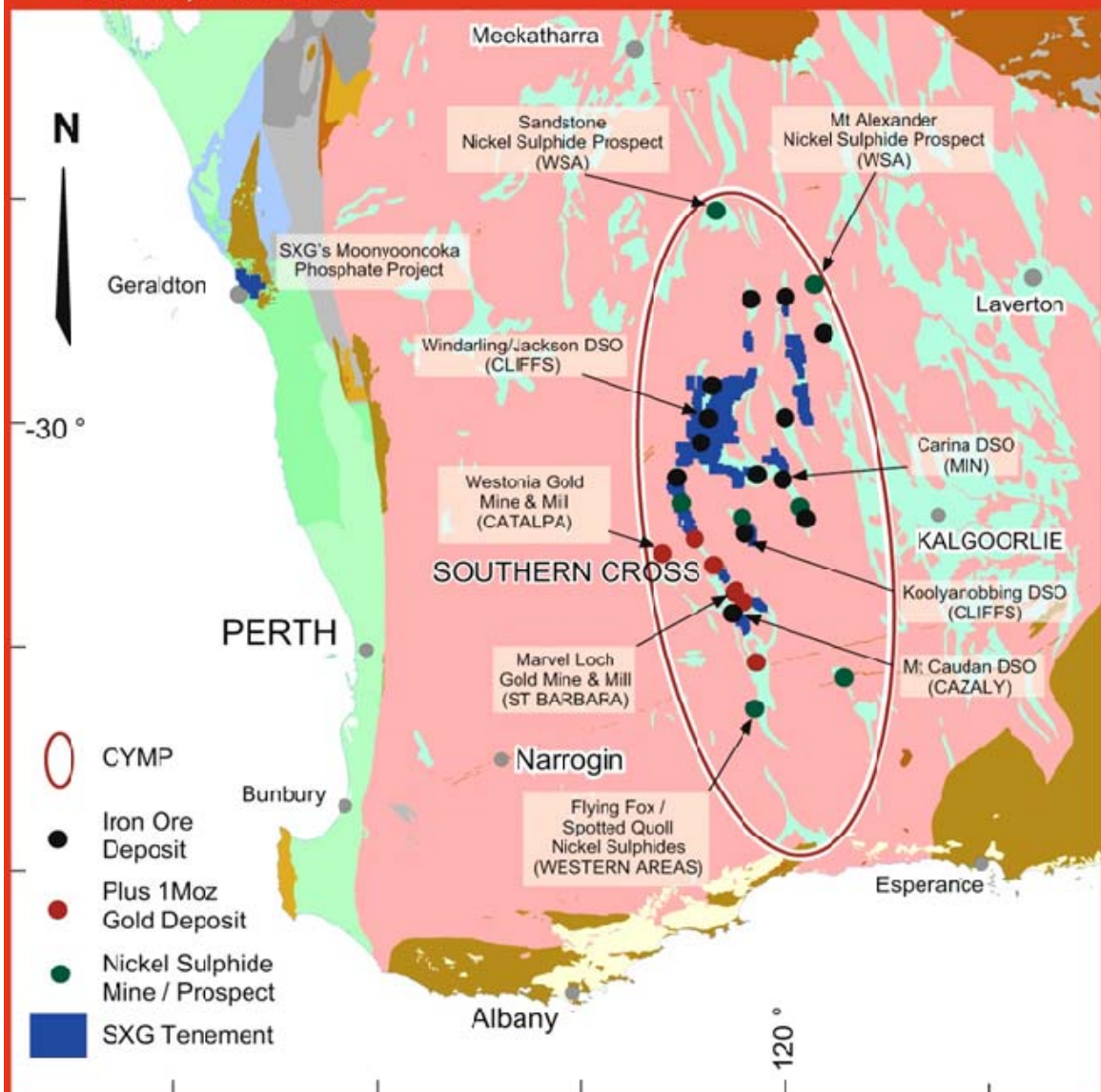
**PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED
30 JUNE 2011**

SOUTHERN CROSS GOLDFIELDS LIMITED

ABN 71 124 374 321

Central Yilgarn Mineral Province

- Highly endowed gold province with 6 plus 1Moz deposits
- Established Iron Ore District - 8Mtpa DSO production (Cliffs)
- World class nickel sulphide province - Forrestania and Mt Alexander (WSA)
- Good infrastructure - gold treatment plants at Marvel Loch and Westonia, commercial railway, private haul roads, two port options
- SXG major land holder



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AUDITED ACCOUNTS AND DIRECTORS' REPORT – 30 JUNE 2011

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SOUTHERN CROSS GOLDFIELDS LIMITED
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CORPORATE DIRECTORY

DIRECTORS	Samantha Tough Glenn Jardine Graham Brock John Rowe	(Chairman) (Managing Director) (Non Executive Director) (Non Executive Director)
COMPANY SECRETARY	Dan Calvert	
REGISTERED OFFICE	Unit 16 162 Colin Street WEST PERTH WA 6005	
	Telephone:	(08) 9215 7600
	Facsimile:	(08) 9485 1283
	Email:	admin@scross.com.au
	Website:	www.scross.com.au
ACN	124 374 321	
SHARE REGISTRY	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace PERTH WA 6000	
AUDITORS	Stantons International Level 1, 1 Havelock Street WEST PERTH WA 6005	
STOCK EXCHANGE LISTING	The Company's shares are listed and quoted on the Australian Securities Exchange Limited ("ASX").	
	Home Exchange: Perth, Western Australia	
	ASX Code: SXG	

PERFORMANCE HIGHLIGHTS

OVERVIEW

The Company's activities during the year have comprised:

- Feasibility studies focused on near term gold production in the Marda and Southern Cross regions;
- Consolidation of regional gold assets resulting in an increase in resource base to just under 600,000 ounces of gold contained;
- Regional base metal exploration at the Copper Bore project resulting in the identification of multiple EM targets and the intersection of significant base metal mineralization at the Southern Gossan prospect;
- Business development activities to identify corporate and asset based opportunities external to the Marda region;
- Realisation of value from non-gold assets including transactions involving the iron and nickel assets of the Company.

FEASIBILITY STUDIES

Marda Gold Project

The Company commenced a feasibility study in the March quarter into the establishment of a 400,000 tonne per annum gold processing facility at Marda. The feasibility study has targeted an initial minimum base case production rate of 30,000 ounces of gold per annum at a cash cost of US\$750 to US\$800/oz. The initial production rate is based on the Company's existing oxide open-pit resource estimate. The feasibility study is due for completion in calendar year 2011.

The potential exists to increase the feasibility study base case beyond 30,000 ounces per annum through a combination of:

- Extensions to existing resources;
- Consolidation of regional gold assets;
- Greenfields discoveries in the underexplored Evanston shear zone and Andromeda trend.

The Company will endeavour to establish sufficient resources to justify a production rate of 50,000 ounces per annum.

The feasibility study work has included the following activities:

- Infill and extensional drilling to enhance the JORC classification of resources
- Updated resource estimates
- Metallurgical testwork to assist in plant design and recovery modelling
- Geotechnical drilling and analysis
- Pit shell optimization studies to confirm minable resources and optimal mining profiles
- Process flow sheet design and capital and operating cost estimates;
- Updated mine designs and operating cost estimates;
- Infrastructure cost estimates;
- Environmental studies and approvals..

PERFORMANCE HIGHLIGHTS

Dulcie Gold Project

The Company discovered the Dulcie gold laterite deposit, 65 kilometres south of Southern Cross, in 2009 and defined a resource of 1.12 million tonnes at a grade of 0.6 g/t Au for 25,100 ounces of contained gold. In 2010, the Company undertook feasibility studies into the establishment of a heap leach project at Dulcie. The feasibility studies demonstrated that although the project was positive it was not sufficiently viable at the gold price prevailing at the time for the Company to proceed to a development decision.

However, the Company has continued to progress the project including additional metallurgical optimization testwork to identify alternative processing opportunities that may improve the economics of the project. Environmental and heritage studies have continued in order to assist with approvals that may be required. Mining Leases and Miscellaneous Licences have been applied for and granted to cover the project area, water supply sources and pipeline routes. Additionally, the gold price has increased by approximately A\$500 per ounce since feasibility studies were undertaken in late 2010/early 2011.

Several parties have provided the Company with proposals to develop the project and these will be considered along with internal development options in the coming year.

GOLD CONSOLIDATION TRANSACTIONS

Several transactions have been completed by the Company during the year and subsequent to year end to consolidate gold assets in the Marda and Southern Cross region. These transactions have resulted in an increase to the gold resources and exploration footprint available to the Company. The additional gold resources support the Companies production strategy at Marda and contribute to the expansion of the production base case. The additional exploration footprint in the Southern Cross region provides further strategic value in an area where Catalpa Resources and St. Barbara Mines operate existing gold processing facilities at Westonia and Marvel Loch respectively.

Gold consolidation transactions have included:

- Finalisation of the conditional purchase of the Marda tenements and deposits from Dempsey;
- Acquisition of the gold and base metal rights over Radar Iron's tenement package in the Marda region and most importantly gold and base metal rights immediately north of the Company's Copper Bore exploration project.
- Acquisition* of Renaissance Minerals tenements in the Southern Cross and Bullfinch North regions;
- Earn-in* at Renaissance Minerals historic high grade Radio gold mine at Bullfinch;
- Acquisition of an option over the Red Legs and Die Hardy gold deposits containing 140,000 ounces of JORC classified gold resources in the Marda region

The Company continues to pursue other gold consolidation opportunities on an asset and corporate level both within and external to the region.

*Subject to shareholder approval at the Company's AGM to be held in November, 2011.

REGIONAL EXPLORATION

Regional exploration during the financial year 2010/2011 initially targeted iron ore opportunities in the Jackson and Johnston ranges. However, following the disappointing results of an initial drilling program it was decided to focus the Company's efforts principally on its core gold assets and to initiate base metal exploration at its Copper Bore project.

SXG has an extensive 4,000km² tenement and mineral rights holding including a dominant position across the Marda region. The Company believes that the Marda region is underexplored

PERFORMANCE HIGHLIGHTS

for base metals along the Copper Bore trend and for gold along the Evanston Shear and Andromeda trend where significant gold mineralisation has been identified previously and where excellent potential exists for further discoveries.

Gold

Excellent results were achieved from infill and extensional drilling at the Company's existing gold deposits in the Marda and Southern Cross regions. Those results, combined with previous results along the Evanston shear at Red Boomerang and along the Andromeda trend have encouraged the Company to undertake a systematic review of the Marda region in particular. This review will be completed in the first half of the 2011/2012 financial year and will define the Company's gold exploration priorities in the Marda region for 2012.

Base Metals

Consultants Newexco Services completed moving loop electromagnetic (MLEM) surveys over the known base metals prospects in the Copper Bore project area during February 2011. Electromagnetic data was collected on 116 stations over only 3.5 km of the 10km strike of the prospective host unit. Anomalies consistent with bedrock conductors were identified in the survey within exploration licence E77/1375. These conductors are interpreted to exist within or close to a conductive sedimentary host and are proximal to known zinc or copper gossans.

The conductors, considered by Newexco to represent high quality drill targets, were located at all three prospect areas; Southern Gossan, Kim's Bore and Copper Bore.

The Company's first-pass Reverse Circulation (RC) drilling program at the Southern Gossan prospect conducted in June/July, 2011 returned a broad intersection of 12 metres (estimated true width 6 metres) grading **1.2% copper, 1.1g/t gold, 5.5% zinc, 0.4% lead, 18.8g/t silver** from 165m down-hole in drill hole CBRC020. The intercept included a high-grade zone of **5m grading 2.0% copper, 1.9g/t gold, 7.1% zinc, 0.4% lead and 25.4 g/t silver**.

The presence of copper and zinc mineralisation at several locations over 10km of strike on E77/1375 indicates potential for multiple VMS mineralised centres along the trend. The Company intends to complete the EM coverage which has only partially tested the target horizon to date.

VALUE REALISATION FROM NON-GOLD ASSETS

Two transactions have been completed during the year and subsequent to year end to realize value from the Company's non-gold assets. These transactions included:

- Sale of iron rights to Radar Iron for consideration of \$1.5M in cash and 1 million shares in Radar Iron escrowed to November, 2011.
- Sale of 70% of nickel rights to Western Areas for \$1.5M in cash and minimum expenditure commitments by Western Areas including \$1M in the first year. Southern Cross Goldfields retains direct exposure to 30% of any discoveries by Western Areas across the Company's tenement package.

Both transactions have realized significant immediate value and continue to expose the Company to the exploration upside presented by its non-gold assets.

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PERFORMANCE HIGHLIGHTS

SXG JORC MINERAL RESOURCE ESTIMATE

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Northern Deposits												
Marda Central	1,386,000	2.0	87,000	527,000	1.7	29,000	229,000	1.6	12,000	2,141,000	1.9	128,000
King Brown				176,000	3.0	17,000	25,000	2.2	2,000	201,000	2.9	19,000
Golden Orb							1,023,000	2.2	71,000	1,023,000	2.2	71,000
Mt King							523,000	3.0	50,000	523,000	3.0	50,000
Sub Total	1,386,000	2.0	87,000	703,000	2.0	46,000	1,800,000	2.3	135,000	3,888,000	2.1	268,000
Barranco Option							1,711,000	2.5	140,000	1,711,000	2.5	140,000
Sub Total	1,386,000	2.0	87,000	703,000	2.0	46,000	3,511,000	2.4	275,000	5,599,000	2.3	408,000
Southern Deposits												
Battler				432,000	2.4	33,400	72,000	1.8	4,100	504,000	2.3	37,500
British Hill				1,166,000	1.9	71,000	557,000	1.9	35,000	1,724,000	1.9	106,000
Sub Total	-	-	-	1,598,000	2.0	104,400	629,000	1.9	39,100	2,228,000	2.0	143,500
Total	1,386,000	2.0	87,000	2,301,000	2.0	150,400	4,140,000	2.4	314,100	7,827,000	2.2	551,500
Laterite												
Dulcie				1,020,000	0.7	22,300	100,000	0.7	2,300	1,120,000	0.7	24,600
Total Laterite	-	-	-	1,020,000	0.7	22,300	100,000	0.7	2,300	1,120,000	0.7	24,600
Total	1,386,000	2.0	87,000	3,321,000	1.6	172,700	4,240,000	2.3	316,400	8,947,000	2.0	576,100

Notes to Accompany Mineral Resource Estimate table:

- Numbers may not add due to rounding
- The resource table was last updated on 18 October 2010. Results of drilling announced since that date have not been included in the above table which will be updated when the data has been compiled.
- Resource models except for Battler and the Barranco Option resources, were constructed within the GS3 software, a proprietary resource modelling software developed by Hellman and Schofield.
- The resource model for Battler was constructed within the Minesight software. The resource estimation for Barranco Option resources was by polygonal cross-sectional methodology with the mean of all assays within a polygon used as the calculated grade.
- The Dulcie resource was estimated using Ordinary Kriging within a wireframe of laterite using 20m by 20m by 1m blocks. The resources for all other deposits are estimates of recoverable tonnes and grades using Multiple Indicator Kriging with block support correction into model blocks customised to the average drill hole spacing for each deposit and assuming smallest mining unit for ore selection in mine grade control of 3 metres (across the general strike of mineralisation) by 5 metres (along strike) by 2.5 metres (elevation).
- The Marda Central resource is comprised of the Python, Dolly Pot, Dugite and Goldstream deposits.
- Gold estimation and model blocks were constrained within either geologically derived or grade based wireframes.
- Resource assaying data sets derived from all available reverse circulation and diamond drill sampling. No RAB drilling or trenching assays have been used in the estimates.
- Geology has been used to constrain mineralisation as appropriate.
- Weathering domains have been used to constrain mineralisation where appropriate.
- Data density varies and is reflected in the resource category which has been applied. All measured resources have a drill-hole density of approximately 12.5m x 12.5m. All indicated resources except Dulcie and Battler have a drill-hole density of approximately 25m x 25m. Dulcie has a drill density of 40m x 40m. Battler has a drill density of 20m x 12.5m. Inferred resources have variable density but always less than 50m x 50m except for Mt King which has variable drill-hole spacing between 25m and 100m and the Barranco Option resources which have an approximate drill hole spacing of 100m x 20m and were assigned an Inferred Resource status.
- Assays are generally fire assay, with limited aqua regia assays in the weathered zone.
- All drill-hole collars are surveyed by GPS. Down hole surveys are limited, except at British Hill, where most drill-holes are surveyed.
- A lower cut-off of 1.0 g/t Au has been used except at Dulcie where a lower cut-off of 0.4g/t Au has been used.

JORC Code Compliance Statement

The geological information in the report to which this statement is attached that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Richard Simmons who is a Member of The Australasian 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 style of mineralisation and 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 the report of the matters based on his information in the form and context in which it appears.

PERFORMANCE HIGHLIGHTS

JORC Code Compliance Statement (continued)

The resource estimation of the Battler deposit is based on work completed by independent consultant Mr Dean Fredericksen of Fredericksen Geological Solutions based on resource drilling data sets provided by SXG. Mr Fredericksen is a Member of The Australasian Institute of Mining and Metallurgy and qualifies as a Competent Person in respect of the 2004 JORC code by virtue of having sufficient experience which is relevant to the style of mineralisation and deposit types being estimated. Mr Fredericksen has consented to the inclusion of this information in the form and context in which it appears in this report.

The resource estimation of the Dulcie deposit is based on work completed by Mr Jonathon Abbott utilising resource drilling data sets provided by SXG. Mr Abbott is a full time employee of Hellman and Schofield Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Mr Abbott has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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'. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The resource estimation of the King Brown, Golden Orb, British Hill, Python, Dolly Pot, Dugite, Goldstream and Mount King deposits is based on work completed by Mr Nic Johnson utilising resource drilling data sets provided by SXG. Mr Johnson is a full time employee of Hellman and Schofield Pty Ltd and a member of the Australian Institute of Geoscientists. Mr Johnson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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'. Mr Johnson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The resource estimation of the Red Legs and Die Hardy deposits is based on information compiled by Mr A J Maynard, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves'.

The geophysical data and interpretations have been reviewed by William Amann of Newexco Services Pty Ltd. Mr Amann consents to the inclusion of these interpretations in the form and context in which they appear.

CORPORATE GOVERNANCE

INTRODUCTION

Southern Cross Goldfields Limited ("the Company") is committed to achieving and demonstrating high standards of corporate governance and recognises the need to maintain policies and practices which reflect the requirements and expectations of all who deal with the Company. This statement outlines the Company's main corporate governance practices during the financial year ended 30 June 2011. Your Directors are pleased to advise that substantial compliance with the recommendations of the ASX Corporate Governance Council has been achieved and exceptions to the ASX recommendations are noted in the Statement.

The following additional information about the Company's Corporate Governance practices is set out on the Company's website at www.scross.com.au:

- Corporate Governance Disclosures and Explanations;
- Code of Conduct;
- Board Charter;
- Risk Management Policy and Internal Compliance and Control System;
- Audit and Compliance Charter;
- Remuneration Policy and Charter;
- Shareholder Communications Policy;
- Continuous Disclosure Policy;
- Share Trading Policy;
- Safety Policy;
- Privacy Statement;
- Environmental Policy;
- Diversity Policy;
- Sexual Harassment Policy; and
- Indigenous Peoples Policy.

BOARD COMPOSITION

The Board is comprised of a majority of non-executive directors with three non-executive directors and one executive director. The directors in office at the date of this statement are:

Samantha Tough	Non executive Chairman
Glenn Jardine	Managing Director
Graham Brock	Non executive Director
John Rowe	Non-executive Director

A profile of each director including their experience and expertise is set out in the Directors' Report section of the Annual Report.

The Board (subject to members' voting rights in general meeting) is responsible for selection of new Board members and succession planning, and has regard to a candidate's experience and competence in areas such as mining, exploration, geology, finance and administration. The Company maintains a diverse mix of Directors on the Board, from different backgrounds, with complementary skills and business experience. The wide commercial experience of its Board members assists the Company in meeting its corporate objectives and plans.

The Board delegates responsibility for the Company's administration and operation to its Managing Director, who is accountable to the Board.

CORPORATE GOVERNANCE

Under the Company's constitution, the maximum number of directors on the Board is currently set at nine and at the Annual General Meeting each year one third of the directors in office retire by rotation for re-election by the shareholders.

DIRECTOR INDEPENDENCE

In considering independence of directors, the Board refers to the criteria for independence as recommended by the ASX.

To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Board Charter, which is disclosed in full on the Company's website.

Applying the criteria for independence, three directors are considered to be independent. The independent directors of the Company are Samantha Tough, Graham Brock and John Rowe.

ROLE OF THE BOARD

The Board of Southern Cross Goldfields Limited considers that the essential responsibility of the Directors is to oversee Southern Cross Goldfields' activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value, in accordance with applicable law and appropriate standards of behavior for good corporate citizens.

The key responsibilities of the Board include to:

- Appoint and review the performance of the Managing Director;
- Develop and approve with management, strategy, planning, exploration programs and major capital expenditure;
- Arrange for effective budgeting and financial supervision;
- Ensure that appropriate audit arrangements are in place;
- Ensure that the effective and appropriate reporting systems in place will, in particular, assure the Board that proper financial, operational, compliance and risk management controls function adequately; and
- Report to shareholders.

The Board is responsible to shareholders for Southern Cross Goldfields' strategic direction and the execution of the Company's overall objective, which is to increase long-term shareholder value. The size of the Board reflects the modest size of the Company, its business plans, and the scale of its operations as an early stage exploration/mining company. Only the Directors have the capacity to bind the Company.

Management is responsible for implementing the Company's strategies, the management and protection of its resources and the day-to-day communication with its shareholders, all in accordance with policies, systems and procedures approved by the Board.

CORPORATE GOVERNANCE

The Board performance is reviewed at least annually with the most recent review being conducted in May and June 2011. During the financial year the Board met twelve times.

INDEPENDENT PROFESSIONAL ADVICE

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director, then, provided the director first obtains approval for incurring such expense from the chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

PERFORMANCE ASSESSMENT

The Board undertakes an annual self assessment of its collective performance, the performance of the Chairman and of its committees. The Chairman meets privately with each Director to discuss individual and collective performance of Directors.

FINANCIAL REPORTING

In accordance with the requirements of S295A of the Corporations Act 2001, the CEO and CFO have declared to the Board that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards.

The Board receives monthly reports from management on the financial and operational performance of the Company.

NOMINATION COMMITTEE

The full Board carries out the functions of the Nomination Committee. The Board did not meet formally as the Nomination Committee during the financial year; however any relevant matters were discussed on an as-required basis from time to time during regular meetings of the Board. The Board has set out its nomination processes in its Board Charter.

DIVERSITY

Gender diversity at 30 June 2011 is tabulated below.

Gender Diversity at 30 June 2011	Male	Female	Total
Board	3	1	4
Board Percentage	75%	25%	100%
Executive	2	0	2
Executive Percentage	100%	0%	100%
Employee	1	4	5
Employee Percentage	20%	80%	100%
Company	6	5	11
Company Percentage	55%	45%	100%

AUDIT COMMITTEE

The full Board carries out the functions of the Audit Committee. The Board did not meet formally as the Audit Committee during the financial year; however any relevant matters were discussed on an as-required basis from time to time during regular meetings of the Board. The Board has established an Audit and Compliance Charter to assist in monitoring control policies and procedures designed to safeguard company assets and to maintain the

CORPORATE GOVERNANCE

integrity of financial reporting.

REMUNERATION

The full Board carries out the functions of the Remuneration Committee. The Board did not meet formally as the Remuneration Committee during the financial year; however any relevant matters were discussed on an as-required basis from time to time during regular meetings of the Board. The Board has established a Remuneration Policy and Charter to assist it to carry out its functions when considering remuneration matters.

The main objectives of the Remuneration Charter are to make recommendations as to remuneration packages for directors and senior executives including employee incentive and equity based plans.

Remuneration levels for executives are competitively set to attract the most qualified and experienced candidates, taking into account prevailing market conditions and individual's experience and qualifications.

Non-executive directors receive a fixed fee for their services as directors and are not entitled to any bonuses or incentive payments. Non-executive directors do not receive retirement benefits (other than statutory superannuation payments).

Further information on directors' and executives' remuneration is set out in the Remuneration Report in the Director's Report.

RISK MANAGEMENT

The Company has developed a framework for a risk management policy and internal compliance and control system that covers the organizational, financial and operational aspects of the Company's affairs. The Chairman is responsible for ensuring maintenance of, and compliance with appropriate systems. The Board is charged with implementing appropriate risk management systems within the company as reported to it by management.

The Board is to monitor and receive advice on areas of operational and financial risk, and consider strategies for appropriate risk management arrangements. Specific areas of risk to be regularly considered at Board meetings are to include health, safety, environment, community, intellectual property, changes in government regulation, changes in technology and human resources, the integrity of data, statutory compliance and continuous disclosure obligations.

Regular controls established by the Board include:

- detailed monthly management report;
- maintenance of a risk matrix to identify risks and appropriate mitigation strategies;
- detailed monthly management financial statements and cash flow reports;
- establishment and maintenance of a purchasing authority matrix; and
- Board approval for all major project expenditure.

The Board recognises the need to identify any areas of significant business risk and to develop and implement strategies to mitigate these risks. The Board has reviewed its risk matrix to assist in identifying and managing business risk.

CORPORATE GOVERNANCE

The Company maintains comprehensive insurance policies and has purchased Director's and Officer's Insurance cover for its Board of directors.

Both the CEO and CFO have made a declaration to the Board in accordance with the requirements of Principle 7 of the ASX's Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations.

COMMUNICATION WITH SHAREHOLDERS

The Company communicates to shareholders through the Company's Annual Report, Annual General Meeting, ASX Announcements and Company website. Financial reports, quarterly reports and all other announcements are made available to shareholders on the website. Shareholders can also subscribe to receive ASX announcements via email on the website. The Board encourages full participation of shareholders at the Company's General Meeting to ensure a high level of accountability and identification with its strategy and goals.

CONTINUOUS DISCLOSURE

The Company Secretary has been nominated as the person responsible for communication with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public. All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed, the material used in the presentations is released to the ASX immediately prior to the commencement of the briefing. This information is also posted on the Company's website. The Company is committed to ensuring that all stakeholders and the market are provided with relevant and accurate information regarding its activities in a timely manner.

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

During the financial year, the Company has complied with each of the eight Corporate Governance Principles and Recommendations ("Recommendations") as published by the ASX Corporate Governance Council in August 2007 (2nd Edition as revised on 30 June 2010), other than in relation to the matters specified below.

The Board believes that the individuals on the Board can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must declare their conflict before commencement of discussion on the topic.

Recommendations 2.4 and 2.6 state that the Board should establish a nomination committee and that the charter of the nomination committee should be disclosed. The Company does not have a separately established nomination committee or a specific nomination charter. Given the current size of the Board, the Board considers that this function is efficiently achieved with full Board support. Further, the Board has set out its nomination requirements in its Board Charter.

Recommendations 4.1 and 4.2 state that the Board should establish an audit committee and structure it in accordance with the recommendation. The Company considers that the Board is not of sufficient size and neither are its affairs of sufficient complexity to warrant the establishment of an audit committee. Instead the functions of the audit committee are undertaken by the full Board. The Board has established an Audit and Compliance Charter

CORPORATE GOVERNANCE

to assist in monitoring control policies and procedures designed to safeguard company assets and to maintain the integrity of financial reporting.

Recommendation 8.1 states that the Board should establish a remuneration committee. The Board considers it is not of sufficient size and neither are its affairs of sufficient complexity to warrant the establishment of a remuneration committee. The functions of the remuneration committee are carried out by the full Board. The Board has adopted a Remuneration Policy and Charter to assist it to carry out its function when considering remuneration matters.

SOUTHERN CROSS GOLDFIELDS LIMITED
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DIRECTORS' REPORT

The Directors present their report, together with the financial report of Southern Cross Goldfields Limited for the financial year ended 30 June 2011 and the auditor's report thereon.

DIRECTORS

The names and details of the Directors of Southern Cross Goldfields Ltd during the financial year and until the date of this report are:

Samantha Tough 46 LLB B. Juris GAICD
Non Executive Chairman
Appointed 24 July 2007

Samantha Tough has a unique mix of leadership, commercial and legal skills in a range of industry including the energy and resources sectors. She is a professional director with over 13 years experience on public and private boards. Samantha is currently Chairman of Southern Cross Goldfields Limited, Chairman of Structerre Pty Ltd (provides engineering services to the residential construction market), Chairman RemCo Ltd (oversees the gas retail function for Western Australia) and has recently being appointed to the Board of Murchison Metals Limited. Previous directorships include Chairman Advanced Well Technologies Pty Ltd (engineering services to oil and gas sector), Member of Curtin University of Technology's Investment Committee and various Woodside related boards. Samantha has senior executive management experience in oil and gas including General Manager North West Shelf for Woodside Energy Ltd, Director of Strategy for Hardman Resources Ltd and Senior Vice President of Natural Resources with the Commonwealth Bank of Australia. Samantha has also provided a leadership role to the Deputy Premier's Office as Project Director of the Pilbara Power Project. Her role was to work with the key players in the Pilbara region to identify a commercial and practical way forward to meet the projected energy needs for industry and community in the region. Samantha also gives time to community sport in both a coaching and leadership capacity. Samantha has a law degree from University of Western Australia and is entitled to fellow status from the AICD.

During the three year period to the end of the financial year Ms Tough held a directorship in Enerji Ltd. and Murchison Metals Limited

Glenn Jardine 48 BE (Min) MAusIMM
Managing Director
Appointed 4 October 2010

Glenn Jardine is a mining engineer with a Bachelor of Engineering (Mining) from the University of Queensland. Glenn's senior management experience commenced as Project Manager and General Manager of the Henty gold mine for Goldfields Ltd. While with LionOre Australia his responsibilities included Project Manager of the Emily Ann and Maggie Hays nickel mines; General Manager - New Business, Chief Operating Officer and Managing Director. Most recently he was Operations Director for Apex Minerals NL.

SOUTHERN CROSS GOLDFIELDS LIMITED

ABN 71 124 374 321

DIRECTORS' REPORT

Graham Brock 64 BSc Eng, Fellow AusIMM
Non Executive Director
Appointed 6 October 2009

Graham Brock is a metallurgist and has worked in the minerals industry for over 41 years on a diverse mix of commodities including gold, nickel, tin, copper, zinc, silver, magnesite and graphite. In the last 26 years he has worked in the field of project development from conceptual studies through to construction and has successfully evaluated, built and commissioned several gold, nickel and tin projects including Wheal Jane tin, Mt Keith nickel, Black Swan nickel, Golden Crown gold, Waihi gold, Wirralie gold, Salsigne gold, Lake Johnson nickel and Westonia gold. Graham graduated from the Royal School of Mines (RSM), London in 1968 with a BSc Eng and Associateship of RSM. He is a Fellow of the AusIMM and has worked in Australia, UK, Fiji and USA. He has held positions as General Manager Projects for LionOre; Group Metallurgist and Director Technology for MPI Mines and Group Metallurgist for Australian Consolidated Minerals Ltd.

During the past three years Mr Brock has not held directorships in any listed companies other than Southern Cross Goldfields Limited.

John Rowe 62 BSc (Hons)
Non Executive Director
Appointed 14 April 2010

John Rowe holds a BSc (Hons) in Mining Geology from the Royal School of Mines, Imperial College, London University and has had a distinguished career over a 41 year period in the mining industry. John is the principal of John Rowe and Associates which provides geological and business development advice to the mining industry and is a non-executive Director of Panoramic Resources Ltd and Catalpa Resources Limited. During his period as Chairman of Catalpa Resources in 2008/2009, Catalpa finalised the bankable feasibility study and completed debt and equity funding for the 100,000oz/year Edna May Gold Project at Westonia.

Prior to establishing John Rowe and Associates in 2006, John spent 13 years with MPI Mines / Lion Ore Australia in various group executive roles including Executive General Manager Mineral Inventory and Group Executive - Acquisitions & Resource Management. John's role at MPI Mines included responsibility for all geological activities including exploration, mine geology and project evaluation. This included the evaluation, development and production of the high grade Silver Swan nickel sulphide project as well as the 100,000oz/year Stawell Gold Mine in Victoria. He had a short period with R&I Gold Bank in the technical division before joining MPI Mines in 1993.

John started his career with Metals Exploration as a mine geologist at the Nepean Nickel Mine in the early 1970's. For the next six years he was a senior geologist with Consolidated Goldfields before joining Agnew Mining as Chief Geologist of the Agnew Nickel Mine. He then returned to Metals Exploration as Chief Geologist at North Kalgurli Mines before taking on various senior executive roles with Metals Exploration / Bond Gold Australia involved with the establishment of open pit mining on the Golden Mile Kalgoorlie and played a significant role in the corporate and operational establishment of KCGM.

During the three year period to the end of the financial year, Mr Rowe held directorships in Panoramic Resources Limited and Catalpa Resources Limited.

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Antony Truelove - resigned 29 October 2010

COMPANY SECRETARY

Dan Calvert BFA (Acc) CPA

Appointed 1 July 2007

Dan Calvert is an accountant with 26 years mining industry experience in various operational, accounting and management roles in Australia and New Zealand. Prior to joining Southern Cross Goldfields he worked for a number of listed and unlisted companies gaining extensive experience in the metalliferous sector and familiarity with a wide range of mining operations. He has a strong background in operations management, project analysis, feasibility studies, risk management and accounting.

PRINCIPAL ACTIVITIES

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

There have been no significant changes in these activities during the financial year.

RESULTS OF OPERATIONS

The net loss after income tax for the financial year was \$6,191,967 (2010 loss of \$2,771,798).

DIVIDENDS

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

REVIEW OF OPERATIONS AND ACTIVITIES

A detailed review of the Company's activities during the financial year is set out in the section titled "Review of Operations" in this Annual Report.

Corporate and Financial Position

As at 30 June 2011 the Company had cash reserves of approximately \$1.7 million.

Business Strategies and Prospects

The Company currently has the following business strategies and prospects over the medium to long term:

- (i) Seek to increase the value of the Company's mineral assets located in Western Australia through exploration success;
- (ii) Examine opportunities to develop its existing;
- (iii) Seek additional mineral opportunities in Australia and overseas.

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Risk Management

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Company are highlighted in the risk matrix presented to the Board by the Managing Director each year. Appropriate risk management strategies are implemented for each risk identified in the matrix.

Arrangements put in place by the Board to monitor risk management include detailed monthly reporting to the Board in respect of operations and the financial position of the Company. Areas of risk regularly considered at Board meetings and by management include health, safety, environment, community, access to capital, security of title, commodity prices, intellectual property, changes in government regulation, changes in technology and human resources, the integrity of data, statutory compliance and continuous disclosure obligations. The Company maintains comprehensive insurance policies and has purchased Director's and Officer's Insurance cover for its Board of directors.

Both the CEO and CFO have made a declaration to the Board in accordance with the requirements of Principle 7 of the ASX's Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations.

EMPLOYEES

The Company employed 8 employees and 3 Non Executive Directors as at 30 June 2011. Gender Diversity is tabulated below.

Gender Diversity at 30 June 2011	Male	Female	Total
Board	3	1	4
Board percentage	75%	25%	100%
Executive	2	0	2
Executive percentage	100%	0%	100%
Employee	1	4	5
Employee percentage	20%	80%	100%
Company	6	5	11
Company percentage	55%	45%	100%

EARNINGS/(LOSS) PER SHARE

	2011	2010
	\$	\$
Basic loss per share	(0.0407)	(0.0260)
Diluted loss per share	(0.0407)	(0.0260)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than noted below, in the opinion of the Directors there were no significant changes in the state of affairs of the Company during the financial year under review:

- On 23 September 2010 50,000 unlisted options lapsed and were cancelled by the Company.
- On 23 November 2010 1,875 listed options were exercised at 15c per share.

SOUTHERN CROSS GOLDFIELDS LIMITED

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DIRECTORS' REPORT

- On 30 November 2010 29,321,069 listed options lapsed and were cancelled by the Company.
- On 6 December 2010 196,560 listed options were exercised at 15c per share.
- On 19 January 2011 50,000 unlisted options lapsed and were cancelled by the Company.
- On 8 February 2011 the Company issued 5,000,000 ordinary shares at an issue price of 8.6 cents and 2,000,000 options exercisable on or before 8 August 2012 at an exercise price of 15c each to Dempsey Pty Ltd, as consideration for tenements and iron rights.
- On 15 February 2011 the Company sold iron rights to Radar Iron Ltd pursuant to the Mineral Rights Agreement dated 15 February 2011 for consideration of \$1.5m cash, 1 million ordinary shares in Radar Iron Ltd, and non iron rights over certain tenements along strike from Copper Bore.
- On 10 March 2011 5,000,000 unlisted options lapsed and were cancelled by the Company.
- On 1 April 2011 the Company issued 60,118,479 ordinary shares at an issue price of 6.5 cents each following the successful raising of \$3,907,701 (before capital raising costs) in new funds through a Rights Issue. Funds are being used for feasibility studies including infill, geotechnical and metallurgical drilling, ongoing regional exploration, working capital and expenses of the offer.

EMPLOYEE OPTIONS OVER UNISSUED CAPITAL

During the financial year the Company granted the following unlisted options over unissued shares to the following directors and employees. There are no vesting conditions and these options are not subject to any ASX escrow restrictions:

Employee	No. of options granted	Exercise price per option	Value per option at grant date	Value of options granted	Expiry date
J Rowe	250,000	\$0.25	\$0.0410	\$10,250	12 Mar 14
J Rowe	250,000	\$0.30	\$0.0384	\$9,600	12 Mar 14
G Jardine	2,000,000	\$0.20	\$0.0484	\$96,800	1 Oct 14
G Jardine	1,000,000	\$0.25	\$0.0461	\$46,100	1 Oct 14
G Jardine	1,000,000	\$0.30	\$0.0434	\$43,400	1 Oct 14
G Jardine	1,000,000	\$0.40	\$0.0390	\$39,000	1 Oct 14
C Dressler	50,000	\$0.25	\$0.0164	\$821	12 Mar 14
C Dressler	50,000	\$0.30	\$0.0142	\$708	12 Mar 14
P Dawes	25,000	\$0.25	\$0.0164	\$410	12 Mar 14
P Dawes	25,000	\$0.30	\$0.0142	\$354	12 Mar 14
	5,650,000			\$247,443	

Since 30 June 2011 and up until the date of this report the Company has granted the following unlisted options to employees pursuant to the Employee Share Option Plan.

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Employee	No. of options granted	Exercise price per option	Value per option at grant date	Value of options granted	Expiry date
S Jones	1,000,000	\$0.10	\$0.0314	\$31,439	31 Jul 14
S Jones	500,000	\$0.20	\$0.0199	\$9,958	31 Jul 14
S Jones	500,000	\$0.25	\$0.0166	\$8,313	31 Jul 14
R Simmons	1,000,000	\$0.10	\$0.0314	\$31,439	31 Jul 14
M Walsh	200,000	\$0.10	\$0.0314	\$6,288	31 Jul 14
C Dressler	100,000	\$0.10	\$0.0314	\$3,143	31 Jul 14
P Dawes	50,000	\$0.10	\$0.0314	\$1,572	31 Jul 14
	3,350,000			\$92,152	

During the financial year the following unlisted employee options lapsed and were cancelled.

Employee	No. of options cancelled	Exercise price per option	Value per option at grant date	Value of options cancelled
M Mason	25,000	\$0.25	\$0.2311	\$5,778
M Mason	25,000	\$0.30	\$0.2249	\$5,622
S Jeffrey	25,000	\$0.25	\$0.0863	\$2,158
S Jeffrey	25,000	\$0.30	\$0.0860	\$2,149
	100,000			\$15,707

As at the date of this report unissued ordinary shares of the Company under option are:

No. of options granted	Exercise price per option	Expiry date
1,000,000	\$0.20	10 Mar 12
2,000,000	\$0.15	8 Aug 12
15,000,000	\$0.20	31 Dec 12
6,575,000	\$0.25	12 Mar 14
6,575,000	\$0.30	12 Mar 14
25,000	\$0.25	2 Jul 14
25,000	\$0.30	2 Jul 14
100,000	\$0.25	21 Jul 14
100,000	\$0.30	21 Jul 14
2,000,000	\$0.20	1 Oct 14
1,000,000	\$0.25	1 Oct 14
1,000,000	\$0.30	1 Oct 14
1,000,000	\$0.40	1 Oct 14
2,350,000	\$0.10	31 Jul 14
500,000	\$0.20	31 Jul 14
500,000	\$0.25	31 Jul 14
39,750,000		

The above options represent unissued ordinary shares of the Company under option as at the date of this report. These unlisted options do not entitle the holder to participate in any share issue of the Company.

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The holders of options are not entitled to any voting rights until the options are exercised into ordinary shares.

The names of all persons who currently hold options granted are entered in a register kept by the Company pursuant to Section 168(1) of the Corporations Act 2001, and the register may be inspected free of charge.

No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

CORPORATE STRUCTURE

Southern Cross Goldfields Limited (ACN 124 374 321) is a company limited by shares that was incorporated in Western Australia on 12 March 2007 and is domiciled in Australia.

EVENTS SUBSEQUENT TO BALANCE DATE

On 4 July 2011 the Company received the outstanding \$1,000,000 and 1,000,000 shares as a result of the sale of iron rights to Radar Iron Ltd.

On 1 August 2011 the Company entered into an agreement with Australian nickel producer Western Areas Limited (ASX: "WSA") for WSA to acquire 70% of SXG's nickel rights across much of its tenement portfolio in the Marda and Southern Cross regions of Western Australia. WSA will acquire 70% of SXG's nickel rights for consideration of \$1.5 million in cash along with minimum funding commitments of \$1 million on nickel sulphide exploration during the first year after completion of the agreement, followed by minimum annual expenditure commitments of \$250,000 to year 5 and \$300,000 thereafter. The Company will retain a 30% interest in the nickel rights.

On 1 August 2011 Mr Stephen Jones commenced as CFO replacing Mr Dan Calvert.

On 4 August 2011 the Company entered into an agreement with Renaissance Minerals Limited (ASX: "RNS") to enter into a farm-in agreement at the historically high-grade Radio Gold Mine and to acquire a strategic portfolio of gold exploration tenements in the Marda and Southern Cross regions of Western Australia. The agreement is subject to ratification by shareholders. Under the terms of the farm-in agreement with Renaissance, SXG:

- must meet a minimum expenditure commitment of \$250,000 within 12 months of completion (expected in November, 2011) of the transaction;
- may earn an interest of 50% in the Radio gold mine by spending \$1.5 million on exploration and development within 2 years of completion;
- may increase its interest to 70% by spending a further \$1 million;
- may increase its interest to 90% by spending a further \$1 million on a pro-rata basis in the event that Renaissance elects not to contribute beyond SXG earning 70%.

Under the agreement, SXG will also acquire Renaissance's Mt Rankin Gold Project for consideration of 5 million shares and 10 million options (having a term of 3 years) in SXG exercisable at 10 cents per share, subject to shareholder approval. The shares, and options if exercised, will be escrowed until 30 June 2012.

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Shareholder approval for the above transaction will be sought at the Company's AGM expected to be held on 25 November 2011.

On 16 August 2011 the Company entered into an option agreement with Barranco Resources NL (an unlisted public company) to acquire two oxide gold deposits Red Legs and Die Hardy located 30km north of SXG's Marda Gold Project in Western Australia. The agreement is for a two year option at a cost to SXG of \$20,000 every 6 months.

If the Company elects to exercise the option it will pay \$0.5 million in cash and issue 20 million shares in SXG to Barranco. The agreement covers two Retention Licences (RL's) covering the Red Legs and Die Hardy deposits. Upon exercise, SXG will hold all mineral rights to the RL's including Barranco's existing royalty over the Mt. King deposit (owned by SXG).

On 31 August 2011 the Company issued 2,350,000 options at an exercise price of 10c, 500,000 options at an exercise price of 20c and 500,000 options at an exercise price of 25c all expiring on 31 July 2014 to employees pursuant to the Employee Share Option Plan.

Aside from the matters mentioned above there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

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

INFORMATION ON DIRECTORS

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

Director	Title	Date appointed	Directors interests in ordinary shares	Directors interests in unlisted options
SJ Tough	Non-Executive Chairman	24 Jul 07	396,940	2,000,000
GRA Jardine	Managing Director	4 Oct 10	3,037,715	5,000,000
GJ Brock	Non-Executive Director	6 Oct 09	390,478	500,000
J Rowe	Non-Executive Director	14 Apr 10	798,572	500,000
			4,623,705	8,000,000

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DIRECTORS' MEETINGS

The number of meetings of the Company's Directors held in the period each Director held office during the financial year and the numbers of meetings attended by each Director were:

Director	Date appointed	Total meetings attended	Total meetings eligible
SJ Tough	24 Jul 07	12	12
GRA Jardine (appointed 4 Oct 10)	4 Oct 10	9	9
GJ Brock	6 Oct 09	11	12
J Rowe	14 Apr 10	12	12
AJ Truelove (resigned 29 Oct 10)	24 Jul 07	4	4

REMUNERATION REPORT (AUDITED)

Recommendation 8.1 of the ASX Corporate Governance Councils Principles of Good Corporate Governance and Best Practice Recommendations states that the Board should establish a remuneration committee. The Board considers it is not of sufficient size and neither are its affairs of sufficient complexity to warrant the establishment of a remuneration committee. The functions of the remuneration committee are carried out by the full Board. The Board has adopted a Remuneration Policy and Charter to assist it to carry out its function when considering remuneration matters.

This report details the amount and nature of remuneration of each Director of the Company and executive officers of the Company during the financial period.

Overview of Remuneration Policy

The Board must review the remuneration and policies applicable to all Directors on an annual basis. When reviewing Directors' fees, the Board takes into account any changes in the size and scope of the Company's activities. Remuneration levels are set according to the Company's position and must be competitive enough to attract the most qualified and experienced Directors and senior executives. Where necessary, the Board will obtain independent advice on the appropriateness of remuneration packages.

The Board must ensure that the structure of non-executive directors' remuneration is distinguished from that of executive directors and senior executives. Executive Directors receive a salary and may receive other benefits. Non-executive Directors receive a set fee per annum, plus statutory superannuation entitlements, and are fully reimbursed for any out of pocket expenses necessarily incurred in carrying out their duties.

The Company prohibits directors and senior management from entering into transactions which limit the economic risk of participating in unvested entitlements. This prohibition includes hedging of unvested options or any other activity which may negate the incentive such options provide.

The remuneration policy in regard to setting the terms and conditions for the Managing Director has been developed by the Board taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

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Directors receive a superannuation guarantee contribution required by the government, which is currently 9% per annum and do not receive any other retirement benefit.

All remuneration paid to Directors is valued at cost to the Company and expensed. Options are valued using the Black-Scholes methodology. In accordance with current accounting policy the value of these options is expensed over the vesting period.

Non-Executive Directors

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 amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. The annual aggregate amount of remuneration paid to Non-Executive Directors was approved by shareholders on 12 October 2007 and is not to exceed \$500,000 per annum.

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.

The Board is to ensure that:

- a) fees paid to non-executive directors are within the aggregate amount approved by shareholders and make recommendations to the Board with respect to the need for increases to this aggregate amount at the Company's annual general meeting;
- b) non-executive directors are remunerated by way of fees (in the form of cash and/or superannuation benefits);
- c) non-executive directors are not provided with retirement benefits other than statutory superannuation entitlements; and
- d) non-executive directors are not entitled to participate in equity-based remuneration schemes designed for executives without due consideration and appropriate disclosure to the Company's shareholders.

Remuneration levels and other terms of engagement for Ms Tough, Mr Brock and Mr Rowe are formalised in letters of appointment.

Executive Remuneration and Incentive Policies:

The Board is to make decisions with respect to appropriate remuneration and incentive policies for executive Directors and senior executives which:

- a) motivate executive Directors and senior executives to pursue the long term growth and success of the Company within an appropriate control framework;
- b) demonstrate a clear correlation between key performance and remuneration; and
- c) align the interests of key leadership with the long-term interests of the Company's shareholders.

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Executive Remuneration Packages

The Board is to ensure that:

- a) executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to Southern Cross Goldfield's circumstances and objectives;
- b) a proportion of executives' remuneration is structured in a manner designed to link reward to corporate and individual performances; and
- c) recommendations are made to the Board with respect to the quantum of any bonuses to be paid to executives.

Remuneration levels and other terms of employment for Mr Jardine, Mr Jones, Mr Calvert, and Mr Simmons are formalised in service agreements.

Incentive Plans and Benefits Programs

The Board is to:

- a) review and make recommendations concerning long-term incentive compensation plans, including the use of share options and other equity-based plans. The Board will administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorising grants, in accordance with the terms of those plans; and
- b) ensure that incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide rewards when they are achieved; and
- c) continually review and if necessary improve any existing benefit programs established for employees.

DIRECTORS & EXECUTIVE REMUNERATION

Director and Executive remuneration for the financial year is tabulated below:

2011							
		Short Term	Non Monetary Benefits	Post Employment	Equity Payments	Options as a % of Remuneration	
	Title	Salary & Fees	Non Monetary Benefits	Superannuation	Options	Total	
Director							
SJ Tough	Non-Executive Chairman	\$80,000	\$2,641	\$7,200	-	\$89,841	0.0%
GRA Jardine	Managing Director	\$252,481	\$6,631	\$24,707	\$225,300	\$509,119	44.3%
GJ Brock	Non-Executive Director	\$40,000	\$2,641	\$3,600	-	\$46,241	0.0%
J Rowe	Non-Executive Director	\$40,000	\$2,641	\$3,600	19,850	\$66,091	30.0%
AJ Truelove	Resigned 29 Oct 2010	\$89,722	\$16,998	\$19,160	-	\$125,880	0.0%
Executive							
DH Calvert	CFO & Co. Secretary	\$160,332	\$2,641	\$27,120	-	\$190,093	0.0%
RJ Simmons	Exploration Manager	\$175,293	\$19,989	\$15,120	-	\$210,402	0.0%
Total		\$837,828	\$54,182	\$100,507	\$245,150	\$1,237,667	19.8%

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2010							
		Short Term	Non Monetary Benefits	Post Employment	Equity Payments		Options as a % of Remuneration
	Title	Salary & Fees	Non Monetary Benefits	Superannuation	Options	Total	
Director							
SJ Tough	Non-Executive Chairman	\$57,500	\$2,691	\$5,175	-	\$65,366	0.0%
AJ Truelove	Managing Director	\$202,746	\$20,858	\$18,544	-	\$242,148	0.0%
GJ Brock	Non-Executive Director	\$28,849	\$1,974	\$2,596	\$41,650	\$75,069	55.5%
J Rowe	Non-Executive Director	\$13,528	\$569	-	-	\$14,097	0.0%
IJ Buchhorn	Resigned 15 Mar 2010	\$26,613	\$1,900	\$2,395	-	\$30,908	0.0%
VW Strange	Resigned 16 Oct 2009	\$12,000	\$791	\$1,080	-	\$13,871	0.0%
Executive							
DH Calvert	CFO & Co. Secretary	\$137,068	\$2,691	\$12,788	-	\$152,547	0.0%
RJ Simmons	Exploration Manager	\$152,127	\$18,879	\$13,463	-	\$184,469	0.0%
Total		\$630,431	\$50,353	\$56,041	\$41,650	\$778,475	5.4%

2011									
	Terms and conditions for each grant							Vested	
	Granted No.	Grant Date	Fair value per option at grant date	Exercise price per option	Expiry date	First exercise date	Last exercise date	No.	%
Director									
SJ Tough	-	-	-	-	-	-	-	-	-
GRA Jardine	2,000,000	18 Nov 10	\$0.0484	\$0.20	1 Oct 14	18 Nov 10	1 Oct 14	2,000,000	100
GRA Jardine	1,000,000	18 Nov 10	\$0.0461	\$0.25	1 Oct 14	18 Nov 10	1 Oct 14	1,000,000	100
GRA Jardine	1,000,000	18 Nov 10	\$0.0434	\$0.30	1 Oct 14	18 Nov 10	1 Oct 14	1,000,000	100
GRA Jardine	1,000,000	18 Nov 10	\$0.0390	\$0.40	1 Oct 14	18 Nov 10	1 Oct 14	1,000,000	100
J Rowe	250,000	18 Nov 10	\$0.0410	\$0.25	12 Mar 14	18 Nov 10	12 Mar 14	250,000	100
J Rowe	250,000	18 Nov 10	\$0.0384	\$0.30	12 Mar 14	18 Nov 10	12 Mar 14	250,000	100
GJ Brock	-	-	-	-	-	-	-	-	-
AJ Truelove (res)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Executive									
DH Calvert	-	-	-	-	-	-	-	-	-
RJ Simmons	-	-	-	-	-	-	-	-	-
	5,500,000							5,500,000	

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DIRECTORS' REPORT

2010									
		Terms and conditions for each grant						Vested	
	Granted No.	Grant Date	Fair value per option at grant date	Exercise price per option	Expiry date	First exercise date	Last exercise date	No.	%
Director									
SJ Tough	-	-	-	-	-	-	-	-	-
AJ Truelove	-	-	-	-	-	-	-	-	-
GJ Brock	250,000	20 Nov 09	\$0.0837	\$0.25	12 Mar 14	20 Nov 09	12 Mar 14	250,000	100
GJ Brock	250,000	20 Nov 09	\$0.0829	\$0.30	12 Mar 14	20 Nov 09	12 Mar 14	250,000	100
J Rowe	-	-	-	-	-	-	-	-	-
IJ Buchhorn (res)	-	-	-	-	-	-	-	-	-
VW Strange (res)	-	-	-	-	-	-	-	-	-
Executive									
DH Calvert	-	-	-	-	-	-	-	-	-
RJ Simmons	-	-	-	-	-	-	-	-	-
	500,000							500,000	

Options granted as part of remuneration		2011			
		Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Options as a percentage of remuneration for the year
Shares					
Directors					
SJ Tough		-	-	-	-
GRA Jardine		\$225,300	-	-	44.5%
GJ Brock		-	-	-	-
J Rowe		\$19,850	-	-	30.0%
AJ Truelove resigned 29 Oct 10		-	-	-	-
Executive					
DH Calvert		-	-	-	-
RJ Simmons		-	-	-	-
Total		\$245,150			

Options granted as part of remuneration		2010			
		Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Options as a percentage of remuneration for the year
Shares					
Directors					
SJ Tough		-	-	-	-
AJ Truelove		-	-	-	-
GJ Brock		\$41,650	-	-	55.5%
J Rowe		-	-	-	-
IJ Buchhorn resigned 15 Mar 10		-	-	-	-
VW Strange resigned 16 Oct 09		-	-	-	-
Executive					
DH Calvert		-	-	-	-
RJ Simmons		-	-	-	-
Total		\$41,650			

SOUTHERN CROSS GOLDFIELDS LIMITED

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DIRECTORS' REPORT

Options	Expiry date	Exercise price	Held at 1 July 2010	Issued as remuneration	Lapsed	Held at 30 June 2011
Directors						
SJ Tough	12 Mar 14	\$0.25	1,000,000	-	-	1,000,000
	12 Mar 14	\$0.30	1,000,000	-	-	1,000,000
GRA Jardine	1 Oct 14	\$0.20	-	2,000,000	-	2,000,000
	1 Oct 14	\$0.25	-	1,000,000	-	1,000,000
	1 Oct 14	\$0.30	-	1,000,000	-	1,000,000
	1 Oct 14	\$0.40	-	1,000,000	-	1,000,000
GJ Brock	12 Mar 14	\$0.25	250,000	-	-	250,000
	12 Mar 14	\$0.30	250,000	-	-	250,000
	30 Nov 10	\$0.15	33,334	-	33,334	-
J Rowe	12 Mar 14	\$0.25	-	250,000	-	250,000
	12 Mar 14	\$0.30	-	250,000	-	250,000
AJ Truelove	12 Mar 14	\$0.25	2,000,000	-	-	2,000,000*
Res 29 Oct 10	12 Mar 14	\$0.30	2,000,000	-	-	2,000,000*
	30 Nov 10	\$0.15	149,820	-	-	149,820*
Executive						
DH Calvert	12 Mar 14	\$0.25	500,000	-	-	500,000
	12 Mar 14	\$0.30	500,000	-	-	500,000
	30 Nov 10	\$0.15	133,571	-	133,571	-
RJ Simmons	12 Mar 14	\$0.25	500,000	-	-	500,000
	12 Mar 14	\$0.30	500,000	-	-	500,000
	30 Nov 10	\$0.15	665,478	-	665,478	-
Total			9,482,203	5,500,000	832,383	14,149,820

* As at resignation

Shares	Held at 1 July 2010	Held at joining	Acquired	Disposed	Held at 30 June 2011	Held at resignation
Directors						
SJ Tough	277,858	-	119,082	-	396,940	-
GRA Jardine	-	-	3,037,715	-	3,037,715	-
GJ Brock	133,334	-	257,144	-	390,478	-
J Rowe	20,000	-	778,572	-	798,572	-
AJ Truelove resigned 29 Oct 2010	320,000	-	-	-	-	320,000
Executive						
DH Calvert	460,000	-	250,000	-	710,000	-
RJ Simmons	261,907	-	238,572	-	500,479	-
Total	1,473,099	-	4,681,085	-	5,834,184	320,000

Fair values for the options at grant date, included in the above tables, were determined using a Black and Scholes option valuation models that took into account the exercise price of the option, the term of the option, the non tradeable nature of the option, the share price at grant date, the expected price volatility of the underlying share, the risk free interest rate for the term of the option and the unlisted status of the Company at grant date. For further details on the assumptions used in valuing the options refer to Note 21.

There were no remuneration options exercised during the period.

The Non-Executive Chairman currently receives a fixed fee of \$80,000 per annum for her service as Chairman. Other Non-Executive Directors currently receive a fixed fee of \$40,000 per annum for their services as Directors.

Non-executive Directors fees not exceeding an aggregate of \$500,000 per annum have been approved by the Company in a general meeting on the 12 October 2007. There is no direct link between non-executive Directors fees and corporate performance. There are no termination or retirement benefits for non-executive Directors other than statutory superannuation

SOUTHERN CROSS GOLDFIELDS LIMITED

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DIRECTORS' REPORT

Other than outlined above, since the end of the previous financial year, no Director has received or become entitled to receive a benefit, other than benefits disclosed in the financial statements as emoluments or the fixed salary of a full time employee of the Company by reason of a contract made by the Company with the Director or with the firm of which he is a member, or with an entity in which he has a substantial financial interest.

Executive Service Agreements

The agreement with Mr Jardine requires the provision of his services as Managing Director and contains the following major provisions:

- No fixed term;
- Current base salary of \$320,000 p.a. exclusive of superannuation;
- Maintenance of Mr Jardine's privately owned vehicle to a maximum of \$15,000 p.a.
- Mr Jardine may terminate his employment by giving three months written notice;
- The Company may terminate Mr Jardine's appointment at any time for any reason by giving six months written notice;
- The Company may terminate Mr Jardine's appointment for matters concerning fraud and dishonesty and the like without notice;
- Where there is an effective change in control of the Company Mr Jardine may elect to terminate his appointment by providing three months notice and also be entitled to receive a payment equal to 12 months base salary.

The agreement with Mr Jones requires the provision of his services as Chief Financial Officer of the Company and contains the following major provisions:

- No fixed term;
- Current base salary of \$240,000 p.a. inclusive of superannuation;
- The issue of options as follows:
 - 1,000,000 options exercisable at 10c each expiring on 31 July 2014
 - 500,000 options exercisable at 20c each expiring on 31 July 2014
 - 500,000 options exercisable at 25c each expiring on 31 July 2014
- Mr Jones may terminate his employment by giving three months written notice;
- The Company may terminate Mr Jones's appointment at any time for any reason by giving three months written notice;
- The Company may terminate Mr Jones's appointment for matters concerning fraud and dishonesty and the like without notice;
- Where there is an effective change in control of the Company Mr Jones may elect to terminate his appointment by providing three months notice and also be entitled to receive a payment equal to 12 months base salary.

The agreement with Mr Calvert required the provision of his services as Chief Financial Officer and Company Secretary of the Company and contained the following major provisions:

- No fixed term;
- Current base salary of \$168,000 p.a. exclusive of superannuation;
- Mr Calvert may terminate his employment by giving three months written notice;
- The Company may terminate Mr Calvert's appointment at any time for any reason by giving six months written notice;
- The Company may terminate Mr Calvert's appointment for matters concerning fraud and dishonesty and the like without notice;
- In the event that the Company terminates Mr Calvert's employment other than for matters concerning fraud and dishonesty and the like, the Company will pay Mr Calvert the

SOUTHERN CROSS GOLDFIELDS LIMITED

ABN 71 124 374 321

DIRECTORS' REPORT

maximum amount payable in accordance with the formula prescribed by section 200G of the Corporations Act.

The agreement with Mr Simmons requires the provision of his services as Exploration Manager of the Company and contains the following major provisions:

- No fixed term;
- The base salary throughout the period under review was \$168,000 p.a. exclusive of superannuation;
- After the year end the base salary has been increased to \$185,000 p.a. exclusive of superannuation;
- Provision of a fully maintained vehicle;
- Mr Simmons may terminate his employment by giving three months written notice;
- The Company may terminate Mr Simmons's appointment at any time for any reason by giving six months written notice;
- The Company may terminate Mr Simmons's appointment for matters concerning fraud and dishonesty and the like without notice;
- In the event that the Company terminates Mr Simmons's employment other than for matters concerning fraud and dishonesty and the like, the Company will pay Mr Simmons the maximum amount payable in accordance with the formula prescribed by section 200G of the Corporations Act.

During the reporting year evaluation of the remuneration of Directors and employees was carried out by the Board. Directors fees and salaries noted in the preceding paragraphs are inclusive of approved salary reviews which became effective on 1 July 2011 or at the date the employee was appointed.

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year the Company paid an insurance premium of \$15,999 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. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

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

SOUTHERN CROSS GOLDFIELDS LIMITED

ABN 71 124 374 321

DIRECTORS' REPORT

CORPORATE GOVERNANCE

The Company has reviewed and adopted a set of Corporate Governance practices and policies in accordance with the revised ASX Corporate Governance Best Practice Recommendations as published by the ASX Corporate Governance Council in August 2007 and amended in June 2010. In recognising the need for high standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. During the year the Board reviewed the Corporate Governance statements and incorporated a number of amendments. The Company's corporate governance statement is available on the Company's website at www.scross.com.au.

ABORIGINAL CULTURE AND HERITAGE

The Company is subject to and compliant with all aspects of Aboriginal Heritage regulation in respect of its exploration activities. The Directors are not aware of any regulation which is not being complied with. The Directors are committed to cultural respect.

AUDITOR'S INDEPENDENCE DECLARATION


Section 307C of the Corporations Act 2001 requires the Company's auditors, Stantons International, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 30 and forms part of this Directors' Report.

NON AUDIT SERVICES

There were no non-audit services provided by Stantons International, or any firm associated with Stantons International, during the financial year.

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.



Samantha Tough
Non Executive Chairman

Perth, Western Australia.
23 September 2011.

JORC Compliance Statement

The geological information in this report relating to Exploration Results and Mineral Resources has been compiled by Mr. Richard Simmons who is an employee of Southern Cross Goldfields and a Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person in respect of the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

23 September 2011

Board of Directors
Southern Cross Goldfields Limited
Unit 16, 162 Colin Street
WEST PERTH WA 6005

Dear Directors

RE: 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 Audit Director for the audit of the financial statements of Southern Cross Goldfields Limited for the year ended 30 June 2011, 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 faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Authorised Audit Company)



John P Van Dieren
Director

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 \$	2010 \$
Revenue			
Gain on sale of tenements	2(a)	1,830,105	716,350
Expenditure			
Administration and corporate expenses	3(a)	(1,190,052)	(878,322)
Exploration expenses	3(b)	(6,335,047)	(2,397,466)
Share based payments	3(c)	(267,652)	(75,730)
Depreciation expense	3(d)	(97,192)	(94,195)
Impairment of tenements	3(e)	(110,478)	(138,301)
Decrease in fair value of shares	3(f)	(145,000)	-
Loss before interest and taxes		(6,315,316)	(2,867,664)
Interest revenue	2(b)	123,349	95,866
Loss before income tax expense		(6,191,967)	(2,771,798)
Income tax expense	4	-	-
Net loss after income tax expense		(6,191,967)	(2,771,798)
Other comprehensive income		-	-
Total comprehensive loss for the year		(6,191,967)	(2,771,798)
Earnings per share (cents per share)			
- Basic earnings/(loss) per share	20	(4.07)	(2.60)
- Diluted earnings/(loss) per share	20	(4.07)	(2.60)

The accompanying notes form part of these financial statements.

SOUTHERN CROSS GOLDFIELDS LIMITED
ABN 71 124 374 321

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	2011 \$	2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	13(c)	1,658,993	3,869,788
Trade and other receivables	5	1,489,428	39,257
Total Current Assets		3,148,421	3,909,045
Non-Current Assets			
Trade and other receivables	6	106,000	135,810
Property, plant and equipment	7	289,748	223,155
Tenement acquisition costs	8	3,355,775	3,028,548
Total Non-Current Assets		3,751,523	3,387,513
TOTAL ASSETS		6,899,944	7,296,558
LIABILITIES			
Current Liabilities			
Trade and other payables	9	1,612,543	167,572
Provisions	10 (a)	64,682	51,454
Total Current Liabilities		1,677,225	219,026
Non-Current Liabilities			
Provisions	10 (b)	15,523	-
Total Non-Current Liabilities		15,523	-
TOTAL LIABILITIES		1,692,748	219,026
NET ASSETS		5,207,196	7,077,532
EQUITY			
Contributed equity	11	19,805,958	15,774,579
Option reserve	12(b)	2,805,924	2,515,672
Accumulated losses	12(a)	(17,404,686)	(11,212,719)
TOTAL EQUITY		5,207,196	7,077,532

The accompanying notes form part of these financial statements.

SOUTHERN CROSS GOLDFIELDS LIMITED
ABN 71 124 374 321

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Equity \$	Accumulated losses \$	Option reserve \$	Total equity \$
At 1 July 2010		15,774,579	(11,212,719)	2,515,672	7,077,532
Loss for the year		-	(6,191,967)	-	(6,191,967)
Other comprehensive income		-	-	-	-
Total comprehensive loss		-	(6,191,967)	-	(6,191,967)
Issue of share capital	11	4,367,467	-	-	4,367,467
Capital raising expenses	11	(336,088)	-	-	(336,088)
Cost of share based payments	12(b)	-	-	290,252	290,252
At 30 June 2011		19,805,958	(17,404,686)	2,805,924	5,207,196

		Equity	Accumulated losses	Option reserve	Total equity
At 1 July 2009		12,301,728	(8,440,921)	2,439,942	6,300,749
Loss for the year		-	(2,771,798)	-	(2,771,798)
Other comprehensive income		-	-	-	-
Total comprehensive loss		-	(2,771,798)	-	(2,771,798)
Issue of share capital	11	3,806,560	-	-	3,806,560
Capital raising expenses	11	(333,709)	-	-	(333,709)
Cost of share based payments	12(b)	-	-	75,730	75,730
At 30 June 2010		15,774,579	(11,212,719)	2,515,672	7,077,532

The accompanying notes form part of these financial statements.

SOUTHERN CROSS RESOURCES LIMITED
ABN 71 124 374 321

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 \$	2010 \$
Cash flows from operating activities			
Interest received		129,123	88,213
Payments to suppliers		(6,217,512)	(3,242,369)
Interest paid		-	-
Net cash flows (used in) operating activities	13(a)	<u>(6,088,389)</u>	<u>(3,154,156)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(163,785)	(33,061)
Proceeds from sale of assets		500,000	1,150,000
Payments for bonds		-	(15,000)
Payments for security		(60,000)	(30,000)
Net cash flows from investing activities		<u>276,215</u>	<u>1,071,939</u>
Cash flows from financing activities			
Proceeds from issue of shares		3,937,467	3,806,560
Equity raising costs		(336,088)	(333,709)
Net cash flows from financing activities		<u>3,601,379</u>	<u>3,472,851</u>
Net (decrease)/increase in cash and cash equivalents held		(2,210,795)	1,390,634
Cash and cash equivalents at the beginning of the year		3,869,788	2,479,154
Cash and cash equivalents at the end of the year	13(c)	<u>1,658,993</u>	<u>3,869,788</u>

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by Southern Cross Goldfields Limited (the Company) in the preparation of the financial statements.

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Interpretations and the Corporations Act 2001.

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared under the historical cost convention, modified where applicable by any revaluation of available-for-sale financial assets and other financial assets and liabilities at fair value through equity reserves or profit and loss.

The financial statements have been approved by the Board of Directors on 23 September 2011.

(b) Going concern

The financial report has been prepared on a going concern basis which contemplates the continuation of the business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. As at 30 June 2011 the Company has cash on hand of \$1,658,993 and cash receivables of \$1,000,000 net of GST in respect of the sale of tenements to Radar Iron Limited. Subsequent to year end the Company has sold nickel rights to Western Areas NL for \$1.5m and based on the results of its feasibility study due at the end of the September quarter it will review its capital raising requirements. The ability of the Company to continue as a going concern is dependent on its ability to raise further capital from the market, or other strategies.

The Directors are of the opinion that the basis upon which the financial statements are presented is appropriate in the circumstances. In the event that further capital cannot be raised, the Company may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements. The financial statements do not include adjustments, if any, relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

(c) 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 2011**

(d) 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.

(e) 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 50 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

(f) 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.

(g) 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).

(h) 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,

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011**

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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

(m) 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.

(n) 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).

(o) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

(p) 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.

(q) Share based payments

Options over ordinary shares are granted to employees as part of remuneration from time to time, on a discretionary basis under an employee option plan. Options have also been granted to vendors.

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.

(r) Provisions

Provisions for legal claims and service warranties are recognised when:

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

- the Company 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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(s) Joint ventures

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

(t) 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.

(u) 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.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011**

(v) 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.

(w) Comparatives

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

(x) Critical accounting estimates and assumptions

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.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

i) Share Based Payments

The Company has made estimates and assumption to value share based payments using the Black Scholes option valuation model. These estimates and assumptions are tabulated in Note 21.

ii) Impairment of Capitalised Mineral Acquisition Expenditure

The future recoverability of capitalised mineral acquisition expenditure is dependent on a number of factors, including native title issues, the existence of economically recoverable reserves and whether the Company is able to successfully recover the related mineral acquisition asset through sale.

iii) 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 2011 the net deferred tax assets have not been recognised.

(y) New Accounting Standards and Interpretations

The following new standards and amendments to standards are mandatory for the financial year beginning 1 July 2010.

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5, 8, 101, 107, 117, 118, 136, and 139)
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 3, 7, 121, 128, 131, 132 and 139)
- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19.

The adoption of these standards did not have any impact in the current period or any prior period and is unlikely to affect future periods.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

(z) New Accounting Standards and Interpretations that are not yet mandatory

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard is not expected to impact on the Company's accounting for financial assets as it does not have any available for sale assets. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The Company has decided not to early adopt AASB 9.

- (ii) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party. The Company will adopt the amended standard from 1 July 2011. When the amendments are applied, the Company will need to disclose any transactions between its subsidiaries and its associates. As the Company currently does not have any subsidiaries this standard will only apply if the Company acquires a subsidiary. There will be no impact on any of the amounts recognised in the financial statements.

- (iii) AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Southern Cross Goldfields Limited is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the entity.

- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Company.

The Company does not anticipate the early adoption of any of the above Australian Accounting Standards.

SOUTHERN CROSS GOLDFIELDS LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 2. REVENUE

a) Gain on sale of tenements

	2011 \$	2010 \$
Proceeds on sale of tenements	1,845,000	750,000
Less: Cost of tenements (note 8)	(14,895)	(33,650)
Gain on sale of tenements	<u>1,830,105</u>	<u>716,350</u>

b) Interest received

Interest received	<u>123,349</u>	<u>95,866</u>
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NOTE 3. EXPENDITURE

Loss before income tax has been determined after charging the following items:

	2011 \$	2010 \$
a) Administration and corporate expenses		
Legal fees	205,987	85,367
Employee expenses	188,607	187,694
Stamp duty	29,596	(2,168)
Directors fees and superannuation	174,400	145,028
Office rent	88,883	93,241
Public relations	57,139	19,513
Consultants	98,690	80,362
Insurance	33,353	32,070
Travel and accommodation	23,473	23,532
Computer and website support	37,104	25,838
Other	252,820	187,845
	<u>1,190,052</u>	<u>878,322</u>
b) Exploration expenses		
Aerial photography	74,600	-
Geophysical survey	53,015	-
Drilling	2,579,885	516,073
Assaying	408,013	163,070
Employee expenses	1,072,375	859,776
Consultants and contractors	1,255,397	209,710
Tenement rent and rates	226,076	169,788
Tenement application and acquisition	108,522	138,339
Field supplies	116,977	38,319
Surveying	81,432	21,385
Heritage surveys	33,910	-
Feasibility costs	9,482	85,000
Rehabilitation	155,762	61,538
Other field expenses	159,601	134,468
	<u>6,335,047</u>	<u>2,397,466</u>

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 3 EXPENDITURE (Continued)

	2011	2010
	\$	\$
c) Share based payments		
Directors	245,150	41,650
Employees	2,292	13,870
Vendors	20,210	20,210
	<u>267,652</u>	<u>75,730</u>
d) Depreciation		
Buildings	194	-
Office equipment and furniture	22,676	20,186
Field equipment and vehicles	56,667	55,382
Software	17,655	18,627
	<u>97,192</u>	<u>94,195</u>
e) Writedown of tenements		
Tenements written down to estimated recoverable value (note 8)	110,478	138,301
	<u>110,478</u>	<u>138,301</u>
f) Decrease in fair value of shares		
Decrease in fair value of shares to be received in respect of sold tenements.	145,000	-
	<u>145,000</u>	<u>-</u>

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 4. INCOME TAX

a) Taxation

	2011 \$	2010 \$
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

The entity made a tax loss for the financial year.

The net deferred tax balances are not recognised since it is not yet probable that future taxable profits will be available to utilise deductible temporary differences and losses.

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

Profit (loss) from operations before income tax expense	(6,191,968)	(2,771,798)
Tax at Australian tax rates of 30%	(1,857,590)	(831,539)
Tax effect of non-temporary differences	74,533	23,012
Tax effect of equity raising costs debited to equity	(61,203)	(41,038)
Over or under provision from previous years		
Tax effect of tax losses and temporary differences not recognised	<u>1,844,260</u>	<u>849,565</u>
Income tax expense	<u>-</u>	<u>-</u>

c) There is no amount of tax benefit recognised in equity as the tax effect of temporary differences has not been booked.

d) Tax losses

Unused tax losses for which no deferred tax benefit has been recognised	19,335,723	13,100,516
Potential benefit at 30%	<u>5,800,717</u>	<u>3,930,156</u>

e) Unrecognised temporary differences

Non deductible amounts for temporary differences	91,571	21,436
Capital raising costs	162,883	123,260
Accelerated deductions for book compared to tax	(1,009,154)	(912,718)
Total	<u>(754,700)</u>	<u>(768,022)</u>
Potential effect on future tax expenses	<u>5,046,017</u>	<u>3,162,134</u>

There are no franking credits.

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 5. TRADE AND OTHER RECEIVABLES (CURRENT)

	2011	2010
	\$	\$
Prepayments - rent	50,576	-
Prepayments - other	9,676	-
Debtors	1,334,500	-
Bond - office	32,604	-
Refundable stamp duty	54,000	-
Accrued interest	8,072	13,846
Goods and service tax paid	-	25,411
	<u>1,489,428</u>	<u>39,257</u>

No receivables are past due terms.

NOTE 6. TRADE AND OTHER RECEIVABLES (NON CURRENT)

Refundable stamp duty	-	57,206
Bond - office	44,000	16,604
Environmental bond	32,000	32,000
Credit Card Security	30,000	30,000
	<u>106,000</u>	<u>135,810</u>

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

Land and buildings	126,326	
Accumulated depreciation	(194)	
	<u>126,132</u>	
Office equipment and furniture at cost	102,478	93,327
Accumulated depreciation	(69,667)	(46,991)
	<u>32,811</u>	<u>46,336</u>
Field equipment and vehicles at cost	297,684	269,376
Accumulated depreciation	(177,855)	(121,188)
	<u>119,829</u>	<u>148,188</u>
Software at cost	65,178	65,178
Accumulated depreciation	(54,202)	(36,547)
	<u>10,976</u>	<u>28,631</u>
Total property, plant and equipment	<u>289,748</u>	<u>223,155</u>

Included in Land and Buildings is land acquired at a cost of \$40,000 which is not depreciated.

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Reconciliation of Property, Plant and Equipment	2011 \$	2010 \$
Land and buildings:		
Balance at the beginning of the year	-	-
Additions	126,326	-
Disposals	-	-
Depreciation expense	(194)	-
Balance at the end of the year	<u>126,132</u>	<u>-</u>
Office equipment and furniture:		
Balance at the beginning of the year	46,336	52,188
Additions	9,151	14,334
Disposals	-	-
Depreciation expense	(22,676)	(20,186)
Balance at the end of the year	<u>32,811</u>	<u>46,336</u>
Field equipment and vehicles:		
Balance at the beginning of the year	148,188	203,570
Additions	28,308	-
Disposals	-	-
Depreciation expense	(56,667)	(55,382)
Balance at the end of the year	<u>119,829</u>	<u>148,188</u>
Software at cost:		
Balance at the beginning of the year	28,631	28,533
Additions	-	18,725
Disposals	-	-
Depreciation expense	(17,655)	(18,627)
Balance at the end of the year	<u>10,976</u>	<u>28,631</u>
Total property, plant and equipment	<u><u>289,748</u></u>	<u><u>223,155</u></u>

NOTE 8. TENEMENT ACQUISITION COSTS

Balance at the beginning of the year	3,028,548	3,200,499
Additions	452,600	-
Disposals (note 2)	(14,895)	(33,650)
Impairment of tenements	(110,478)	(138,301)
Balance at the end of the year	<u>3,355,775</u>	<u>3,028,548</u>

NOTE 9. TRADE AND OTHER PAYABLES (CURRENT)

Trade creditors	823,684	61,382
GST payable	27,053	-
Other creditors and accruals	761,806	106,190
	<u>1,612,543</u>	<u>167,572</u>

Trade creditors are non-interest bearing and are normally settled on 7 to 30 day terms. Included within trade and other creditors and accruals is an amount of \$1,352,486 (2010 \$77,432) relating to exploration expenditure.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 10. PROVISIONS

a) Current provisions

	2011	2010
	\$	\$
The Current employee entitlement is comprised of:		
Employee annual leave provisions	64,682	51,454
Total	<u>64,682</u>	<u>51,454</u>

b) Non-current provisions

The Non-current employee entitlement is comprised of:

Employee long service leave provisions	15,523	-
Total	<u>15,523</u>	<u>-</u>

c) Including directors the Company had 11 employees as at 30 June 2011 (30 June 2010: 12).

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 11. CONTRIBUTED EQUITY

		2011	2010
Ordinary shares fully paid	No. of shares	200,394,930	135,078,016
Ordinary shares fully paid	\$	20,826,007	16,458,540
Less: Capital raising expenses	\$	(1,020,049)	(683,961)
Contributed equity	\$	<u>19,805,958</u>	<u>15,774,579</u>

Movements in issued and paid up capital of the Company during the financial year are as follows:

- 198,435 Shares were issued at \$0.15 per share on exercise of options in November and December 2010
- 5,000,000 Shares were issued at \$0.086 per share as part consideration for tenements and iron rights acquired from Dempsey Pty Ltd in February 2011
- 60,118,479 Shares were issued at \$0.065 per share pursuant to a rights issue in April 2011.

	2011	2011
	Number of	Total
	Shares	\$
Opening balance	135,078,016	15,774,579
Shares issued during the financial year	65,316,914	4,367,467
Capital raising expenses		(336,088)
Closing balance	<u>200,394,930</u>	<u>19,805,958</u>

	2010	2010
	Number of	Total
	Shares	\$
Opening balance	88,558,512	12,301,728
Shares issued during the financial year	46,519,504	3,806,560
Capital raising expenses		(333,709)
Closing balance	<u>135,078,016</u>	<u>15,774,579</u>

NOTE 12. ACCUMULATED LOSSES AND RESERVES

a) Accumulated Losses

	2011	2010
	\$	\$
Opening balance	(11,212,719)	(8,440,921)
Net loss	(6,191,967)	(2,771,798)
Closing balance	<u>(17,404,686)</u>	<u>(11,212,719)</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 12. ACCUMULATED LOSSES AND RESERVES (Continued)

b) Option Reserve

	2011 \$	2010 \$
Opening balance	2,515,672	2,439,942
Cost of share based payments expensed	267,652	75,730
Cost of share based payments capitalised	22,600	-
Closing balance	<u>2,805,924</u>	<u>2,515,672</u>

The option reserve is used to recognise the fair value of options issued and expensed over the vesting period, or capitalised and credited to this reserve. The amount of \$267,652 includes \$247,442 of employee and director options expenses as detailed in note 21(c) in addition to \$20,210 of tenement acquisition costs.

NOTE 13. STATEMENT OF CASH FLOWS

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

	2011 \$	2010 \$
Operating loss after income tax	(6,191,967)	(2,771,798)
Add/(less)		
Impairment of tenements	110,478	138,301
Decrease in fair value of shares to be received	145,000	-
Depreciation	97,192	94,195
Share based payments	267,652	75,730
Gain on sale of tenements	(1,830,105)	(716,350)
Prepayments, debtors and bonds	(191,546)	11,217
(Increase)/decrease in accrued interest and GST	31,185	(32,487)
Increase/(decrease) in trade and other payables and provisions	1,473,722	47,036
Net cash flow used in operating activities	<u>(6,088,389)</u>	<u>(3,154,156)</u>

b) During the financial year tenements and iron rights were purchased from Dempsey Pty Ltd for 5,000,000 ordinary shares and 2,000,000 options exercisable at 15 cents expiring on 8 August 2012 and escrowed for 12 months from date of issue in a non cash transaction.

Also after year end 1,000,000 ordinary shares in Radar Iron Ltd, and non iron mineral rights over certain tenements in the Copper Bore area were received as partial consideration for the sale of certain iron rights to Radar Iron Ltd.

c) Reconciliation of cash and cash equivalents

	2011 \$	2010 \$
Cheque account	74,283	80,917
Cash deposit account	1,584,710	3,788,871
Closing cash balance	<u>1,658,993</u>	<u>3,869,788</u>

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 14. DIRECTORS AND KEY MANAGEMENT PERSONNEL

The Directors of the Company during the financial year were:

Non-Executive Directors

Samantha Jane Tough
 Graham James Brock
 John Rowe

Executive Directors

Glenn Robert Jardine (appointed 4 October 2010)
 Antony James Truelove (resigned 29 October 2010)

The Key Management Personnel during the financial year were:

CFO and Company Secretary Dan Calvert (resigned 1 August 2011)
Exploration Manager Richard Simmons

Compensation Summary for Directors and Key Management Personnel

	2011	2010
	\$	\$
Short term employee benefits	837,828	630,431
Post employment benefits	100,507	56,041
Non monetary benefits	54,182	50,353
Share based payments	245,150	41,650
Total compensation	<u>1,237,667</u>	<u>778,475</u>

For full details of Director and Key Management Personnel remuneration refer to the Directors and Executive Remuneration section in the Directors' Report.

Options	Expiry date	Exercise price	Held at 1 July 2010	Issued as remuneration	Lapsed	Held at 30 June 2011
Directors						
SJ Tough	12 Mar 14	\$0.25	1,000,000	-	-	1,000,000
	12 Mar 14	\$0.30	1,000,000	-	-	1,000,000
GRA Jardine	1 Oct 14	\$0.20	-	2,000,000	-	2,000,000
	1 Oct 14	\$0.25	-	1,000,000	-	1,000,000
	1 Oct 14	\$0.30	-	1,000,000	-	1,000,000
	1 Oct 14	\$0.40	-	1,000,000	-	1,000,000
GJ Brock	12 Mar 14	\$0.25	250,000	-	-	250,000
	12 Mar 14	\$0.30	250,000	-	-	250,000
	30 Nov 10	\$0.15	33,334	-	(33,334)	-
J Rowe	12 Mar 14	\$0.25	-	250,000	-	250,000
	12 Mar 14	\$0.30	-	250,000	-	250,000
AJ Truelove	12 Mar 14	\$0.25	2,000,000	-	-	2,000,000*
Res 29 Oct 10	12 Mar 14	\$0.30	2,000,000	-	-	2,000,000*
	30 Nov 10	\$0.15	-	-	-	149,820*
Executive						
DH Calvert	12 Mar 14	\$0.25	500,000	-	-	500,000
	12 Mar 14	\$0.30	500,000	-	-	500,000
	30 Nov 10	\$0.15	133,571	-	(133,571)	-
RJ Simmons	12 Mar 14	\$0.25	500,000	-	-	500,000
	12 Mar 14	\$0.30	500,000	-	-	500,000
	30 Nov 10	\$0.15	665,478	-	(665,478)	-
Total			9,482,203	5,500,000	(832,383)	14,149,820

* As at date of resignation

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 14. DIRECTORS AND KEY MANAGEMENT PERSONNEL (Continued)

Shares	Held at 1 July 2010	Held at joining	Acquired	Disposed	Held at 30 June 2011	Held at resignation
Directors						
SJ Tough	277,858	-	119,082	-	396,940	-
GRA Jardine	-	-	3,037,715	-	3,037,715	-
GJ Brock	133,334	-	257,144	-	390,478	-
J Rowe	20,000	-	778,572	-	798,572	-
AJ Truelove resigned 29 Oct 2010	320,000	-	-	-	-	320,000
Executive						
DH Calvert	460,000	-	250,000	-	710,000	-
RJ Simmons	261,907	-	238,572	-	500,479	-
Total	1,473,099	-	4,681,085	-	5,834,184	320,000

Options	Expiry date	Exercise price	Held at 1 July 2009	Issued as remuneration	Acquired on market	Exercised	Held at 30 June 2010
Directors							
SJ Tough	12 Mar 14	\$0.25	1,000,000	-	-	-	1,000,000
	12 Mar 14	\$0.30	1,000,000	-	-	-	1,000,000
AJ Truelove	12 Mar 14	\$0.25	2,000,000	-	-	-	2,000,000
	12 Mar 14	\$0.30	2,000,000	-	-	-	2,000,000
	30 Nov 10	\$0.15	-	-	149,820	-	149,820
GJBrock	12 Mar 14	\$0.25	-	250,000	-	-	250,000
	12 Mar 14	\$0.30	-	250,000	-	-	250,000
	30 Nov 10	\$0.15	-	-	33,334	-	33,334
IJ Buchhorn	12 Mar 14	\$0.25	1,000,000	-	-	-	1,000,000*
Res 15 Mar 10	12 Mar 14	\$0.30	1,000,000	-	-	-	1,000,000*
	30 Nov 10	\$0.15	-	-	687,500	-	687,500*
VW Strange	12 Mar 14	\$0.25	1,000,000	-	-	-	1,000,000*
Res 16 Oct 09	12 Mar 14	\$0.30	1,000,000	-	-	-	1,000,000*
Executive							
DH Calvert	12 Mar 14	\$0.25	500,000	-	-	-	500,000
	12 Mar 14	\$0.30	500,000	-	-	-	500,000
	30 Nov 10	\$0.15	-	-	133,571	-	133,571
RJ Simmons	12 Mar 14	\$0.25	500,000	-	-	-	500,000
	12 Mar 14	\$0.30	500,000	-	-	-	500,000
	30 Nov 10	\$0.15	-	-	665,478	-	665,478
Total			12,000,000	500,000	1,669,703	-	14,169,703

* As at date of resignation

Shares	Held at 1 July 2009	Held at joining	Acquired	Disposed	Held at 30 June 2010	Held at resignation
Directors						
SJ Tough	67,858	-	210,000	-	277,858	-
AJ Truelove	226,429	-	93,571	-	320,000	-
GJ Brock	-	100,000	33,334	-	133,334	-
J Rowe	-	20,000	-	-	20,000	-
IJ Buchhorn resigned 15 Mar 10	1,947,575	-	687,500	-	-	2,635,075
VW Strange resigned 16 Oct 09	2,120,185	-	-	-	-	2,120,185
Executive						
DH Calvert	326,429	-	133,571	-	460,000	-
RJ Simmons	171,429	-	90,478	-	261,907	-
Total	4,859,905	120,000	1,248,454	-	1,473,099	4,755,260

Other related party transactions during the financial year.

Payment of \$625.63 (2010: \$0.00) excluding GST to John Rowe for underwriting fees on terms and conditions contained in the Rights Issue Prospectus issued on 23 February 2011.

There were no amounts included in the above payments that were payable at 30 June 2011.

NOTES TO AND FORMING PART OF THE ACCOUNTS
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Payment of \$2,437.50 (2010: \$0.00) excluding GST to Glenn Jardine for underwriting fees on terms and conditions contained in the Rights Issue Prospectus issued on 23 February 2011;

There were no amounts included in the above payments that were payable at 30 June 2011.

Interests held by related parties at 30 June 2011.

There were no other related party interests at 30 June 2011.

Interests held by related parties at 30 Jun 2010.

There were no other related party interests at 30 June 2010.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 15. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks and market risks. The Company's financial risk management program recognises the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

a) Terms, conditions and accounting policies.

The Company's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the reporting date, are as follows:

Recognised financial instruments	Statement of financial position notes	Accounting policies	Terms and conditions
i) Financial assets			
Cheque account bearing interest	13(c)	The cheque account is carried at cost.	The cheque account has an interest rate of 2.75% pa.
Cash deposit account	13(c)	Cash deposits are carried at cost	Cash deposits are at call with an interest rate of 4.65% pa.
Environmental performance bonds	6	Environmental performance bonds are carried at cost.	Environmental bonds are cash deposits on a 90 day term with an interest rate of 4.65% pa.
Office bonds		Office Bonds are carried at cost	Office Bonds are cash deposits with an interest rate of 4.65% pa.
Refundable stamp duty		Refundable stamp duty is carried at cost	Stamp duty paid on the IGL acquisition which did not proceed is refundable.
Accrued interest	5	Recognised on an accruals basis	Interest is credited periodically
Debtors	5	Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts	Receivables are normally settled on 30-90 day terms. Receivables in respect of the Iron Rights sold to Radar Ltd are settled on meeting conditions precedent which occurred on 4 July 2011.
Goods and services Tax Paid	5	Recognised on an accruals basis	Business activity statements are lodged on a monthly basis
ii) Financial liabilities			
Trade creditors and accruals	9	Liabilities are recognised for amounts to be paid in the future for goods and services received whether or not billed to the Company	Trade liabilities are normally settled on 7 to 30 day terms.
iii) Equity			
Ordinary shares	11	Ordinary share capital is recognised at the fair value of the consideration.	Details of the shares issued and the terms and conditions of the options outstanding over ordinary shares at reporting date are set out in Note 11.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

b) Interest rate risk.

The Company's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at the reporting date are as follows:

2011					
Recognised financial instruments	Statement of financial position notes	Interest Free	Floating interest rate	Total carrying amount	Weighted average effective interest rate %
i) Financial assets					
Cheque account	13(c)	-	74,283	74,283	2.75
Cash deposit account	13(c)	-	1,584,710	1,584,710	4.65
Environmental bonds	6	-	32,000	32,000	4.65
Mastercard security	6	-	30,000	30,000	4.65
Accrued interest	5	8,072	-	8,072	-
Office Bonds	5&6	-	76,604	76,604	4.65
Refundable Stamp Duty	5	54,000	-	54,000	-
Debtors	5	1,334,500	-	1,334,500	-
GST	5	-	-	-	-
Total financial assets		1,396,572	1,797,597	3,194,169	2.57
ii) Financial liabilities					
Trade and other payables	9	1,612,543	-	1,612,543	-
Total financial liabilities		1,612,543	-	1,612,543	-

2010					
Recognised financial instruments	Statement of financial position notes	Interest Free	Floating interest rate	Total carrying amount	Weighted average effective interest rate %
i) Financial assets					
Cheque account	13(c)	-	80,917	80,917	2.75
Cash deposit account	13(c)	-	3,788,871	3,788,871	4.40
Environmental bonds	6	-	32,000	32,000	4.40
Mastercard security	6	-	30,000	30,000	-
Accrued interest	5	13,846	-	13,846	-
Office Bond	6	-	16,604	16,604	4.50
Refundable Stamp Duty	6	57,206	-	57,206	-
GST	5	25,411	-	25,411	-
Total financial assets		96,463	3,948,392	4,044,855	4.26
ii) Financial liabilities					
Trade and other payables	9	167,572	-	167,572	-
Total financial liabilities		167,572	-	167,572	-

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 15. FINANCIAL INSTRUMENTS (Continued)

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

Recognised financial instruments:

- (i) Cash, cash equivalents and short term investments:
The carrying amount approximates fair value because of their short term maturity.
- (ii) Receivables and trade creditors:
The carrying amount approximates fair value, with the exception of a receivable for sale of iron rights which is partly settled through the receipt of Radar Iron Ltd shares. The receivable at 30 June 2011 has been written down to the estimated fair value of the Radar Iron Ltd shares to be received at 30 June 2011
- c) The credit risk of the financial assets of the Company is considered minimal as there is limited credit exposure.
- d) Financial risk management.
The Company's activities expose it to a variety of financial risks; market risk (fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program recognises the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.
 - (i) Market risk
Price risk
The Company had a receivable payable in equity in Radar Iron Ltd (a listed entity) at 30 June 2011 and accordingly is exposed to equity securities price risk. The value of the securities at 30 June 2011 is \$200,000 and therefore the maximum downside risk to the Company is \$200,000. The upside risk is not limited. The Company is not exposed to commodity price risk because it is not yet producing commodities for sale.
 - (ii) Credit risk.
The Company has no significant concentrations of credit risk other than cash deposits with the Commonwealth Bank of Australia Ltd. The Board recognises that the financial situation of the Company is not complex. As an exploration company the Company does not extend credit to customers and therefore the only concentration of credit risk is the Company's cash holdings. The Company requires its cash holdings to be held in a reputable Australian financial institution. The Company does not hedge its credit risk and does not use any other derivative financial instruments to manage its credit risk.
 - (iii) Liquidity risk.
Prudent liquidity risk management implies maintaining sufficient cash and available credit facilities. The Company does not currently have marketable securities.
 - (iv) Cash flow and fair value interest rate risk.
As the Company has interest-bearing assets, the Company's income and operating cash flows are exposed to changes in market interest rates. These are not material

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

risks. A 1% increase in interest rates would increase the Company's pre tax cash flow by \$16,590, (2010: \$38,697) and a 1% decrease would decrease the Company's pre tax cash flow by \$16,590 (2010: \$38,697) based on the closing cash balances at 30 June 2011.

(v) Foreign currency risk.

The Company operates in Australia and has no assets or liabilities denominated in a foreign currency. As a result the Company does not have exposure to foreign currency risk.

NOTE 16. AUDITOR'S REMUNERATION

	2011	2010
	\$	\$
Amounts paid or payable to:		
Stantons International (Audit Services)	35,327	31,104
Total	<u>35,327</u>	<u>31,104</u>

NOTE 17. COMMITMENTS EXPENDITURE

a) Exploration 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:

	2011	2010
	\$	\$
Not later than one year:	<u>1,904,420</u>	<u>1,856,780</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 17. COMMITMENTS EXPENDITURE (Continued)

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 venture partners (Note 19).

b) Operating Lease Commitments.

The Company has leased its office premises under a non-cancellable operating lease that is set for three years with a right of renewal for a further three years at which time all terms are renegotiable. Lease amounts include a base amount, plus variable outgoings and car parking.

	2011	2010
	\$	\$
Not later than one year:	132,720	84,636
Later than 1 year but not later than 5 years	380,906	7,053
Later than 5 years	-	-
Total	513,626	91,689

c) Capital Commitments.

On 4 August 2011 the Company entered into a Farm In agreement in relation to the Radio mine. Under the terms of the agreement the Company must spend a minimum \$250,000 within 12 months of completion of the agreement. Completion of the agreement is anticipated in November 2011.

On 16 August the Company entered into an option agreement with Barranco Resources NL over the Red Legs and Die Hardy gold deposits. Under the terms of the agreement the Company is obliged to spend \$20,000 for the initial six months option.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 18. SEGMENT INFORMATION

The Company operates in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration 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 19. JOINT VENTURE AND OTHER PROJECT AGREEMENTS

As at 30 June 2011, the Company is a party to the following joint venture and other project agreements, and the Company holds the following entitlements under such agreements.

JV or Project Name	Entitlement to <u>All Mineral Rights</u> in respect of the tenements the subject of the JV or Project	Entitlement to <u>Non-Iron Ore Rights</u> in respect of the tenements the subject of the JV or Project	Entitlement to <u>Iron Ore Rights</u> in respect of the tenements the subject of the JV or Project	Entitlement to become <u>Registered Holder</u> of the tenements the subject of the JV or Project
Joint Ventures				
Dev's Reward ¹	SXG 90% Bellriver FC10%	n/a	n/a	SXG 90% Bellriver FC10%
Perseverance ²	Leviathan D30%	SXG E70%	Polaris E30%	Leviathan D30% Polaris E70%
Split Mineral Rights				
Polaris Group 1 ³	n/a	SXG 100%	Polaris 100%	SXG 100%
Polaris Group 2 ⁴	n/a	SXG 100%	Polaris 100%	Polaris 100%
Copper Bore ⁵	n/a	SXG 100%	Strange 5% Polaris D38% Radar E57%	Strange 5% Polaris D38% Radar E57%
Evanston Project ⁶	n/a	SXG 100%	Cliffs 100%	Cliffs 100%
Perrinvale etc ⁷	n/a	SXG 100%	Polaris 100% (Magnetite only) Cliffs 100% (Iron Ore other than	Cliffs 100%

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

JV or Project Name	Entitlement to <u>All Mineral Rights</u> in respect of the tenements the subject of the JV or Project	Entitlement to <u>Non-Iron Ore Rights</u> in respect of the tenements the subject of the JV or Project	Entitlement to <u>Iron Ore Rights</u> in respect of the tenements the subject of the JV or Project	Entitlement to become <u>Registered Holder</u> of the tenements the subject of the JV or Project
			Magnetite)	
Transit Category A Tenements ⁸	n/a	SXG 100%	Transit/Radar 100%	SXG 100%
Transit Category B Tenements ⁹	n/a	SXG 100%	Strange/Marsh 100%	SXG 100%

Notes to Table:

¹ **Dev's Reward** – This joint venture was originally created pursuant to the Dev's Reward Sale Agreement dated in 2003 between Crusader Resources Ltd and Bellriver and was subsequently acquired by SXG in late 2008.

² **Perseverance** – This project/joint venture was originally created pursuant to a letter agreement dated 30 March 2005 between Leviathan Resources Ltd and Polaris. This project/joint venture is currently in the process of being terminated pursuant to an agreement between SXG, Polaris and Leviathan.

³ **Polaris Group 1** – This refers to the group of tenements which are subject to the split commodity arrangements under the terms of the Polaris Sale Agreement. The entitlement to the minerals contained within these tenements is as set out in the table above. SXG is entitled to become the sole registered holder of these tenements.

⁴ **Polaris Group 2** – This refers to the group of tenements which are subject to the split commodity arrangements under the terms of the Polaris Sale Agreement. The entitlement to the minerals contained within these tenements is as set out in the table above. Polaris is entitled to become the sole registered holder of these tenements.

⁵ **Copper Bore** – This project / joint venture was originally created pursuant to the Copper Bore JVA. The entitlement to the minerals contained within the tenements the subject of the original joint venture are as set out in the table above and the joint venture now relates only to iron ore. Note that there is no formal split commodity arrangement in place in relation to the Non-Iron Ore and Iron Ore Rights.

⁶ **Evanston Project** – This project relates to the group of tenements which are subject to the split commodity arrangements under the terms of the Cliffs Agreement. The entitlement to the minerals contained within these tenements is as set out in the table above.

⁷ **Perrinvale etc** – This refers to the group of tenements which SXG holds an interest that are subject to the terms of the Portman Deed. The entitlement to the minerals contained within these tenements is as set out in the table above. Cliffs is entitled to become the sole registered holder of these tenements.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011**

⁸ **Transit Category A Tenements** – This refers to the group of tenements defined as the “Category A Tenements” and set out in Part A of Schedule 1 of the Transit Sale Agreement which are subject to the split commodity arrangements under the terms of the Transit Sale Agreement. The entitlement to the minerals contained within the tenements is as set out in the table above.

⁹ **Transit Category B Tenements** – This refers to the group of tenements defined as the “Category B Tenements” and set out in Part B of Schedule 1 of the Transit Sale Agreement. The entitlement to the minerals contained within the tenements is as set out in the table above. Note that there is no formal split commodity arrangement in place between Strange/Marsh and SXG.

Definitions of Terms:

Bellriver means Bellriver Pty Ltd

Cliffs means Cliffs Asia Pacific Iron Ore Pty Ltd

Cliffs Agreement means the Evanston Tenements Sale Agreement dated 17 May 2010 between Cliffs and SXG

Copper Bore JVA means the Joint Venture Agreement dated 18 November 2003 between Polaris, Liberty Gold NL and Strange as such agreement as been assigned from time to time

D means Diluting Interest down to x%

E means Earning Interest up to x%

FC means Free Carry Interest of x%

Leviathan means Leviathan Resources Ltd

Polaris means Polaris Metals Pty Ltd

Polaris Sale Agreement means Asset Sale Agreement between SXG and Polaris dated 20 December 2008 as such agreement has been affected and supplemented from time to time

Portman Deed means the Tenement Transfer and Mineral Rights dated 8 May 2008 between Polaris, SXG, Portman Iron Ore Ltd and Portman Ltd

Radar means Radar Resources Pty Ltd

Strange means Vernon Strange

Strange/Marsh means together Leon Marsh and Vernon Strange

SXG means Southern Cross Goldfields Ltd

Transit Sale Agreement means the Agreement for Sale of Mining Tenements and Grant of Non Iron Ore Rights dated 20 December 2007 between Transit Holdings Ltd, Radar and SXG

NOTE 20. LOSS PER SHARE

	2011	2010
	\$	\$
Basic loss per share	(0.0407)	(0.0260)
Diluted loss per share	(0.0407)	(0.0260)
Loss used in calculating basic and diluted earnings per share	(6,191,967)	(2,771,798)
Weighted average number of ordinary shares outstanding during the financial year used in the calculation of basic earnings per share	151,959,047	106,520,418

As the Company has incurred a loss, the diluted earnings per share is disclosed as being the same as basic earnings per share.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 21. SHARE BASED PAYMENTS

- a) During the year the Company made the following share based payments:

Issued 2,000,000 Options exercisable at \$0.15 each to vendors as part consideration for tenements and iron rights.

Issued 2,000,000 Options exercisable at \$0.20 each to a director.

Issued 1,325,000 Options exercisable at \$0.25 each to directors and employees.

Issued 1,325,000 Options exercisable at \$0.30 each to directors and employees.

Issued 1,000,000 Options exercisable at \$0.40 each to a director.

- b) The following vendor options were issued during the year:

Number issued	Expiry date	Exercise price
2,000,000	8 Aug 2012	\$0.15
2,000,000		

- c) The following director and employee options were issued during the year:

Number issued	Expiry date	Exercise price
325,000	12 Mar 2014	\$0.25
325,000	12 Mar 2014	\$0.30
2,000,000	1 Oct 14	\$0.20
1,000,000	1 Oct 14	\$0.25
1,000,000	1 Oct 14	\$0.30
1,000,000	1 Oct 14	\$0.40
5,650,000		

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 21. SHARE BASED PAYMENTS (Continued)

- d) The following table lists the inputs to the models used for employee and other options issued during the year:

	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes
Method adopted					
Number of options	250,000	250,000	75,000	75,000	2,000,000
Vesting conditions	No	No	No	No	No
Average volatility (%)	104%	104%	82%	82%	104%
Average risk free interest rate %	4.25%	4.25%	4.25%	4.25%	4.25%
Average expected life of options (days)	1,210	1,210	1,129	1,129	1,413
Average exercise price (\$)	\$0.25	\$0.30	\$0.25	\$0.30	\$0.20
Average deemed share price at grant date (\$)	\$0.085	\$0.085	\$0.065	\$0.065	\$0.085
Average value per option (\$)	\$0.041	\$0.038	\$0.016	\$0.014	\$0.048
Value issued (\$)	\$10,250	\$9,600	\$1,232	\$1,060	\$96,800
Value credited to option reserve (\$)	\$10,250	\$9,600	\$1,232	\$1,060	\$96,800

	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Total
Method adopted					
Number of options	1,000,000	1,000,000	1,000,000	2,000,000	7,650,000
Vesting conditions	No	No	No	No	
Average volatility (%)	104%	104%	104%	82%	
Average risk free interest rate %	4.25%	4.25%	4.25%	4.25%	
Average expected life of options (days)	1,413	1,413	1,413	547	
Average exercise price (\$)	\$0.25	\$0.30	\$0.40	\$0.15	
Average deemed share price at grant date (\$)	\$0.085	\$0.085	\$0.085	\$0.065	
Average value per option (\$)	\$0.046	\$0.043	\$0.039	\$0.011	\$0.035
Value issued (\$)	\$46,100	\$43,400	\$39,000	\$22,600	\$270,042
Value credited to option reserve (\$)	\$46,100	\$43,400	\$39,000	\$22,600	\$270,042

- e) The following options were exercised during the year:

Number exercised	Expiry date	Exercise price
198,435	30 Nov 10	\$0.15

- f) The following options expired or lapsed during the year:

Number	Expiry date	Exercise price
25,000	1 May 14	\$0.25
25,000	1 May 14	\$0.30
29,321,069	30 Nov 10	\$0.15
25,000	6 Feb 14	\$0.25
25,000	6 Feb 14	\$0.30
5,000,000	10 Mar 11	\$0.20

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 21. SHARE BASED PAYMENTS (Continued)

g) As at 30 June 2011 the Company had the following options on issue:

Number issued	Expiry date	Exercise price
2,000,000	8 Aug 2012	\$0.15
15,000,000	31 Dec 2012	\$0.20
1,000,000	10 Mar 2012	\$0.20
6,575,000	12 Mar 2014	\$0.25
6,575,000	12 Mar 2014	\$0.30
125,000	2 Jul 2014	\$0.25
125,000	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
<u>36,600,000</u>		

h) **Employee Share Option Plan**

An Employee Share Option Plan has been established for Southern Cross Goldfields Limited, where employees, Directors and Officers of the Company can be issued with Options over ordinary Shares of Southern Cross Goldfields Limited. The terms and conditions of the ESOP were disclosed in the Prospectus dated 21 December 2007.

The Options, issued for no consideration, are in general exercisable at a fixed price at commencement date, unless otherwise stated and ending on the expiry date. There are currently eleven employees, directors and officers eligible for this scheme. The Options cannot be transferred and will not be quoted on the ASX.

During the financial year 150,000 Options were issued to employees, 100,000 Options lapsed or expired and no Options were exercised under the Employee Share Options Plan.

During the financial year 5,500,000 Options were issued to Directors. No remuneration Options previously issued to Directors lapsed or expired.

Details of Director and Employee options as at the beginning and end of the reporting date and movements during the financial year are set out overleaf;

SOUTHERN CROSS GOLDFIELDS LIMITED
ABN 34 108 102 432

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 21. SHARE BASED PAYMENTS (Continued)

Grant date	Expiry date	Exercise price	No. of options at beginning of year	Options granted this year	Options lapsed this year	Options exercised this year	No. of options at year end	Options escrowed at year end	Options exercisable at year end
12-3-08	12-3-14	\$0.25	6,000,000	-	-	-	6,000,000	-	6,000,000
12-3-08	12-3-14	\$0.30	6,000,000	-	-	-	6,000,000	-	6,000,000
1-5-08	1-5-14	\$0.25	25,000	-	25,000	-	-	-	-
1-5-08	1-5-14	\$0.30	25,000	-	25,000	-	-	-	-
2-7-08	2-7-14	\$0.25	125,000	-	-	-	125,000	-	125,000
2-7-08	2-7-14	\$0.30	125,000	-	-	-	125,000	-	125,000
6-2-09	6-2-14	\$0.25	25,000	-	25,000	-	-	-	-
6-2-09	6-2-14	\$0.30	25,000	-	25,000	-	-	-	-
21-7-09	21-7-14	\$0.25	100,000	-	-	-	100,000	-	100,000
21-7-09	21-7-14	\$0.30	100,000	-	-	-	100,000	-	100,000
20-11-09	12-3-14	\$0.25	250,000	-	-	-	250,000	-	250,000
20-11-09	12-3-14	\$0.30	250,000	-	-	-	250,000	-	250,000
18-11-10	12-3-14	\$0.25		250,000			250,000		250,000
18-11-10	12-3-14	\$0.25		250,000			250,000		250,000
18-11-10	1-10-14	\$0.25		2,000,000			2,000,000		2,000,000
18-11-10	1-10-14	\$0.25		1,000,000			1,000,000		1,000,000
18-11-10	1-10-14	\$0.25		1,000,000			1,000,000		1,000,000
18-11-10	1-10-14	\$0.25		1,000,000			1,000,000		1,000,000
7-2-11	12-3-14	\$0.25		75,000			75,000		75,000
7-2-11	12-3-14	\$0.30		75,000			75,000		75,000
			13,050,000	5,650,000	100,000	-	18,600,000	-	18,600,000
Weighted average exercise price			\$0.275	\$0.271	\$0.275		\$0.274		\$0.274
Weighted average remaining life of options (years)			2.71	3.19	3.72		2.86		2.86

g) Vendor options

Details of vendor options as at the beginning and end of the reporting date and movements during the financial year are set out below;

Grant date	Expiry date	Exercise price	No. of options at beginning of year	Options granted this year	Options lapsed this year	Options exercised this year	No. of options at year end	Options escrowed at year end	Options exercisable at year end
20-12-07	31-12-12	\$0.20	15,000,000	-	-	-	15,000,000	-	15,000,000
10-03-08	10-03-11	\$0.20	5,000,000	-	5,000,000	-	-	-	-
10-03-08	01-03-12	\$0.20	1,000,000	-	-	-	1,000,000	-	1,000,000
8-02-11	08-08-12	\$0.15	-	2,000,000	-	-	2,000,000	2,000,000	-
			21,000,000	2,000,000	5,000,000	-	18,000,000	2,000,000	16,000,000
Weighted average exercise price			\$0.20	\$0.15	\$0.20	-	\$0.19	\$0.15	\$0.20
Weighted average remaining life of options (years)			1.11	1.11	-	-	1.42	1.11	1.46

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 22. SUBSEQUENT EVENTS

On 4 July 2011 the Company received the outstanding \$1,000,000 and 1,000,000 shares as a result of the sale of iron rights to Radar Iron Ltd.

On 1 August 2011 the Company entered into an agreement with Australian nickel producer Western Areas Limited (ASX: "WSA") for WSA to acquire 70% of SXG's nickel rights across much of its tenement portfolio in the Marda and Southern Cross regions of Western Australia. WSA will acquire 70% of SXG's nickel rights for consideration of \$1.5 million in cash along with minimum funding commitments of \$1 million on nickel sulphide exploration during the first year after completion of the agreement, followed by minimum annual expenditure commitments of \$250,000 to year 5 and \$300,000 thereafter. The Company will retain a 30% interest in the nickel rights.

On 1 August 2011 Mr Stephen Jones commenced as CFO replacing Mr Dan Calvert.

On 1 August 2011 the Company issued 2,350,000 options at an exercise price of 10c, 500,000 options at an exercise price of 20c and 500,000 options at an exercise price of 25c all expiring on 31 July 2014 to employees pursuant to the Employee Share Option Plan.

On 4 August 2011 the Company entered into an agreement with Renaissance Minerals Limited (ASX: "RNS") to enter into a farm-in agreement at the historically high-grade Radio Gold Mine and to acquire a strategic portfolio of gold exploration tenements in the Marda and Southern Cross regions of Western Australia. The agreement is subject to ratification by shareholders. Under the terms of the farm-in agreement with Renaissance, SXG:

- must meet a minimum expenditure commitment of \$250,000 within 12 months of completion (expected in November, 2011) of the transaction;
- may earn an interest of 50% in the Radio gold mine by spending \$1.5 million on exploration and development within 2 years of completion;
- may increase its interest to 70% by spending a further \$1 million;
- may increase its interest to 90% by spending a further \$1 million on a pro-rata basis in the event that Renaissance elects not to contribute beyond SXG earning 70%.

Under the agreement, SXG will also acquire Renaissance's Mt Rankin Gold Project for consideration of 5 million shares and 10 million options (having a term of 3 years) in SXG exercisable at 10 cents per share, subject to shareholder approval. The shares, and options if exercised, will be escrowed for a period of two years from date of issue.

Shareholder approval for the above transaction will be sought at the Company's AGM expected to be held on 25 November 2011.

On 16 August 2011 the Company entered into an option agreement with Barranco Resources NL (an unlisted public company) to acquire two oxide gold deposits Red Legs and Die Hardy located 30km north of SXG's Marda Gold Project in Western Australia. The agreement is for a two year option at a cost to SXG of \$20,000 every 6 months.

If the Company elects to exercise the option it will pay \$0.5 million in cash and issue 20 million shares in SXG to Barranco. The agreement covers two Retention Licences (RL's) covering the Red Legs and Die Hardy deposits. Upon exercise, SXG will hold all mineral rights to the RL's including Barranco's existing royalty over the Mt. King deposit (owned by SXG).

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011

On 31 August 2011 the Company issued 2,350,000 options at an exercise price of 10c, 500,000 options at an exercise price of 20c and 500,000 options at an exercise price of 25c all expiring on 31 July 2014 to employees pursuant to the Employee Share Option Plan.

Aside from the matters mentioned above there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors of Southern Cross Goldfields Limited ("the Company"):

(a) the financial statements and notes, set out on pages 31 to 66, are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards in Australia and the Corporations Regulations 2001 and other mandatory professional reporting requirements: and

(ii) giving a true and fair view of the financial position of the Company as at 30 June 2011 and of its performance, as represented by the results of its operations, for the financial year ended on that date: and

(iii) Complying with International Accounting Standards as stated in Note 1(a).

(b) there are reasonable grounds to believe that Southern Cross Goldfields Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Managing Director and the Company Secretary for the financial year ended 30 June 2011.

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

Signed at Perth this 23rd day of September 2011.



Samantha Tough
Non Executive Chairman

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 statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 is free from material misstatement, whether due to fraud or error. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the company, comprising the financial statements and notes, complies 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. These Auditing 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 entity's preparation and fair presentation of the financial report 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 entity'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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's 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 company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report of the company also complies with International Financial Reporting Standards as disclosed in note 1(a).


Report on the Remuneration Report

We have audited the remuneration report included in pages 21 to 28 of the directors' report for the year ended 30 June 2011. 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

Auditor's opinion

In our opinion the remuneration report of Southern Cross Goldfields Limited for the year ended 30 June 2011 complies with section 300 A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd


J P Van Dieren
Director

West Perth, Western Australia
23 September 2011

SOUTHERN CROSS GOLDFIELDS LIMITED
ABN 34 108 102 432

SHAREHOLDER INFORMATION

a) Distribution of Shareholders as at 31 August 2011

Size of holding	Number of holders	Shares held
1 - 1,000	384	150,138
1,001 - 5,000	397	976,737
5,001 - 10,000	192	1,544,204
10,001 - 100,000	720	30,799,205
100,001 - max	311	166,924,646
	2,004	200,394,930

b) Twenty largest shareholders as at 31 August 2011

Rank	Holder	No. of shares	Percentage
1	Polaris Metals Pty Ltd	16,642,858	8.31
2	Western Areas NL	10,528,372	5.25
3	Hazurn Pty Ltd <Buchhorn Super Fund A/C>	7,874,188	3.93
4	Strata Drilling WA Pty Ltd <Hall Super Fund A/C>	7,197,600	3.59
35	Heron Resources Limited	6,265,459	3.13
6	R J Grundy Pty Ltd <Jim Grundy Super Fund A/C>	5,033,915	2.51
7	Dempsey Resources Pty Ltd	5,000,000	2.50
8	HSBC Custody Nominees (Australia) Limited	4,465,844	2.23
9	Lion Diversified Holdings Berhad	4,164,649	2.08
10	Arrowcorp Limited	4,099,384	2.05
11	Mr Glenn Robert Jardine	3,037,715	1.52
12	Mr Tiges Morton + Mrs Debra Morton	2,470,000	1.23
13	Mineral Resources Limited	2,314,286	1.15
	Grosvenor Pirie Management Ltd <Roslyn No 4		
14	S/F A/C>	2,100,000	1.05
15	Mr Vernon Wesley Strange	1,850,000	0.92
16	Robonlie Investments Pty Ltd	1,600,000	0.80
17	Kavalex Pty Limited	1,566,177	0.78
18	Sandini Pty Ltd	1,362,115	0.68
19	Henderson Park Pty Ltd	1,309,766	0.65
	JP Morgan Nominees Australia Limited <Cash		
20	Income A/c>	1,208,786	0.60
		90,091,114	44.96

The twenty largest Shareholders hold 47.79% of the Company

c) Substantial Shareholders who have notified the Company

Holder	Number of shares	Percentage
Western Areas NL	10,528,372	5.25

d) There were 823 Shareholders who held less than a marketable parcel at 31 August 2011.

e) There are 5,000,000 shares escrowed until 8 Feb 2012 and 2,000,000 options exercisable at 15c escrowed until 8 Feb 2012.

SOUTHERN CROSS GOLDFIELDS LIMITED

ABN 34 108 102 432

SHAREHOLDER INFORMATION

f) Voting Rights: In accordance with the Company's Constitution, voting rights are on the basis of a show of hands, one vote for every registered holder and on a poll, one vote for each share held by registered holders.

g) Summary of Option Holders as at 31 August 2011.

Holder	Number of options	% of Issued options
Polaris Metals NL	15,000,000	37.74%
Oropa Ltd	1,000,000	2.52%
Samantha Jane Tough	2,000,000	5.03%
AJ Truelove & BL Bailey	4,000,000	10.06%
Hazurn Pty Ltd	2,000,000	5.03%
Goldmark Investments Pty Ltd	2,000,000	5.03%
RJ Simmons	1,500,000	3.78%
C Joyce	500,000	1.26%
Kalgara Pty Ltd	500,000	1.26%
DH Calvert	500,000	1.26%
Ken Quirk Estate	50,000	0.12%
Mairi Walsh	400,000	1.00%
Lynda Joan Brock	500,000	1.26%
John Rowe	500,000	1.26%
Glenn Jardine	5,000,000	12.58%
Cassie Dressler	200,000	0.50%
Paula Dawes	100,000	0.25%
Dempsey Pty Ltd	2,000,000	5.03%
Andrea Jones	2,000,000	5.03%
	39,750,000	100.00%

h) Distribution of Option holders at 31 August 2011

No. of Options	Issue date	Expiry date	Exercise price
1,000,000	10 Mar 08	10 Mar 2012	\$0.20
2,000,000	8 Feb 11	8 Aug 12	\$0.15
15,000,000	20 Dec 07	31 Dec 2012	\$0.20
6,575,000	12 Mar 08	12 Mar 2014	\$0.25
6,575,000	12 Mar 08	12 Mar 2014	\$0.30
25,000	2 Jul 08	2 Jul 2014	\$0.25
25,000	2 Jul 08	2 Jul 2014	\$0.30
100,000	21 Jul 09	21 Jul 14	\$0.25
100,000	21 Jul 09	21 Jul 14	\$0.30
2,350,000	1 Aug 11	31 July 14	\$0.10
500,000	1 Aug 11	31 July 14	\$0.20
500,000	1 Aug 11	31 July 14	\$0.25
2,000,000	18 Nov 10	1 Oct 14	\$0.20
1,000,000	18 Nov 10	1 Oct 14	\$0.25
1,000,000	18 Nov 10	1 Oct 14	\$0.30
1,000,000	18 Nov 10	1 Oct 14	\$0.40
39,750,000			

SOUTHERN CROSS GOLDFIELDS LIMITED

ABN 34 108 102 432

SHAREHOLDER INFORMATION

Size of holding	Number of holders	Options held
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	2	150,000
100,001 - max	17	39,600,000
	19	39,750,000

i) Options exercisable on or before 31 December 2012 were:

Holder	Number of options	% of Issued options
Polaris Metals NL	15,000,000	100.00%
	15,000,000	100.00%

j) Options exercisable on or before 8 August 2012 were:

Holder	Number of options	% of Issued options
Dempsey Pty Ltd	2,000,000	100.00%
	2,000,000	100.00%

k) Options exercisable on or before 10 March 2012 were:

Holder	Number of options	% of Issued options
Oropa Ltd	1,000,000	100.00%
	1,000,000	100.00%

l) Options exercisable on or before 12 Mar 2014 were:

Holder	Number of options	% of Issued options
Samantha Jane Tough	1,000,000	7.60%
Samantha Jane Tough	1,000,000	7.60%
AJ Truelove & BL Bailey	2,000,000	15.21%
AJ Truelove & BL Bailey	2,000,000	15.21%
Hazurn Pty Ltd	1,000,000	7.60%
Hazurn Pty Ltd	1,000,000	7.60%
Goldmark Investments Pty Ltd	1,000,000	7.60%
Goldmark Investments Pty Ltd	1,000,000	7.60%
RJ Simmons	500,000	3.80%
RJ Simmons	500,000	3.80%
Kalgara Pty Ltd	250,000	1.90%
Kalgara Pty Ltd	250,000	1.90%
DH Calvert	250,000	1.90%
DH Calvert	250,000	1.90%
LJ Brock	250,000	1.90%
LJ Brock	250,000	1.90%
J Rowe	250,000	1.90%
J Rowe	250,000	1.90%
C Dressler	50000	0.38%
C Dressler	50000	0.38%
P Dawes	25000	0.19%
P Dawes	25000	0.19%
	13,150,000	100.00%

SOUTHERN CROSS GOLDFIELDS LIMITED

ABN 34 108 102 432

SHAREHOLDER INFORMATION

m) Options exercisable on or before 2 July 2014 were:

Holder	Number of options	% of Issued options
Ken Quirk Estate	25,000	50.00%
Ken Quirk Estate	25,000	50.00%
	250,000	100.00%

n) Options exercisable on or before 21 July 2014 were:

Holder	Number of options	% of Issued options
Mairi Walsh	100,000	50.00%
Mairi Walsh	100,000	50.00%
	200,000	100.00%

o) Options exercisable on or before 1 October 2014 were:

Holder	Number of options	% of Issued options
Glenn Jardine	2,000,000	40.00%
Glenn Jardine	1,000,000	20.00%
Glenn Jardine	1,000,000	20.00%
Glenn Jardine	1,000,000	20.00%
	5,000,000	100.00%

p) Options exercisable on or before 31 July 2014 were:

Holder	Number of options	% of Issued options
Andrea Jones	1,000,000	29.85%
Andrea Jones	500,000	14.93%
Andrea Jones	500,000	14.93%
RJ Simmons	500,000	14.93%
C Joyce	500,000	14.93%
Mairi Walsh	200,000	5.97%
C Dressler	100,000	2.99%
P Dawes	50,000	1.49%
	3,350,000	100.00%

SOUTHERN CROSS GOLDFIELDS LIMITED
ABN 34 108 102 432

TENEMENT SCHEDULE at 31 August 2011

TENEMENT	STATUS	GOLD & OTHER MINERAL RIGHTS	NICKEL RIGHTS	IRON RIGHTS	AREA SQUARE KM
E77/1599	Granted	100%	30%	100%	20.51
E77/1233	Granted	100%	30%	100%	2.93
E77/1837	Application	100%	30%	100%	23.44
M77/0948	Granted	90%	30%	90%	0.20
P77/3663	Granted	90%	30%	90%	1.20
P77/3664	Granted	90%	30%	90%	1.51
E77/1283	Granted	100%	30%	-	2.95
E77/1371	Granted	100%	30%	-	14.75
E77/1374	Granted	100%	30%	-	203.55
E77/1391	Granted	100%	30%	-	5.90
M77/1253	Granted	100%	30%	-	15.19
P77/3624	Granted	100%	30%	-	0.36
P77/3630	Granted	100%	30%	-	1.25
P77/3631	Granted	100%	30%	-	0.02
P77/3632	Granted	100%	30%	-	0.20
P77/3633	Granted	100%	30%	-	0.33
P77/3634	Granted	100%	30%	-	0.21
P77/3635	Granted	100%	30%	-	0.04
P77/3636	Granted	100%	30%	-	0.98
P77/4033	Application	100%	30%	100%	0.10
E77/1372	Granted	100%	30%	-	35.40
E77/1390	Granted	100%	30%	-	11.80
P77/3625	Granted	100%	30%	-	0.73
P77/3626	Granted	100%	30%	-	0.24
P77/3627	Granted	100%	30%	-	0.25
E77/1368	Granted	100%	30%	-	2.95
E77/1373	Granted	100%	30%	-	56.05
E77/1630	Granted	100%	30%	-	44.25
E77/1765	Granted	100%	30%	-	11.80
M77/0123	Granted	100%	30%	-	1.50
M77/0228	Granted	100%	30%	-	1.37
M77/1064	Granted	100%	30%	-	0.10
M77/1089	Granted	100%	30%	-	0.11
M77/1090	Granted	100%	30%	-	0.26
M77/1094	Granted	100%	30%	-	0.60
M77/1101	Granted	100%	30%	-	1.20
M77/1103	Granted	100%	30%	-	0.01
P77/3304	Granted	100%	30%	-	1.90
P77/3628	Granted	100%	30%	-	1.51
P77/3629	Granted	100%	30%	-	1.08
P77/3996	Granted	100%	30%	100%	1.26
P77/3997	Granted	100%	30%	100%	1.19
E77/1168-I	Granted	100%	30%	-	11.88

SOUTHERN CROSS GOLDFIELDS LIMITED

ABN 34 108 102 432

TENEMENT SCHEDULE at 31 AUGUST 2011

TENEMENT	STATUS	GOLD & OTHER MINERAL RIGHTS	NICKEL RIGHTS	IRON RIGHTS	AREA SQUARE KM
E77/1320	Granted	100%	30%	-	74.25
E77/1474	Granted	100%	30%	-	62.37
E77/1477	Granted	100%	30%	-	8.91
E77/1817	Granted	100%	30%	100%	5.94
E77/1861	Granted	100%	30%	100%	5.94
E77/1894	Application	100%	30%	-	3.00
E77/1976	Application	100%	30%	100%	8.90
M77/0962	Granted	100%	30%	-	5.93
P77/3425	Granted	100%	30%	-	0.89
P77/3447	Granted	100%	30%	-	0.97
P77/3808	Granted	100%	30%	-	1.39
P77/3809	Granted	100%	30%	-	1.96
P77/3810	Granted	100%	30%	-	1.99
P77/3811	Granted	100%	30%	-	1.16
P77/3812	Granted	100%	30%	-	1.42
P77/3813	Granted	100%	30%	-	0.67
P77/3900	Granted	100%	30%	-	0.41
P77/3902	Granted	100%	30%	-	0.18
P77/3936	Granted	100%	30%	-	0.24
E77/1381	Application	100%	30%	100%	30.00
E77/1380	Granted	100%	30%	100%	11.88
E77/1423	Granted	100%	30%	-	89.10
E77/1424	Granted	100%	30%	-	17.82
E77/1649	Granted	100%	30%	-	14.85
E77/1699	Granted	100%	30%	-	44.55
E77/1728	Granted	100%	30%	100%	8.85
E77/1880	Application	100%	30%	100%	86.13
P77/3816	Granted	100%	30%	-	1.03
P77/3817	Granted	100%	30%	-	1.27
P77/3907	Granted	100%	30%	-	1.50
P77/3908	Granted	100%	30%	-	1.50
P77/3967	Granted	100%	30%	-	0.97
P77/4022	Granted	100%	30%	100%	1.20
E77/1280	Granted	100%	100%	-	95.04
E77/1281	Granted	100%	100%	-	103.95
E77/1375	Granted	100%	100%	-	38.35
E77/1807	Granted	100%	100%	-	8.91
M77/0973	Granted	100%	100%	-	0.06
E77/1164-I	Granted	100%	30%	-	8.91
E77/1293-I	Granted	100%	30%	-	1.78
E77/1721	Application	100%	30%	-	92.07
E77/1791	Application	100%	30%	-	5.94
E77/1803 - I	Granted	100%	30%	-	9.95

SOUTHERN CROSS GOLDFIELDS LIMITED

ABN 34 108 102 432

TENEMENT SCHEDULE at 31 AUGUST 2011

TENEMENT	STATUS	GOLD & OTHER MINERAL RIGHTS	NICKEL RIGHTS	IRON RIGHTS	AREA SQUARE KM
M77/0576	Granted	100%	30%	100%	0.35
M77/0824	Granted	100%	30%	100%	1.80
P77/3458	Granted	100%	30%	-	2.00
P77/3459	Granted	100%	30%	-	1.63
P77/3460	Granted	100%	30%	-	1.99
P77/3461	Granted	100%	30%	-	1.99
P77/3462	Granted	100%	30%	-	1.35
P77/3564	Granted	100%	30%	-	1.50
P77/3565	Granted	100%	30%	-	2.00
E77/1376	Granted	100%	30%	-	92.07
E77/1268	Granted	100%	30%	-	71.76
E77/1505	Granted	100%	30%	-	8.91
E77/1653	Granted	100%	30%	-	17.70
E77/1654	Granted	100%	30%	-	20.79
E77/1741	Granted	100%	30%	-	106.20
E77/1742	Granted	100%	30%	100%	8.85
E77/1814	Granted	100%	30%	100%	11.80
E77/1879	Application	100%	30%	100%	109.89
E77/1911	Application	100%	30%	100%	38.80
P77/3470	Granted	100%	30%	-	0.40
P77/3553	Granted	100%	30%	-	1.98
P77/3554	Granted	100%	30%	-	1.98
P77/3555	Granted	100%	30%	-	1.60
P77/3830	Granted	100%	30%	-	0.21
P77/4063	Application	100%	30%	100%	0.21
E77/1034	Granted	100%	30%	-	8.91
E77/1117	Granted	100%	30%	-	92.07
E77/1295	Granted	100%	30%	-	62.37
E77/1321	Granted	100%	30%	-	14.85
E77/1322	Granted	100%	30%	-	121.77
E77/1657	Granted	100%	30%	-	11.88
E77/1141	Granted	100%	30%	-	14.85
E77/1427	Granted	100%	30%	-	53.46
E77/1488	Granted	100%	30%	-	26.73
E77/1496	Granted	100%	30%	-	8.91
E77/1497	Granted	100%	30%	-	5.86
E77/1498	Granted	100%	30%	-	2.97
E77/1499	Granted	100%	30%	-	29.70
E77/1500	Granted	100%	30%	-	5.94
E77/1650	Granted	100%	30%	-	8.91
E77/1658	Granted	100%	30%	-	2.97
M77/0646	Granted	100%	30%	-	1.22
M77/0931	Granted	100%	30%	-	8.07

SOUTHERN CROSS GOLDFIELDS LIMITED

ABN 34 108 102 432

TENEMENT SCHEDULE at 31 AUGUST 2011

TENEMENT	STATUS	GOLD & OTHER MINERAL RIGHTS	NICKEL RIGHTS	IRON RIGHTS	AREA SQUARE KM
P77/3476	Granted	100%	30%	-	0.72
P77/3477	Granted	100%	30%	-	0.26
P77/3801	Granted	100%	30%	100%	0.01
P77/3802	Granted	100%	30%	-	0.01
P77/3868	Granted	100%	30%	-	1.26
P77/3898	Granted	100%	30%	-	1.65
P77/3899	Granted	100%	30%	-	0.24
P77/3901	Application	100%	30%	-	1.69
P77/3903	Granted	100%	30%	-	0.20
P77/4028	Granted	100%	30%	100%	1.31
P77/4029	Granted	100%	30%	100%	1.31
E77/1384	Granted	100%	30%	-	14.75
E77/1766	Granted	100%	30%	-	3.00
E77/1899	Application	100%	30%	-	5.90
E77/1900	Application	100%	30%	-	29.70
E77/1921	Application	100%	30%	-	26.70
G77/0035	Granted	100%	30%	-	11.88
M77/0394	Granted	100%	30%	-	9.88
P77/3412	Granted	100%	30%	-	2.00
P77/3413	Granted	100%	30%	-	1.64
P77/3414	Granted	100%	30%	-	2.00
P77/3552	Granted	100%	30%	-	1.72
E77/1462	Granted	100%	30%	-	207.90
E77/1508	Application	100%	30%	100%	62.37
E77/1509	Application	100%	30%	100%	29.70
E77/1659	Granted	100%	30%	-	26.73
P77/3978	Application	100%	30%	-	0.10
P77/3979	Application	100%	30%	-	0.42
P77/3994	Application	100%	30%	-	1.58
P77/4055	Application	100%	30%	100%	0.09
E77/1294-I	Granted	100%	30%	-	22.22
E77/1353	Granted	100%	30%	-	26.73
E77/1459	Granted	100%	30%	-	139.59
E77/1893	Application	100%	30%	100%	20.80
E70/3518	Granted	100%	30%	100%	210.70
E77/1566	Granted	100%	30%	-	29.70
E77/1272	Granted	100%	30%	-	32.45
E77/1275	Granted	100%	30%	-	89.10
E77/1342	Granted	100%	30%	-	51.00
E77/1490	Granted	100%	30%	-	148.50
M77/0166	Granted	100%	30%	100%	0.51
M77/1025	Granted	100%	30%	100%	0.04
M77/1044	Granted	100%	30%	100%	0.05

SOUTHERN CROSS GOLDFIELDS LIMITED

ABN 34 108 102 432

TENEMENT SCHEDULE at 31 AUGUST 2011

TENEMENT	STATUS	GOLD & OTHER MINERAL RIGHTS	NICKEL RIGHTS	IRON RIGHTS	AREA SQUARE KM
P77/3523	Granted	100%	30%	100%	2.00
P77/3524	Granted	100%	30%	100%	2.00
P77/3525	Granted	100%	30%	100%	2.00
P77/3526	Granted	100%	30%	100%	0.68
P77/3645	Granted	100%	30%	100%	1.19
P77/3646	Granted	100%	30%	100%	1.93
P77/3647	Granted	100%	30%	100%	1.73
P77/3648	Granted	100%	30%	100%	1.97
L77/0224	Application	100%	30%	-	0.02
L77/0225	Application	100%	30%	-	0.09
E77/1726	Granted	100%	30%	100%	23.44
E77/1773	Granted	100%	30%	100%	32.23
E77/1774	Application	100%	30%	100%	17.58
E77/1775	Granted	100%	30%	100%	17.58
E77/1776	Granted	100%	30%	100%	8.79
E77/1777	Granted	100%	30%	100%	5.86
E77/1063	Granted	100%	30%	100%	11.72
E77/1171	Granted	100%	30%	-	5.86
E77/1314	Granted	100%	30%	-	43.95
E77/1778	Granted	100%	30%	100%	5.86
E77/1790	Granted	100%	30%	100%	5.86
E77/1937	Application	100%	30%	100%	2.90
E77/1938	Application	100%	30%	100%	2.90
E77/1939	Application	100%	30%	100%	2.90
L77/0221	Application	Misc Licence	Misc Licence	Misc Licence	0.26
L77/0223	Application	Misc Licence	Misc Licence	Misc Licence	0.32
L77/0226	Application	Misc Licence	Misc Licence	Misc Licence	0.20
M77/0581	Granted	100%	30%	100%	0.10
M77/1102	Granted	100%	30%	100%	0.03
M77/1246	Granted	100%	30%	100%	0.84
M77/1250	Granted	100%	30%	100%	2.70
M77/1256	Granted	100%	30%	100%	9.99
P77/3333	Granted	100%	30%	100%	0.10
P77/3427	Granted	100%	30%	100%	1.65
P77/3428	Granted	100%	30%	100%	1.58
P77/3429	Granted	100%	30%	-	1.21
P77/3430	Granted	100%	30%	-	0.77
P77/3601	Granted	100%	30%	100%	1.74
P77/3602	Granted	100%	30%	100%	1.78
P77/3603	Granted	100%	30%	100%	1.95
P77/3604	Granted	100%	30%	100%	1.95
P77/3649	Granted	100%	30%	100%	2.00
P77/3650	Granted	100%	30%	100%	2.00

SOUTHERN CROSS GOLDFIELDS LIMITED

ABN 34 108 102 432

TENEMENT SCHEDULE at 31 AUGUST 2011

TENEMENT	STATUS	GOLD & OTHER MINERAL RIGHTS	NICKEL RIGHTS	IRON RIGHTS	AREA SQUARE KM
P77/3651	Granted	100%	30%	100%	2.00
P77/3652	Granted	100%	30%	100%	2.00
P77/3653	Granted	100%	30%	100%	1.90
P77/3656	Granted	100%	30%	100%	1.84
P77/3657	Granted	100%	30%	100%	0.10
P77/3658	Granted	100%	30%	100%	0.08
P77/3659	Granted	100%	30%	100%	0.10
P77/3597	Granted	100%	30%	100%	1.70
P77/3660	Granted	100%	30%	100%	0.10
P77/3661	Granted	100%	30%	100%	0.02
P77/3662	Granted	100%	30%	100%	0.10
P77/3698	Granted	100%	30%	100%	0.86
P77/3699	Granted	100%	30%	100%	1.80
P77/3818	Granted	100%	30%	100%	0.15
P77/3957	Granted	100%	30%	100%	1.78
P77/3958	Granted	100%	30%	100%	1.78
P77/3959	Granted	100%	30%	100%	1.95
P77/4016	Granted	100%	30%	100%	0.09
P77/4032	Granted	100%	30%	100%	0.56
P77/4036	Application	100%	30%	100%	1.93
P77/4037	Application	100%	30%	100%	1.92
P77/4038	Application	100%	30%	100%	1.96
E29/0564-I	Granted	100%	30%	-	62.79
E29/0593	Granted	100%	30%	-	5.98
E29/0653	Granted	100%	30%	-	26.91
E29/0654	Granted	100%	30%	-	8.97
E29/0655	Granted	100%	30%	-	14.95
E29/0793	Application	100%	30%	-	8.97
E30/0331	Granted	100%	30%	-	8.97
E30/0423	Application	100%	30%	-	20.93
E30/0424	Application	100%	30%	-	5.98
P29/1922	Granted	100%	30%	-	0.96
P29/1923	Granted	100%	30%	-	1.52
P29/1924	Granted	100%	30%	-	0.21
P29/1925	Granted	100%	30%	-	0.72
P29/1926	Granted	100%	30%	-	1.24
P29/1927	Granted	100%	30%	-	0.21
P30/1011	Granted	100%	30%	-	0.98