

Southern Cross Gold Ltd

ABN 70 652 166 795

Half year financial report - 30 November 2023

Southern Cross Gold Ltd
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30 November 2023



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Directors	Ernest (Tom) Thomas Eadie (Non-Executive Chairman) Michael Robert Hudson (Managing Director) Georgina Margaret Carnegie (Non-Executive Director) David Alan Henstridge (Non-Executive Director)
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Stock exchange listing	Southern Cross Gold Ltd shares are listed on the Australian Securities Exchange (ASX code: SXG)
Website	www.southerncrossgold.com.au

Company overview

Southern Cross Gold Ltd is an exploration stage company with a focus on gold exploration in Australia. The Company's focus is primarily on the exploration and development of its portfolio of exploration projects through its wholly owned subsidiaries, Clonbinane Goldfield Pty Ltd, Mawson Victoria Pty Ltd and Mawson Queensland Pty Ltd which hold rights in the following the Projects:

1. Sunday Creek Project – Victoria - 100% ownership via Clonbinane;
2. Whroo Project – Victoria - earning up to 70% ownership via Mawson Victoria;
3. Redcastle Project – Victoria -70% ownership via Mawson Victoria; and
4. Mt Isa Project – 100% ownership via Mawson Queensland.

The Victorian projects are over substantial areas of three of the nine historic high grade epizonal goldfields of the Melbourne Zone in Central Victoria covering 471 km². The Mt Isa Project covers 861 km² of tenure in the Cloncurry/Mount Isa block in Queensland, over a combined 60 km of strike.

The Company also holds a strategic 10% ownership of Nagambie Resources Ltd (ASX: NAG) ('Nagambie') which entitles the Company to a Right of First Refusal over 3,300 km² of tenements controlled by Nagambie in central Victoria.

Sunday Creek Project

The 100%-owned Sunday Creek epizonal-style gold project is located 60km north of Melbourne within 19,365ha of granted exploration tenements.

Diamond drilling at Sunday Creek continued during the period with the objective of defining gold mineralisation at depth at the main drill area over a 1.1 km trend between an area 250m to the west of the Golden Dyke to the Apollo zone and up to 7,500 m along strike to the north-east at the Tonstal, Consols and Leviathan prospects which was the first ever drilling along a 10 km mineralised trend at Sunday Creek that extends beyond the main drill area and is defined by historic workings and soil sampling.

The Company considers Sunday Creek to be the best new exploration discovery in Australia in recent times with 27 individual intersections in the 50 - 100 AuEq g/t * m ("AuEq g/t x width in m") range and 24 individual intersections exceeding 100 AuEq g/t * m using a 2 m @ 1.0 g/t AuEq lower cut. Mineralisation remains open at depth and along strike with >39 modelled vein sets defined to date.

The Company reported 38 drill holes during the period (26 holes at Sunday Creek main area: SDDSC066-91 and 12 regional drill holes: SDDT001-7, SDDCN001, SDDL001-4). Continuity within wide zones and high-grades is now evident down to approximately 1,000 m vertical depth. Subsequent to the end of the period, the Company announced results from drillhole SDDSC092-93, 95 & 97A and had seventeen holes (SDDSC094A, 96, 98-107, 108A, 109-112) are currently being processed and analysed, with three holes (SDDSC112W, 113, 114) in progress. A total of 93 drillholes for 35,011 m at the main Sunday Creek area and 12 holes for 2,367 m drilled regionally have been reported by Mawson/SXG. A total of 64 holes for 5,599 m were drilled historically on the project.

Drill Hole Discussion

Mineralised shoots at Sunday Creek are formed at the intersection of the sub-vertical to shallower dipping 330 degree striking mineralised veins and a steep east-west striking, north dipping structure hosting dioritic dykes and related intrusive breccias.

Rising Sun Prospect

SDDSC067 drilled some of the highest grades of antimony (up to 54.0% Sb) and gold (up to 140.0 g/t Au) on the project. The hole followed up 115 m above a single intersection in SDDSC050, to the west of the Rising Sun vein and successfully defined a new high grade vein. Highlights included:

- 0.6 m @ 161.6 g/t AuEq (87.6 g/t Au, 46.8% Sb) from 415.7 m, including:
 - 0.1 m @ 170.5 g/t AuEq (140.0 g/t Au, 19.3% Sb) from 415.7 m
 - 0.5 m @ 159.3 g/t AuEq (74.0 g/t Au, 54.0% Sb) from 415.8 m

SDDSC069 tested the Windsor Castle vein east of Rising Sun. The hole was drilled perpendicularly across SDDSC053 and demonstrated continuity of higher-grade mineralisation. Highlights included:

- 2.1 m @ 6.2 g/t AuEq (5.0 g/t Au, 0.7% Sb) from 294.4 m, including:
 - 0.4 m @ 24.7 g/t AuEq (21.0 g/t Au, 2.3% Sb) from 294.4 m

SDDSC070 was drilled to test the most easterly extents of mineralisation (in the central zone), 30 m to the north of SDDSC050 mineralisation and hit three different vein structures of similar tenor, one higher grade:

- 5.2 m @ 2.6 g/t AuEq (2.6 g/t Au, 0.0% Sb) from 766.0 m, including:
 - 0.9 m @ 11.5 g/t AuEq (11.5 g/t Au, 0.0% Sb) from 766.8 m

SDDSC071 intersected the Rising Sun vein in a 90 m gap between MDDSC020 and MDDSC021 again demonstrating downdip continuity over large distances. Highlights included:

- 7.1 m @ 4.0 g/t AuEq (2.0 g/t Au, 1.3% Sb) from 270.0 m, including:
 - 3.0 m @ 7.9 g/t AuEq (3.6 g/t Au, 2.7% Sb) from 270.0 m
- 8.8 m @ 1.2 g/t AuEq (0.7 g/t Au, 0.4% Sb) from 280.5 m, including:
 - 0.5 m @ 5.2 g/t AuEq (2.0 g/t Au, 2.1% Sb) from 281.4 m

SDDSC074 and **SDDSC076** were designed to define the **Golden Orb Fault** which offsets the mineralisation by 150 m to the south. The recognition and definition of this fault has been critical in explaining why mineralisation becomes much more extensive (transitioning from two to 13 individual high-grade veins sets at depth at Rising Sun around SDDSC050. Drill holes SDDSC074 (no significant mineralisation) and SDDSC076 intersected low-grade mineralisation because they were both drilled into the Golden Orb Fault before intersecting the main mineralised zone.

SDDSC075 was the first hole to test the 200 m wide gap between Rising Sun and Gladys. The hole successfully proved the continuity of mineralisation, albeit at lower grade. Further drilling is warranted to target higher grade portions of the veins. Better results included:

- 2.5 m @ 1.0 g/t AuEq (0.9 g/t Au, 0.1 %Sb) from 225.7 m

SDDSC077B (404.4 m @ 5.6 g/t AuEq (5.1 g/t Au, 0.3% Sb) from 374.0 m (uncut)) that was designed to demonstrate continuity of mineralised structures between 25 m to 65 m spacing around hole SDDSC050 (305 m @ 2.4 g/t AuEq traversing through thirteen high grade veins, reported 20 November 2022) at Rising Sun. SDDSC077B (cumulative 2,272 AuEq g/t x m) exceeded SDDSC050 (cumulative 852 AuEq g/t x m), the previous best hole, by almost three times.

SDDSC077B hole intersected 13 zones of mineralisation from 375 m to 787 m down hole depth with visible gold noted in 28 individual restricted zones. SDDSC050 also traversed across the same 13 vein structures intersected in SDDSC077B with between 25 m to 60 m distance separating the two holes.

SDDSC077B drilled parallel to the host breccia dyke but at a high angle to the predominant NW high-grade mineralisation trend, and therefore, the true thickness of the mineralised interval is interpreted to be approximately 60% to 70% of the sampled thickness.

Cumulatively the hole recorded a 2,272 g/t AuEq x m intersection. **Seven intervals had >100 g/t Au (up to 2,679.8 g/t Au), 20 intervals had >15 g/t Au and 20 intervals had >5% Sb (up to 55.8% Sb).** Uncut, the hole graded **404.4 m @ 5.6 g/t AuEq (5.1 g/t Au, 0.3 %Sb) from 374.0 m.**

Highlights included:

- **5.6 m @ 17.8 g/t AuEq** (14.1 g/t Au, 2.4% Sb) from 392.2 m, including:
 - **0.2 m @ 31.5 g/t AuEq** (31.4 g/t Au, 0.0% Sb) from 392.2 m
 - **0.4 m @ 231.6 g/t AuEq** (182.0 g/t Au, 31.4% Sb) from 394.2 m
- **5.4 m @ 39.3 g/t AuEq** (38.0 g/t Au, 0.8% Sb) from 407.7 m, including:
 - **0.4 m @ 593.6 g/t AuEq** (574.0 g/t Au, 12.4% Sb) from 407.7 m
- **24.0 m @ 3.6 g/t AuEq** (3.2 g/t Au, 0.2% Sb) from 417.0 m, including:
 - **1.5 m @ 43.1 g/t AuEq** (39.7 g/t Au, 2.1% Sb) from 422.1 m
 - **0.4 m @ 24.0 g/t AuEq** (17.3 g/t Au, 4.2% Sb) from 428.2 m
- **4.9 m @ 36.1 g/t AuEq** (20.1 g/t Au, 10.1% Sb) from 445.2 m, including:
 - **1.4 m @ 113.9 g/t AuEq** (66.6 g/t Au, 29.9% Sb) from 445.2 m
 - **0.3 m @ 54.0 g/t AuEq** (12.1 g/t Au, 26.5% Sb) from 449.7 m
- **33.8 m @ 3.0 g/t AuEq** (2.4 g/t Au, 0.4% Sb) from 478.0 m, including:
 - **1.2 m @ 11.9 g/t AuEq** (10.8 g/t Au, 0.7% Sb) from 486.6 m
 - **0.5 m @ 21.0 g/t AuEq** (20.9 g/t Au, 0.0% Sb) from 491.9 m

- **1.0 m @ 19.6 g/t AuEq** (10.1 g/t Au, 6.0% Sb) from 498.5 m
- **0.2 m @ 183.2 g/t AuEq** (168.0 g/t Au, 9.6% Sb) from 500.9 m
- **0.3 m @ 6.1 g/t AuEq** (5.5 g/t Au, 0.4% Sb) from 506.6 m
- **6.5 m @ 10.2 g/t AuEq** (2.8 g/t Au, 4.7% Sb) from 573.0 m, including:
 - **2.6 m @ 24.1 g/t AuEq** (6.3 g/t Au, 11.3% Sb) from 574.0 m
- **6.9 m @ 205.2 g/t AuEq** (204.5 g/t Au, 0.4% Sb) from 733.8 m, including:
 - **1.1 m @ 9.8 g/t AuEq** (9.5 g/t Au, 0.2% Sb) from 737.1 m
 - **0.8 m @ 1,741.5 g/t AuEq** (1,736.4 g/t Au, 3.3% Sb) from 739.9 m:
 - Including **0.4 m @ 731.2 g/t AuEq** (731.0 g/t Au, 0.1% Sb) from 739.9 m
 - Including **0.4 m @ 2,679.8 g/t AuEq** (2,670 g/t Au, 6.2% Sb) from 740.3 m

SDDSC078 was drilled 250 m up-dip of SDDSC050 (305.8 m @ 2.4 g/t AuEq) and successfully targeted the high-grade core of mineralisation at Rising Sun. Visible gold was noted in six individual restricted zones within the hole. Highlights included:

- **11.5 m @ 5.5 g/t AuEq** (4.0 g/t Au, 0.9% Sb) from 185.0 m, including:
 - **0.4 m @ 123.8 g/t AuEq** (103.5 g/t Au, 12.8% Sb) from 193.0 m
- **11.4 m @ 3.1 g/t AuEq** (2.4 g/t Au, 0.4% Sb) from 203.6 m, including:
 - **1.1 m @ 19.6 g/t AuEq** (19.6 g/t Au, 0.0% Sb) from 204.8 m
- **11.2 m @ 10.6 g/t AuEq** (10.4 g/t Au, 0.1% Sb) from 257.0 m, including:
 - **0.7 m @ 162.1 g/t AuEq** (162.0 g/t Au, 0.0% Sb) from 260.0 m
- **5.9 m @ 6.3 g/t AuEq** (6.1 g/t Au, 0.1% Sb) from 281.0 m, including:
 - **0.9 m @ 39.2 g/t AuEq** (39.1 g/t Au, 0.1% Sb) from 281.0 m
- **7.0 m @ 5.5 g/t AuEq** (3.1 g/t Au, 1.5% Sb) from 392.0 m, including:
 - **0.9 m @ 40.1 g/t AuEq** (22.5 g/t Au, 11.2% Sb) from 393.2 m

SDDSC082 331.5 m @ 7.1 g/t AuEq (6.8 g/t Au, 0.2% Sb) from 413.6 m (uncut) was drilled as a 180 m to 230 m down dip extension from SDDSC077B in the upper parts of the mineralised system, and lower in SDDSC082 up to 290 m down dip from SDDSC050 (305 m @ 2.4 g/t AuEq, reported 20 November 2022). Mineralisation in SDDSC082 extended from 331.5 m to 1,065.3 m down hole, for a total length of 733.8 m.

On a grade-thickness basis, SDDSC082 (cumulative 2,418 AuEq g/t x m) is the best hole drilled on the project to date and exceeded SDDSC077B (cumulative 2,272 AuEq g/t x m) and SDDSC050 (cumulative 852 AuEq g/t x m).

Drill hole SDDSC082 was a significant expansion of the Rising Sun mineralised footprint. The hole hit continuous mineralisation that can be mapped from surface to 550 m depth and it also drilled the deepest mineralisation on the project, to that time, to 1 km vertical depth (0.6 m @ 20.0 g/t AuEq (16.4 g/t Au, 2.3% Sb) from 1,064.5 m.

SDDSC082 traversed 18 individual high grade vein sets. **Seven intervals contained >100 g/t Au (up to 4,190 g/t Au), 20 intervals have >15 g/t Au up to 100 g/t Au and 7 intervals have >5% Sb (up to 24.3% Sb).** The hole was drilled parallel to the enveloping host breccia dyke but at a high angle to the predominant NW-SW high-grade vein trend. As the hole was relatively steeply drilled into the steep mineralised veins sets, the true thickness of the mineralised interval was interpreted to be approximately 40% to 50% of the sampled thickness.

The very highest-grade interval (0.2 m @ 4,190 g/t Au) was intersected in a previously undrilled vein on the undrilled western margin of the Rising Sun area. It appears to form blind below a bulge in the dyke breccia host and is open down dip. Development of these grades 400 m vertically below the surface also suggests the super high-grade epizonal system is telescoping up to higher levels than previously thought (440 m compared to the previously thought 700 m depth) at Sunday Creek, opening further opportunities for bonanza high grades at shallow levels. Additionally, the area immediately west of this new vein is open to the west and to depth.

A complete list of significant intersections from SDDSC082 follows:

- **13.1 m @ 93.8 g/t AuEq** (91.7 g/t Au, 1.3% Sb) from 413.6 m, including:
 - **1.7 m @ 246.2 g/t AuEq** (230.6 g/t Au, 9.9% Sb) from 413.6 m
 - **0.2 m @ 4,190 g/t AuEq** (4190 g/t Au, 0.1% Sb) from 418.4 m

- **0.3 m @ 11.0 g/t AuEq** (10.9 g/t Au, 0.0% Sb) from 471.7 m
- **0.9 m @ 42.9 g/t AuEq** (42.3 g/t Au, 0.4% Sb) from 480.6 m
- **0.5 m @ 6.2 g/t AuEq** (6.2 g/t Au, 0.0% Sb) from 494.3 m
- **68.5 m @ 5.3 g/t AuEq** (4.8 g/t Au, 0.4% Sb) from 506.3 m, including:
 - **0.4 m @ 18.8 g/t AuEq** (18.7 g/t Au, 0.1% Sb) from 515.2 m
 - **1.0 m @ 7.3 g/t AuEq** (5.3 g/t Au, 1.3% Sb) from 522.0 m
 - **0.7 m @ 6.9 g/t AuEq** (5.2 g/t Au, 1.1% Sb) from 532.5 m
 - **0.5 m @ 29.2 g/t AuEq** (28.2 g/t Au, 0.6% Sb) from 539.2 m
 - **1.7 m @ 14.1 g/t AuEq** (12.3 g/t Au, 1.2% Sb) from 544.5 m
 - **5.4 m @ 43.9 g/t AuEq** (41.9 g/t Au, 1.3% Sb) from 567.3 m
- **5.0 m @ 61.4 g/t AuEq** (60.9 g/t Au, 0.4% Sb) from 588.0 m, including:
 - **0.4 m @ 7.1 g/t AuEq** (1.8 g/t Au, 3.4% Sb) from 589.0 m
 - **0.9 m @ 351.3 g/t AuEq** (351.2 g/t Au, 0.0% Sb) from 591.4 m
- **21.7 m @ 6.5 g/t AuEq** (6.5 g/t Au, 0.0% Sb) from 622.0 m, including:
 - **0.6 m @ 12.2 g/t AuEq** (12.2 g/t Au, 0.0% Sb) from 641.2 m
 - **0.4 m @ 351.0 g/t AuEq** (351.0 g/t Au, 0.0% Sb) from 643.4 m
- **31.1 m @ 3.9 g/t AuEq** (3.1 g/t Au, 0.5% Sb) from 652.0 m, including:
 - **1.0 m @ 11.7 g/t AuEq** (11.7 g/t Au, 0.0% Sb) from 654.0 m
 - **1.6 m @ 48.6 g/t AuEq** (39.3 g/t Au, 5.9% Sb) from 658.9 m
 - **1.1 m @ 16.6 g/t AuEq** (7.8 g/t Au, 5.6% Sb) from 672.8 m
- **17.0 m @ 1.5 g/t AuEq** (1.4 g/t Au, 0.0% Sb) from 691.0 m, including:
 - **1.0 m @ 16.5 g/t AuEq** (16.3 g/t Au, 0.1% Sb) from 697.0 m
- **9.9 m @ 1.1 g/t AuEq** (1.0 g/t Au, 0.1% Sb) from 712.1 m, including:
 - **0.2 m @ 34.8 g/t AuEq** (34.7 g/t Au, 0.1% Sb) from 712.1 m
- **9.5 m @ 9.8 g/t AuEq** (8.1 g/t Au, 1.1% Sb) from 738.0 m, including:
 - **2.3 m @ 39.5 g/t AuEq** (32.9 g/t Au, 4.2% Sb) from 742.8 m
- **4.0 m @ 5.1 g/t AuEq** (4.8 g/t Au, 0.2% Sb) from 842.0 m, including:
 - **1.0 m @ 19.4 g/t AuEq** (18.3 g/t Au, 0.7% Sb) from 842.0 m
- **3.6 m @ 5.4 g/t AuEq** (5.4 g/t Au, 0.0% Sb) from 852.6 m, including:
 - **0.4 m @ 49.6 g/t AuEq** (49.6 g/t Au, 0.0% Sb) from 854.2 m
- **1.0 m @ 5.9 g/t AuEq** (5.9 g/t Au, 0.0% Sb) from 995.4 m, including:
 - **0.3 m @ 18.4 g/t AuEq** (18.4 g/t Au, 0.0% Sb) from 995.4 m
- **0.1 m @ 24.3 g/t AuEq** (24.3 g/t Au, 0.0% Sb) from 1,037.6 m
- **0.6 m @ 20.0 g/t AuEq** (16.4 g/t Au, 2.3% Sb) from 1,064.5 m

SDDSC091 drilled at the Rising Sun Prospect intersected **20.0 m @ 63.6 g/t AuEq (62.7 g/t Au, 0.5% Sb)** from 430.0 m (ETW 11.6 m) including:

- **1.0 m @ 6.2 g/t AuEq** (5.6 g/t Au, 0.4% Sb) from 432.0 m
- **0.4 m @ 955.6 g/t AuEq** (950.0 g/t Au, 3.6% Sb) from 438.4 m
- **0.5 m @ 1,497.4 g/t AuEq** (1490.0 g/t Au, 4.7% Sb) from 438.8 m
- **0.6 m @ 66.5 g/t AuEq** (65.4 g/t Au, 0.7% Sb) from 439.6 m
- **4.5 m @ 13.8 g/t AuEq** (13.5 g/t Au, 0.2% Sb) from 441.4 m

SDDSC091 traversed across a single high-grade vein set and is a **100 m up-dip extension** from an intersection in drill hole SDDSC077B (6.5 m @ 10.2 g/t AuEq), announced on 5 September 2023. The individual vein set, RS50, intersected in SDDSC083 is 11.6 m wide (estimated true width), 60 m strike extent currently defined and extends over 500 m down dip and remains open.

Subsequent to the end of the period, **SDDSC092** drilled at the Rising Sun Prospect included **9.3 m @ 95.9 g/t AuEq (94.9 g/t Au, 0.6% Sb)** from 677.0 m within a broader interval of **382.3 m @ 3.4 g/t AuEq (3.1 g/t Au, 0.2 %Sb) from 382.3 m (uncut)**. The hole traversed 10 individual high grade vein sets. **Twelve intervals have >20 g/t Au (up to 1,610 g/t Au), 20 intervals have >15 g/t Au and 8 intervals have >5% Sb (up to 21.2% Sb).**

SDDSC092 drilled a 33 m to 44 m strike extension of multiple mineralised veins at the same horizontal level as drillhole SDDSC077B (404.4 m @ 5.6 g/t AuEq (uncut)), which traversed 13 individual high grade vein sets. Selected highlights of SDDSC092 include:

- **32.8 m @ 1.3 g/t AuEq** (0.9 g/t Au, 0.2% Sb) from 313.0 m
- **6.2 m @ 4.1 g/t AuEq** (2.1 g/t Au, 1.2% Sb) from 406.2 m, including:
 - **0.3 m @ 58.7 g/t AuEq** (29.0 g/t Au, 18.8% Sb) from 412.0 m
- **11.7 m @ 4.4 g/t AuEq** (2.8 g/t Au, 1.1% Sb) from 424.3 m, including:
 - **0.6 m @ 78.3 g/t AuEq** (48.6 g/t Au, 18.8% Sb) from 427.6 m
- **35.4 m @ 1.3 g/t AuEq** (1.1 g/t Au, 0.1% Sb) from 453.6 m, including:
 - **1.7 m @ 8.4 g/t AuEq** (7.9 g/t Au, 0.3% Sb) from 466.8 m
- **12.1 m @ 2.5 g/t AuEq** (2.0 g/t Au, 0.4% Sb) from 566.1 m, including:
 - **0.2 m @ 31.8 g/t AuEq** (27.2 g/t Au, 2.9% Sb) from 570.2 m
 - **1.2 m @ 17.0 g/t AuEq** (12.6 g/t Au, 2.8% Sb) from 574.2 m
- **5.4 m @ 6.2 g/t AuEq** (6.2 g/t Au, 0.0% Sb) from 604.6 m, including:
 - **0.6 m @ 51.8 g/t AuEq** (51.7 g/t Au, 0.1% Sb) from 609.0 m
- **0.7 m @ 10.1 g/t AuEq** (5.0 g/t Au, 3.2% Sb) from 649.8 m, including:
- **18.3 m @ 5.0 g/t AuEq** (4.4 g/t Au, 0.4% Sb) from 655.1 m, including:
 - **0.2 m @ 173.8 g/t AuEq** (160.0 g/t Au, 8.7% Sb) from 655.1 m
 - **1.2 m @ 27.5 g/t AuEq** (27.1 g/t Au, 0.3% Sb) from 668.7 m
- **9.3 m @ 95.9 g/t AuEq** (94.9 g/t Au, 0.6% Sb) from 677.0 m, including:
 - **1.8 m @ 489.4 g/t AuEq** (484.5 g/t Au, 3.1% Sb) from 683.1 m

At these closer spacings, the continuity of high-grade mineralised veins sets is encouraging. The very highest-grade interval in SDDSC092 (**0.4 m @ 1,610.0 g/t Au** from 684.5 m) intersected the dyke host in the **RS80 vein**. The closest intersection in the same vein set is SDDSC077B (**0.7 m @ 18.2 g/t Au** from 700.1 m), was drilled in the altered sediment hanging wall and is located 31 m to the NW. Drillhole SDDSC050 (**0.6 m @ 57.6 g/t Au** from 713.9 m) also intersected the RS80 vein 44 m below and 12 m along NW along strike from SDDSC092.

The Rising Sun area remains open up-dip, down-dip and along strike.

Apollo Prospect

At the time of its release, **SDDSC066** was the third best intersection on the Sunday Creek project, drilled at the east end of drilled mineralisation at Sunday Creek (in the Apollo area). The hole was designed to test five main mineralised vein sets and intersected **312 m @ 1.4 g/t AuEq (1.1 g/t Au, 0.2% Sb) from 240.1 m** (with no lower cut). It was the greatest down dip extension of mineralisation to date on the eastern end of the main mineralised body at Sunday Creek. In total nine intervals > 15 g/t Au (up to 188.8 g/t Au), and six intervals >5% Sb (up to 22.5% Sb) were intersected.

Specifically, SDDSC066 was drilled east to west sub-parallel to the host sequence, a zone of intensely altered 'bleached' sericite-albitic siltstones, and sericite-carbonate-albite altered dyke rocks that range from 50 m to 200 m wide. The hole was also drilled at a moderate to high angle to the north-west striking mineralised vein sets that regularly cross the host structure on a predominate north-west orientation and are typically 10 m to 40 m wide (cut off dependent), 20 m to 60 m along strike, and 300 m to 830 m down dip. Therefore, the hole was able to intersect five main mineralised structures over a 312 m wide downhole interval, while drilling inside the mineralised host.

For the first time a fibrous Pb-Sb sulphosalt, possibly boulangerite ($\text{Pb}_5\text{Sb}_4\text{S}_{11}$), a diagnostic alteration mineral in other epizonal deposits, including Fosterville, was identified in void spaces in quartz at 262.5 m in SDDSC066 (Photo 1). Highlights included:

- **10.5 m @ 5.8 g/t AuEq** (4.2 g/t Au, 1.0% Sb) from 302.8 m, including:
 - 0.2 m @ 18.3 g/t AuEq (18.3 g/t Au, 0.0% Sb) from 306.2 m
 - 1.0 m @ 23.1 g/t AuEq (12.8 g/t Au, 6.5% Sb) from 308.0 m
 - 1.5 m @ 17.4 g/t AuEq (14.2 g/t Au, 2.0% Sb) from 311.0 m
- **7.8 m @ 5.4 g/t AuEq** (4.0 g/t Au, 0.9 %Sb) from 401.3 m, including:
 - 0.4 m @ 42.7 g/t AuEq (28.1 g/t Au, 9.3% Sb) from 404.6 m
 - 0.2 m @ 44.0 g/t AuEq (40.5 g/t Au, 2.2% Sb) from 407.5 m
- **10.4 m @ 22.4 g/t AuEq** (18.6 g/t Au, 2.4% Sb) from 542.2 m, including:
 - **1.0 m @ 224.3 g/t AuEq** (188.8 g/t Au, 22.5% Sb) from 544.2 m

SDDSC068 was drilled 500 m down-dip of SDDSC066 and successfully targeted high-grades including **0.5 m @ 23.8 g/t Au from 1,010.4 m** within a broader zone of mineralisation including **13.3 m @ 1.6 g/t Au from 1,009.8 m** at Apollo. Visible gold was noted.

SDDSC073 was drilled 260 m above SDDSC068 and drilled a very broad interval of the host to mineralisation with altered sediments and dyke observed from 585 m to 750 m downhole. The hole is considered a near-miss of the high grade core with lower grade mineralisation intersected.

The Apollo area remains open up-dip, down-dip below 1,000 m depth and along strike.

Regional Drilling

A total of **12 holes for 2,367 m** were completed at the Leviathan, Consols and Tonsals historic mining areas, located 5.0 km, 6.9 km and 7.9 km along strike respectively from the most westerly end of main project area. All holes hit anomalous gold, except SDDTS002 which hit an underground historic stopped out area. These prospects are all contained within EL6163 that is 100% owned by SXG.

Mineralisation is the same style as Sunday Creek main zone with disseminated arsenopyrite and pyrite mineralisation in NW-oriented veins that cut across a steeply dipping zone of intensely bleached, sericite-albitic siltstones, and sericite-carbonate-albite altered dyke rocks (the "host"). When looked at from above, in plan view, the host resembles the side rails of a ladder, where the mineralised veins are the rungs. The host was intersected across the three drill areas that range from 50 m - 75 m wide. No significant antimony was intersected, and arsenic appears more common than in the main zone, perhaps suggesting drilling has tested a deeper level of the epizonal system in regional drilling.

Leviathan

Four holes for 567.8 m were drilled at Leviathan. Two intersected high-grade gold with visible gold noted in SDDL003. Highlights included:

- **SDDL001: 20.0 m @ 0.2 g/t Au** from 43.0 m
- **SDDL002: 0.9 m @ 0.9 g/t Au** from 47.7 m
- **SDDL002: 4.8 m @ 0.4 g/t Au** from 66.0 m
- **SDDL003: 1.4 m @ 1.3 g/t Au** from 71.4 m,
 - including **0.8 m @ 1.9 g/t Au** from 71.4 m
- **SDDL003: 7.0 m @ 1.6 g/t Au** from 85.0 m
 - including **0.5 m @ 15.7 g/t Au** from 87.0 m
- **SDDL004: 0.3 m @ 5.6 g/t Au** from 73.4 m and **0.3 m @ 19.4 g/t Au** from 100.7 m

Tonstal

Seven holes for 1,598.6 m were drilled at Tonstal. Drill hole SDDTS002 missed the mineralised host as it intersected an old stope with wooden support mined during from the early 1900's, located 90 m vertically below surface in drillhole SDDTS002 (from 103.0 m to 107.6 m). This suggests further high grades at depth remain to be found.

- **SDDTS001: 2.8 m @ 0.6 g/t Au** from 99.4 m
 - including **0.8 m @ 1.2 g/t Au** from 99.4 m

- **SDDTS003: 4.8 m @ 0.2 g/t Au** from 99.9 m
- **SDDTS004A: 5.1 m @ 0.2 g/t Au** from 133.6 m
- **SDDTS005A: 0.4 m @ 1.0 g/t Au** from 170.0 m
- **SDDTS006: 1.0 m @ 0.6 g/t Au** from 255.3 m
- **SDDTS006: 13.5 m @ 0.2 g/t Au** from 277.5 m
 - Including **0.7 m @ 1.2 g/t Au** from 277.9 m

Consols

One hole for 200.5 m was drilled at Consols. The mineralised structure appears to dip to the south and therefore was not intersected in the drillhole. Float with visible gold was found around the old mine shafts at Consols while drilling was ongoing (Photo 2). Upcoming field mapping will provide further understanding.

Golden Dyke to Christina

Four drill holes (SDDSC083, 86, 89 and 90) were drilled for the first time between the historic Golden Dyke and Christina mining areas. The holes were drilled across the targeted mineralised host (determining the extent of the rails of “the ladder”) and demonstrated high-grade mineralisation within veins sets (“rungs of the ladder”) up to 250 m west of previous drilling.

SDDSC086, drilled 150 m west of previous drilling, intersected:

- **2.8 m @ 7.4 g/t AuEq** (4.4 g/t Au, 1.9% Sb) from 252.7 m, including:
 - **0.5 m @ 38.4 g/t AuEq** (22.1 g/t Au, 10.3% Sb) from 252.7 m
- **3.1 m @ 21.3 g/t AuEq** (20.6 g/t Au, 0.4% Sb) from 266.5 m, including:
 - **1.8 m @ 35.3 g/t AuEq** (34.5 g/t Au, 0.5% Sb) from 266.5 m

SDDSC090, drilled 250 m west of previous drilling, intersected:

- **0.3 m @ 2.5 g/t AuEq** (1.7 g/t Au, 0.5% Sb) from 342.9 m
- **9.8 m @ 4.6 g/t AuEq** (4.0 g/t Au, 0.4% Sb) from 346.9 m, including:
 - **2.2 m @ 12.7 g/t AuEq** (11.0 g/t Au, 1.1% Sb) from 347.6 m
 - **0.7 m @ 8.0 g/t AuEq** (7.5 g/t Au, 0.3% Sb) from 352.6 m

Additionally, a further two holes (SDDSC083, SDDSC089) were reported. SDDSC083, drilled immediately on the western end of the Golden Dyke historic mine drilled between mineralised veins sets and hit a broad low grade “near miss” through the mineralised host. SDDSC089, drilled 100 m below and 30 m NW of SDDSC086 intersected a lower grade along strike halo from SDDSC086. Highlights included **1.5 m @ 2.3 g/t AuEq** (2.3 g/t Au, 0.0% Sb) from 334.1 m. With only four holes drilled, the majority of the mineralised host in this area remains untested.

Gold Equivalent Calculation

SXG considers that both gold and antimony that are included in the gold equivalent calculation (“AuEq”) have reasonable potential to be recovered at Sunday Creek, given current geochemical understanding, historic production statistics and geologically analogous mining operations. Historically, ore from Sunday Creek was treated onsite or shipped to the Costerfield mine, located 54km to the northwest of the project, for processing during WW1. The Costerfield mine corridor, now owned by Mandalay Resources Ltd contains 2 million ounces of equivalent gold (Mandalay Q3 2021 Results), and in 2020 was the sixth highest-grade global underground mine and a top five global producer of antimony.

SXG considers that it is appropriate to adopt the same gold equivalent variables as Mandalay Resources Ltd in its Mandalay Technical Report, 2022 dated 25 March 2022. The gold equivalence formula used by Mandalay Resources was calculated using recoveries achieved at the Costerfield Property Brunswick Processing Plant during 2020, using a gold price of US\$1,700 per ounce, an antimony price of US\$8,500 per tonne and 2021 total year metal recoveries of 93% for gold and 95% for antimony, and is as follows: **$AuEq = Au (g/t) + 1.58 \times Sb (\%)$** .

Based on the latest Costerfield calculation and given the similar geological styles and historic toll treatment of Sunday Creek mineralisation at Costerfield, SXG considers that a **$AuEq = Au (g/t) + 1.58 \times Sb (\%)$** is appropriate to use for the initial exploration targeting of gold-antimony mineralisation at Sunday Creek.

Redcastle and Whroo Projects

During the period there was no significant exploration activities carried out at the Redcastle and Whroo JV exploration projects.

Queensland Projects

During the period there was no significant exploration activities carried out at the Company's Queensland exploration permits. EPM 26483 was due for renewal and following a review of the exploration conducted to date and depth of cover, the Company elected not to renew this permit.

Corporate

Outline of corporate and exploration strategy

During the period the Company outlined its exploration strategy and upcoming catalysts for the Sunday Creek Project.

It stated three clear objectives that will have the largest emphasis over the next six months:

- a) **Demonstrate Grade.** Add and connect the existing high-grade zones in and around Rising Sun (SDDSC046: 21.5 m @ 15.0 g/t AuEq incl. 2.1 m @ 121.6 g/t AuEq) and Apollo (SDDSC066: 10.4 m @ 22.4 g/t AuEq incl. 1.0 m @ 224.3 g/t AuEq).
- b) **Demonstrate Volume.** Along strike and down-dip by step-out drilling to add to the existing mineral endowment. To date the focus area has been a 1,000 m strike to 1,000 m depth, of which we have only tested less 50%. All mineralised occurrences at Apollo, Rising Sun, Golden Dyke and Christina are all open down dip and along strike.
- c) **Demonstrate Scale.** Exploration at Sunday Creek has district-scale potential. There is an 11,000 m mineralised trend extending beyond the initial target drill area, defined by historic workings and soil sampling. This large footprint is being drill tested for the very first time at the Tonal, Consols and Leviathan prospects. Twelve holes for 2,383 m have now been completed within the regional area between 3,500 m to 7,500 m along strike from the core drill area. Results from the program will be released imminently.

With four diamond drill rigs operating at site, **the plan is to drill an additional 19,000 m by April 2024.**

Acquisition of Prospecting Licence PL6415 – Redcastle

During the period the Company acquired Prospecting Licence PL6415 located in the Redcastle district of the Victorian goldfields ("Laura").

The strategic acquisition secures 100% one of the higher-grade parts of the Redcastle goldfield, where recent drilling has identified very high grades (up to 704 g/t Au and 24.7% Sb) within continuous and targetable structures above a 1.3 km long and a coherent IP anomaly. It consolidates SXG's extensive ground holding and best drill grades at the Redcastle gold and antimony field.

Laura is located entirely within SXG's 70% owned Redcastle JV, 2 km immediately north of Mandalay Resources' exploration properties which contain the Costerfield Mine. It forms a key geophysical target within the Redcastle goldfield, with a 1.3 km-long coherent induced polarisation ("IP") chargeability anomaly underlying the Laura PL6415. The IP anomaly also sits below historic mines that produced 20,583 oz at 254.6 g/t Au over 2 km strike length down to a maximum depth of 125 m during 1859 to 1865.

Acquisition of further freehold land at the 100%-owned Sunday Creek project

The Company purchased a further 0.65 hectares of freehold land that is located adjacent to both the main access and current freehold ownership at the Sunday Creek project during the period. It secures surface access and provides additional area for any potential future gold operation.

Mawson Gold announced a restructure with regards its shareholding in SXG

- During the period Mawson Gold Ltd (TSX:MAW) ("Mawson") announced a corporate restructuring, announcing after the 2-year Australian Securities Exchange ("ASX") escrow period ends on its SXG shareholding on May 16, 2024, Mawson anticipates undertaking an in-specie distribution by way of a plan of arrangement under the Business Corporations Act (British Columbia) of the 93,750,000 ordinary shares it holds in Southern Cross Gold Ltd. The Arrangement will be subject to the approval by 66^{2/3}% of the votes cast by Mawson shareholders at the Arrangement Approval Meeting, regulatory approval in Canada and Australia, as well as court approval.
- Following Foreign Investment Review Board ("FIRB") approval the Company finalised the freehold purchase of two household blocks at 35 Hibberds Lane, Clonbinane, VIC 3658 (also known as Crown Allotment 2A Section A Parish of Clonbinane Volume 04768 Folio 495 (Lot 2A) and Crown Allotment 2D Section A Parish of Clonbinane Volume 06665 Folio 882 (Lot 2D)) (together the "Property"). The property is adjacent to the Company's 320 acres of freehold property and will be used to house the Company's staff.

ESG

Southern Cross Gold had a busy period ensuring we retain impeccable ESG (Environment, Social and Governance) credentials to maintain our social licence to operate.

Environment

- We undertook a major project to make safe all the old working at Sunday Creek. To date we have re-collared and fenced the Golden Dyke mine. When we re-collar the shaft we stabilise it, which reduces the possibility of the shaft caving in, then we can safely fence off the shaft. The surrounding pits on our freehold land have been fenced to keep the public and any animals out of these deep holes. We are currently in negotiation with the Department of Energy, Environment and Climate Action (DEECA) to make the remaining old workings including the Rising Sun and Apollo Shafts on Retention Licence 6040 safe.
- We have recently completed a water bore on our freehold land to reuse the water lost into the wall rocks during diamond drilling. This bore will lower our drilling costs and further reduce the amount of water delivered to Sunday Creek.
- Completion of a Preliminary Ecological Study at Sunday Creek adds to our environmental database and continues to de-risk the project for future permitting for mining. The preliminary study did not record any threatened flora or fauna species within the project area or immediate surrounds. To follow up on this initial study, targeted surveys will continue seasonally for the next eighteen months to determine the likelihood of threatened species and communities in the project area with greater certainty.
- A draft baseline hydrological study was completed this period for the Sunday Creek Project. The report, to be finalised in January 2024, was commissioned to inform the design of a monitoring program for gathering groundwater baseline data that can be used to develop a numerical groundwater model in preparation for a Groundwater Impact Assessment (GIA). A GIA is required for future mine planning.
- We commissioned a study of the geochemistry of mine materials for the Sunday Creek Project. This study is ongoing with sampling and analysis expected to start in early 2024. Data from this study will be used to determine the geochemical properties of potential mine materials and report these in a format that is suitable for inclusion in relevant approvals documentation.
- A weather station has been set up at the project and in early 2024 dust monitoring equipment will be installed onsite.
- During the period, a baseline community water tank sampling program was designed. This program will monitor the water quality of nearby residents' water tanks. This study will provide us and the relevant environmental agencies with baseline data ensuring any activities at Sunday Creek do not have an impact on the quality of the residents' rainwater. The study will commence early in 2024 on a voluntary basis. The study will run for 2 years and will involve seasonal sampling of residents' water tanks.

Safety

- During the period we reported one Lost Time Injury when a field assistant got a piece of metal in their eye while using a hand tool. New additional PPE, safety procedures and training have been put in place to ensure this type of incident is not repeated.
- The company has also instigated the Take 5 safety practice. Take 5 is a 5-step procedure workers use to prevent accidents and overall make their working environments safer. The take 5 safety steps are:
 - Stop and think
 - Look and identify
 - Assess the risk
 - Control hazards
 - Monitor hazards
- As we grow as a company, we are continuing to improve our safety systems. This period we have introduced an online visitor's induction and an electronic tag in and out system to ensure we know when visitors, contractors or employees are onsite. This is linked to our new emergency maps and evacuation procedures for the Sunday Creek Project. New signage around the project to ensure that all staff and visitors are appropriately informed about any risks, wear the correct PPE and aware of what to do if there is an emergency.
- The company installed a defibrillator and improved the safety station at our Kilmore Core Shed. Another defibrillator has been placed at the company house on Hibberds Lane and this unit has been placed so if required the local community can access the unit.
- Many of our staff undertook fire and bushfire training this period. The most enjoyable part of the course was using the fire extinguishers and hoses. Thank you to our regional CFA training staff for this valuable training.

- In preparation for the fire season at Clonbinane we have ensured that all staff understand our fire safety and prevention protocols. We have taken several steps to reduce the fire risks at Sunday Creek including slashing long grass, storing water on site in our dams and tanks, ensuring we have adequate firefighting equipment on site and that all drilling machinery has fire suppression devices.
- Two of our staff members (one female and one male) completed their mental health first aiders course. This course gives employees the essential skills and confidence to recognise and support fellow employees with a range of mental health issues. This augments our Employee Assistance Program that is available to all employees and their families.

Community

- We have a new community focused website that shows our commitment to our local community, the environment, and how our company values are reflected in the work we do. The address for the website is www.southerncrossgoldcommunity.com.au.
- We are committed to our local region, and this is shown by our continued involvement in the Clonbinane Safer Together Project. This is a community-based emergency management plan that brings emergency services, industry, business, government, and community together, to prepare for, respond efficiently to, and minimise the effects and consequences of emergencies that arise from natural disasters such as bush fires. This period we volunteered at a community BBQ designed to bring to the Clonbinane and Reedy Creek communities together as they prepare for the coming fire season. Southern Cross have also supplied the project with an outline of our capabilities (people, skills and equipment) should there be a natural disaster in our community surrounding Sunday Creek. As part of this project, Southern Cross Gold donated prizes for the Safer Together Trivia Night that was held at the community hall at Waterford Park. The night brought people together and was a venue to share information about emergency management.
- We are sponsoring the Clonbinane CFA with over \$8,000 of equipment that need for the upcoming fire season. The CFA also expressed relief in knowing that a defibrillator is now available at the Sunday Creek Project.
- Our geologists have been involved with several career days at the local high schools in Wallan and Seymour as well as at Monash University.
- We are continuing to develop our strong relationship with the Taungurung Land and Waters Council with the ongoing work to publish a dual language children's book, written by local children for children. Auntie Loraine Padgham is heading up the project.
- Auntie Loraine joined the Southern Cross Gold table at the Melbourne Mining Club this period proudly wearing her possum skin cloak. At the table we were joined by the Mayor of Mitchell Shire Fiona Stevens, Professor Maria Forsyth Deputy Director, Institute for Frontier Materials at Deakin University, popular resources journalist Kristie Batten, our director Georgina Carnegie, Laura Chibnall (winner of 2021 Exceptional Women in Resources Award) as well as our own award-winning Claudia Bowan and Lisa Gibbons.
- We continue to be industry leaders in inclusion as we reach gender diversity with 50% of our staff identifying as female. We aim to make sure that every employee is valued and can fulfil their potential, regardless of their background, lifestyle or position in the company.
- We also continue to promote and be available for open communication with all our stakeholders. This period we have increased the ways in which the public can learn about the company and Sunday Creek Project through our increased profile on Facebook and Instagram, and our letterbox delivered community newsletter. The newsletter informs people about our exploration work, re-shares our contact information and provides a FAQ fact sheet about facets of the project that residents are most interested in. We continually hold personal meetings with residents to answer any questions they may have about the project.
- To ensure residents are more engaged with the project we have recently appointed Adam Place as our Stakeholder Engagement Specialist. Adam has over 20 years' experience building relationships with stakeholders with numerous mining and renewable energy projects across rural Victoria.
- During the period our local volunteer fire brigade, Clonbinane CFA, received the much-needed equipment that Southern Cross Gold donated. Our \$8,000 donation provided the brigade with new torches, a thermal imaging camera and special light weight and more water efficient blackout hoses and nozzles that will make controlling a fire in the hilly Clonbinane country easier and ultimately safer.
- During the period Southern Cross Gold sponsored two women aboriginal elders to attend the AusIMM Victorian Women in Mining Workshop that was held at Costerfield Mine. Several of our female staff attended and a SXG director, Georgina Carnegie, was the key speaker.

Governance

- Senior Southern Cross Gold staff continue to be involved in the TSM (Towards Sustainable Mining) Initiative leaders' program. TSM provides globally recognised environmental, social and governance (ESG) credentials for responsible mining, enhancing government, investors, and customer confidence. TSM is a major step forward in continuing to build stronger relationships between the Australian minerals industry and its host communities built on transparency and trust.
- We completed a gap analysis of the Safe, Healthy and Respectful Workplace protocol from the Towards Sustainable Mining (TSM) project - <https://tsmining.com.au/protocol/safe-healthy-and-respectful-workplaces>. This protocol has been designed to confirm whether a project has established clear accountability for safety and health management and performance, that processes have been established to prevent the occurrence of all incidents, that all employees and contractors are engaged in the appropriate training to identify hazards, that performance is reported both internally and externally, and that facilities set targets for continuous improvement. During 2024 we will build our capabilities in this protocol as we move toward the assessment and public reporting in 2025-2026.
- We continue to keep our local council at Sunday Creek, the Mitchell Shire Council, informed and engaged as the project evolves.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Southern Cross Gold Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 30 November 2023.

Directors

The names of directors of the company in office at any time during or since the end of the period are:

Tom Eadie (Non-Executive Chairman)
Michael Hudson (Managing Director)
Georgina Carnegie (Non-Executive Director)
David Henstridge (Non-Executive Director)

Principal activities

The principal activity of the consolidated entity during the period was the exploration for natural resources, including metals, precious metals, lithium and minerals. There have been no significant changes in the nature of those activities during the period.

Share based payment

On 15 August 2023, Southern Cross Gold Ltd issued 2,000,000 unlisted options in ordinary shares to employees, who were not considered key management personnel, at an exercise price of \$0.66 (66 cents) per share. The unlisted options vested on 15 August 2023 and have an expiry date of 15 August 2026.

On 23 October 2023, Southern Cross Gold Ltd issued 1,500,000 unlisted options in ordinary shares to consultants at an exercise price of \$1.20 (120 cents) per share. The unlisted options have been issued with an implied service condition, whereby the consultant will be required to provide services to Southern Cross Gold Ltd over a period of time in connection with a planned future capital raise. The unlisted options vest on completion of the planned future capital raise and have an expiry date of 23 October 2026. The directors have applied significant judgement and expect the planned future capital raise will take place within the next 12 months. Refer to Note 3 for further information.

On 7 November 2023, following approval at the company's 2023 Annual General Meeting held on 30 October 2023, the company issued 3,550,000 unlisted options in ordinary shares to directors at an exercise price of \$1.20 (120 cents) per share. The unlisted options vested on 7 November 2023 and have an expiry date of 7 November 2026.

Dividends

There were no dividends paid, recommended or declared during the period ended 30 November 2023.

Financial performance

The loss for the consolidated entity after providing for income tax amounted to \$4,438,516 (30 November 2022: \$805,286).

The loss is primarily driven by:

- decrease in fair value of investment in Nagambie Resources Limited of \$533,610
- employee benefits expense of \$747,154
- share based payment expense of \$2,573,423
- administration and corporate costs of \$485,417.

Included in the loss for the period are the following non-cash items of significance:

- decrease in fair value of investment in Nagambie Resources Limited of \$533,610
- depreciation and amortisation of \$83,504
- share based payments expense of \$2,573,423

Excluding these non-cash transactions, the loss for the period amounted to \$1,247,979. This loss was largely attributable to administration, corporate and salary and wage costs incurred in operating the company.

In addition, at 30 November 2023, the consolidated entity recorded:

- cash and cash equivalents of \$7,952,149
- net assets of \$29,495,777
- working capital of \$6,956,451.

Refer to the preceding Review of Operations for further details on the operations of the Company.

Financial position

Net assets of the consolidated entity at 30 November 2023 were \$29,495,777. Current assets of the consolidated entity at 30 November 2023 were \$8,218,334, exceeding current liabilities of \$1,261,883.

Cash flow

During the half-year period ended 30 November 2023, the company recorded:

- net cash outflows from operating activities of \$1,246,496
- net cash outflows from investing activities of \$6,053,729, which was primarily attributable to exploration and evaluation works undertaken during the period
- net cash inflows from financing activities of \$65,524

Significant changes in the state of affairs

In July 2023, Clonbinane Goldfield Pty Ltd, a wholly owned subsidiary of the company, entered into a contract to purchase a property at 35 Hibberds Lane, Clonbinane, for total consideration of \$850,000 (excluding stamp duty and legal costs). A deposit of \$85,000 (10%) was paid in July 2023, with the balance due and payable at settlement in December 2023.

On 19 July 2023, the company announced the acquisition of prospecting licence Laura PL6415 for \$300,000, which is located in the Redcastle district of the Victorian goldfields. The acquisition reduced the company's cash and cash equivalents and increased the company's exploration and evaluation assets by \$300,000 during the half-year period ended 30 November 2023.

On 21 July 2023, the company announced the acquisition of freehold land adjacent to both the main access and current freehold ownership to the Sunday Creek Project for \$366,240. The acquisition reduced the company's cash and cash equivalents and increased the company's property, plant and equipment by \$366,240 during the half-year period ended 30 November 2023.

On 31 October 2023, the company's ultimate controlling entity, Mawson Gold Limited, announced its intention to restructure its shareholding in the company following completion of the ASX imposed escrow period. Following expiry of escrow period on 16 May 2024, subject to 66.66% approval by Mawson shareholders, Mawson anticipates distributing all of the 93,750,000 Southern Cross Gold Ltd shares it holds to the Shareholders of Mawson. The restructure has had no financial impact on Southern Cross Gold Ltd during or since the half-year period ended 30 November 2023 up until the signing of the half-year financial report.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 20 December 2023, Clonbinane Goldfield Pty Ltd, a wholly owned subsidiary of the company, completed the purchase of a property at 35 Hibberds Lane, Clonbinane, for total consideration of \$850,000 (excluding stamp duty and legal costs). A deposit of \$85,000 (10%) was paid in July 2023, with the remaining \$765,000 paid on settlement on 20 December 2023.

Subsequent to the end of the financial half-year, this transaction, excluding stamp duty and legal costs:

- reduced the company's cash and cash equivalents by \$765,000
- reduced the company's deposit for property purchase by \$85,000
- increased the company's property, plant and equipment by \$850,000.

Subsequent to period end and up until the date of signing, the fair value of the consolidated entity's investment in Nagambie Resources Limited decreased by \$106,722, with the share price decreasing from \$0.03 (3 cents) at 30 November 2023 to \$0.028 (2.8 cents) prior to the signing of the half-year financial report. This has decreased the consolidated entity's net profit and net asset position by \$106,722 subsequent to period end.

No other matter or circumstance has arisen since 30 November 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Environmental regulation

The consolidated entity holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. To the best of the Directors' knowledge, the consolidated entity has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the period ended 30 November 2023 and up to the date of the Directors' report.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in dark ink, appearing to read "Tom Eadie", written over a horizontal line.

Tom Eadie
Non-executive Chairman

25 January 2024

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF SOUTHERN CROSS
GOLD LTD**

I declare that, to the best of my knowledge and belief, during the half-year ended 30 November 2023 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow

N. S. Benbow
Director
Melbourne, 25 January 2024

Southern Cross Gold Ltd
Statement Of Profit Or Loss And Other Comprehensive Income
For the half-year ended 30 November 2023



		Consolidated	
	Note	30 November 2023	30 November 2022
		\$	\$
Revenue			
Interest income		174	14
Increase in fair value of investment in Nagambie Resources Limited		-	1,231,713
		<u>174</u>	<u>1,231,727</u>
Expenses			
Employee benefits expense		(747,154)	(412,927)
Share based payment expense		(2,573,423)	(232,772)
Depreciation and amortisation expense		(83,504)	(12,840)
Administration and corporate costs		(485,417)	(376,533)
Decrease in fair value of investment in Nagambie Resources Limited		(533,610)	-
Impairment of exploration and evaluation assets	5	(9,326)	(1,001,941)
Finance costs		<u>(6,256)</u>	<u>-</u>
Loss before income tax expense		(4,438,516)	(805,286)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of Southern Cross Gold Ltd		(4,438,516)	(805,286)
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the owners of Southern Cross Gold Ltd		<u>(4,438,516)</u>	<u>(805,286)</u>
		\$	\$
Basic earnings per share	10	(0.0241)	(0.0051)
Diluted earnings per share	10	(0.0241)	(0.0051)

The above Statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Southern Cross Gold Ltd
Statement Of Financial Position
As at 30 November 2023



	Consolidated	
	30 November	31 May 2023
Note	2023	
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	7,952,149	15,186,850
GST receivable	193,239	185,745
Other assets and prepaid expenses	72,946	1,554
Total current assets	<u>8,218,334</u>	<u>15,374,149</u>
Non-current assets		
Property, plant and equipment	2,716,238	2,307,813
Deposit paid for purchase of property	85,000	-
Exploration and evaluation	5 17,983,878	12,658,099
Investment in Nagambie Resources Limited	6 1,600,832	2,134,442
Right-of-use assets	274,235	237,308
Bonds and security deposits	51,989	46,370
Total non-current assets	<u>22,712,172</u>	<u>17,384,032</u>
Total assets	<u>30,930,506</u>	<u>32,758,181</u>
Liabilities		
Current liabilities		
Trade and other payables	1,162,126	1,338,810
Lease liabilities	99,757	60,067
Total current liabilities	<u>1,261,883</u>	<u>1,398,877</u>
Non-current liabilities		
Lease liabilities	172,846	179,652
Total non-current liabilities	<u>172,846</u>	<u>179,652</u>
Total liabilities	<u>1,434,729</u>	<u>1,578,529</u>
Net assets	<u>29,495,777</u>	<u>31,179,652</u>
Equity		
Issued capital	34,515,566	34,405,566
Reserves	5,208,009	2,563,368
Accumulated losses	(10,227,798)	(5,789,282)
Total equity	<u>29,495,777</u>	<u>31,179,652</u>

The above Statement of financial position should be read in conjunction with the accompanying notes

Southern Cross Gold Ltd
Statement Of Changes In Equity
For the half-year ended 30 November 2023



	Issued capital	Share-based payment reserve	Accumulated losses	Total equity
Consolidated	\$	\$	\$	\$
Balance at 1 June 2022	20,729,110	792,271	(1,833,947)	19,687,434
Loss after income tax expense for the half-year	-	-	(805,286)	(805,286)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(805,286)	(805,286)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued during the period	13,889,998	-	-	13,889,998
Cost of equity raised in the period	(2,291,275)	-	-	(2,291,275)
Vesting of share based payments	-	1,611,152	-	1,611,152
Balance at 30 November 2022	<u>32,327,833</u>	<u>2,403,423</u>	<u>(2,639,233)</u>	<u>32,092,023</u>
	Issued capital	Share-based payment reserve	Accumulated losses	Total equity
Consolidated	\$	\$	\$	\$
Balance at 1 June 2023	34,405,566	2,563,368	(5,789,282)	31,179,652
Loss after income tax expense for the half-year	-	-	(4,438,516)	(4,438,516)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(4,438,516)	(4,438,516)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued during the period	110,000	-	-	110,000
Vesting of share based payments	-	2,644,641	-	2,644,641
Balance at 30 November 2023	<u>34,515,566</u>	<u>5,208,009</u>	<u>(10,227,798)</u>	<u>29,495,777</u>

The above Statement of changes in equity should be read in conjunction with the accompanying notes

Southern Cross Gold Ltd
Statement Of Cash Flows
For the half-year ended 30 November 2023



	Consolidated	
	30 November 2023	30 November 2022
Note	\$	\$
Cash flows from operating activities		
Payments to suppliers, employees and taxation authorities	(1,240,240)	(882,040)
Payments for interest associated with lease liabilities	(6,256)	-
Net cash used in operating activities	(1,246,496)	(882,040)
Cash flows from investing activities		
Payments for property, plant and equipment	(451,495)	(60,071)
Payments for deposit of property purchase	(85,000)	-
Payments for exploration and evaluation	5 (5,511,789)	(2,107,709)
Payments for bonds and security deposits	(5,445)	-
Net cash used in investing activities	(6,053,729)	(2,167,780)
Cash flows from financing activities		
Proceeds for shares not issued	-	37,706
Proceeds from issue of shares	110,000	13,890,099
Payments for the cost of issuing capital	-	(954,804)
Payments of principal component of lease liabilities	(44,476)	-
Net cash from financing activities	65,524	12,973,001
Net increase/(decrease) in cash and cash equivalents	(7,234,701)	9,923,181
Cash and cash equivalents at the beginning of the financial half-year	15,186,850	7,946,407
Cash and cash equivalents at the end of the financial half-year	<u>7,952,149</u>	<u>17,869,588</u>

The above Statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Southern Cross Gold Ltd as a consolidated entities consisting of Southern Cross Gold Ltd (the 'Company') and the entities it controlled at the end of, or during, the period.

The financial statements are presented in Australian dollars, which is Southern Cross Gold Ltd's functional and presentation currency.

Southern Cross Gold Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 21, 459 Collins Street
Melbourne, Victoria, 3000
Australia

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 January 2024.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 30 November 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the annual report for the year ended 31 May 2023.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The directors continually evaluate its judgements and estimates in relation to assets, liabilities, revenue and expenditure.

The directors base their judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise such temporary differences and losses. The directors have not recognised deferred tax assets on the statement of financial position.

Recognition and measurement of exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity may commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and directly allocating overheads between those that are expensed and capitalised.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest or activities that are not at a stage that permits a reasonable estimate of the existence of economically recoverable reserves. When assessing the recoverability of capitalised costs, the consolidated entity also considers:

- The consolidated entity's ability to raise necessary capital, ensuring the consolidated entity's valuation exceeds its net assets.
- The status of tenements and compliance with tenement conditions, including whether or not the consolidated entity has met planned expenditures as required under each tenement.
- Assessing the results of exploration activity performed to date, including radar, drilling, survey and resources.

Factors that could impact the future commercial production at a mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

If a tenement has been relinquished or reduced, then an impairment charge is taken. This charge is generally based on the pro-rata area reduced, however there can be other reasons for not using such an approach. When a tenement is not relinquished or reduced but is thought to be of reduced carrying value then an impairment based on the directors' estimate of fair value has been applied. Any charge for impairment is recognised in profit or loss immediately.

The directors have assessed the balance of capitalised exploration costs in line with future planned exploration activities and the consolidated entity's accounting policy and have determined that an impairment adjustment of \$9,326 was necessary during the half-year reporting period ended 30 November 2023. Refer to Note 5 for further information.

Provision for restoration and rehabilitation costs

The consolidated entity has considered whether a provision for rehabilitation of any tenement is required. The directors do not consider that such a provision is necessary due to the fact that rehabilitation is being undertaken on a progressive basis. Whilst the consolidated entity is in the exploration phase it cannot reliably estimate the scope and costs of rehabilitation work that will need to be undertaken.

Share-based payment transactions for the period

The consolidated entity measures the cost of equity-settled transactions with employees, consultants and suppliers by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted. A significant judgement comes from the expected price volatility of the underlying share. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

During the half-year reporting period ended 30 November 2023, the company recorded the following share-based payment transactions:

- On 15 August 2023, Southern Cross Gold Ltd issued 2,000,000 unlisted options in ordinary shares to employees, who were not considered key management personnel, at an exercise price of \$0.66 (66 cents) per share. The unlisted options vested on 15 August 2023 and have an expiry date of 15 August 2026.
- On 23 October 2023, Southern Cross Gold Ltd issued 1,500,000 unlisted options in ordinary shares to consultants at an exercise price of \$1.20 (120 cents) per share. The unlisted options have been issued with an implied service condition, whereby the consultant will be required to provide services to Southern Cross Gold Ltd over a period of time in connection with a planned future capital raise. The unlisted options vest on completion of the planned future capital raise and have an expiry date of 23 October 2026. The directors have applied significant judgement and expect the planned future capital raise will take place within the next 12 months.
- On 7 November 2023, following approval at the company's 2023 Annual General Meeting held on 30 October 2023, the company issued 3,550,000 unlisted options in ordinary shares to directors at an exercise price of \$1.20 (120 cents) per share. The unlisted options vested on 30 October 2023 and have an expiry date of 7 November 2026.

Refer to Note 11 for further information.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Unlisted options issued to consultant in relation to future capital raise

On 23 October 2023, Southern Cross Gold Ltd issued 1,500,000 unlisted options in ordinary shares to consultants. The directors of the company have applied the following significant judgements when accounting for such options:

- The unlisted options have been issued with an implied service condition, whereby the consultant is required to provide services to Southern Cross Gold Ltd over a period of time in connection with a planned future capital raise.
- The directors expect the planned future capital raise will take place within the next 12 months, at which point the consultant options will vest.

Accordingly, the directors are recognising the fair value of such consultant options on a pro-rata basis throughout the period services are delivered by the consultant to the company. For the half-year period ended 30 November 2023, Southern Cross Gold Ltd recognised \$71,218 within the share-based payment reserve in relation to such consultant options.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity operates in one principal geographical area - in Australia. The consolidated entity carries out exploration for gold associated minerals in the area. The consolidated entity generated no revenue for the period ended 30 November 2023 due to the phase of such exploration activities.

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In the current year the board reviews the consolidated entity as one operating segment being mineral exploration within Australia.

All assets and liabilities and operations are based in Australia.

Note 5. Exploration and evaluation

	Consolidated	
	30 November 2023	31 May 2023
	\$	\$
Exploration and evaluation - at cost	<u>17,983,878</u>	<u>12,658,099</u>

Movements in carrying amounts

Movements in carrying amounts for exploration and evaluation assets between the beginning and end of the current period are disclosed below.

	Exploration and evaluation assets	Total
	\$	\$
Balance at 1 June 2023	12,658,099	12,658,099
Additions	5,335,105	5,335,105
Impairment loss	(9,326)	(9,326)
Balance at 30 November 2023	<u>17,983,878</u>	<u>17,983,878</u>

The value of the consolidated entity's interest in exploration and evaluation assets is dependent upon:

- the continuance of the consolidated entity's right to tenure of the areas of interest
- the results of future exploration and evaluation
- the recoupment of costs through successful development and exploration of the areas of interest, or alternatively, by their sale
- no significant changes in laws and regulations that greatly impact the consolidated entity's ability to maintain tenure.

Note 5. Exploration and evaluation (continued)

The directors of the consolidated entity reassessed the recoverable value of all tenement areas to which exploration and evaluation costs have been capitalised.

Following recent successful drilling results which the consolidated entity has produced at its Sunday Creek project, and the increased level of expenditure at this area of interest, the directors reviewed the residual carrying amount of its Queensland exploration assets for impairment.

Whilst the consolidated entity will continue to hold these tenements in good standing, substantive expenditure on further exploration in this area is not planned whilst it progresses exploration at Sunday Creek. Accordingly, the directors recorded an impairment charge of \$9,326 for the half-year reporting period ended 30 November 2023.

Note 6. Investment in Nagambie Resources Limited

	Consolidated	
	30 November	31 May 2023
	2023	
	\$	\$
<i>Non-current assets</i>		
Investments in Nagambie Resources Limited at fair value	<u>1,600,832</u>	<u>2,134,442</u>

Movements in carrying amounts

Movements in carrying amounts for investments in Nagambie Resources Limited between the beginning and end of the period including movements in the quantity of shares held and the share price are disclosed below.

	Quantity of shares held in Nagambie Resources Limited	Fair value per share of Nagambie Resources Limited \$	Investments in Nagambie Resources Limited at fair value \$	Total carrying amount \$
Balance at 1 June 2023	53,361,046	0.040	2,134,442	2,134,442
Decrease in fair value	-	(0.010)	(533,610)	(533,610)
Balance at 30 November 2023	53,361,046	0.030	1,600,832	1,600,832

The directors recognise changes in fair value of equity investments through profit or loss. Fair value is assigned to such investments based on quoted prices using Level 1 of the fair value hierarchy. There were no transfers between levels of the fair value hierarchy during the half-year period ended 30 November 2023.

As part of the Subscription Agreement Nagambie Resources has granted the consolidated entity a right of first refusal. Refer to Note 8 for further information.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy based on the lowest level of input that is significant to the entire fair value measured, which include the following:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The fair value of the consolidated entity's investment in Nagambie Resources Limited has changed materially since balance date. Refer to Note 9 for further information.

Note 7. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 8. Contingent liabilities and contingent assets

Security deposits

The consolidated entity holds security deposits, in the form of term deposits with its banker. These are guarantees for performance conditions set by the Department of Economic Development, Jobs, Transport and Resources Victoria on mining tenements held by the consolidated entity. Such guarantees are held to cover any future rehabilitation obligations the consolidated entity may have on the mining tenements. When all obligations in relation to a mining tenement are finalised, the relevant guarantee will be released and associated security deposit will be redeemed. The deposits are shown as noncurrent assets since it is not expected that they will be repaid within 12 months from balance date.

Redcastle joint venture

The consolidated entity is party to an Option and Joint Venture Agreements with Nagambie Resources Limited for the Redcastle Joint Venture tenements. In meeting \$1,000,000 of exploration commitments over a 5 year period set under the Farm-in Agreements by 25 March 2025, the consolidated entity will have a 70% economic interest in those tenements. Once the consolidated entity earns a 70% economic interest, a joint venture between the parties will be formed. Nagambie Resources Limited may then contribute its 30% share of further exploration expenditures or, if it chooses to not contribute, dilute its interest.

Should Nagambie Resource Limited's interest be reduced to less than 5%, it will be deemed to have forfeited its interest in the joint venture to the consolidated entity in exchange for a 1.5% net smelter return royalty ("NSR") on gold revenue. Should Nagambie Resources Limited be granted the NSR, the consolidated entity will have the right to acquire the NSR for \$4,000,000 per property. As of this date, the consolidated entity has earned 70% and the companies are proceeding to form a joint venture ("JV"). The JV is expected to be formed during the year ended 31 May 2024.

Whroo joint venture

The consolidated entity is party to an Option and Joint Venture Agreements with Nagambie Resources Limited for the Whroo Joint Venture tenements. In meeting \$2,500,000 of exploration commitments and \$250,000 cash payments over a 4 year period set under the Farm-in Agreements by 2 December 2024, the consolidated entity will have a 60% economic interest in those tenements. Once the consolidated entity earns a 60% economic interest, either party may elect by notice to the other to form a joint venture ("JV") under which the percentage ownership of each of Nagambie Resources Limited and the consolidated entity will be 40% and 60%, respectively.

Should the parties not elect to form a 40/60% JV, the consolidated entity will then have the option to earn an additional 10% interest in the Optioned Property (for an aggregate 70% interest) by incurring an additional \$1,500,000 of exploration expenditures on or before the end of year 6 (cumulative \$4,000,000 in years 1 to 6). Once the consolidated entity earns a 70% interest, a JV between the parties will be automatically formed. Nagambie Resources Limited may then contribute its 30% ownership with further exploration expenditures or, if it choose to not contribute, dilute its interest. Should Nagambie Resources Limited's interest be reduced to less than 5%, it will be deemed to have forfeited its interest in the JV to the consolidated entity in exchange for a 1.5% net smelter royalty ("NSR") on gold revenue.

Should Nagambie Resources Limited be granted the NSR, the consolidated entity will have the right to acquire the NSR for \$4,000,000. At 31 May 2023, the consolidated entity had met its minimum first year commitment, however it did not meet its minimum second-year commitment by 2 December 2022. Nevertheless, the directors of the consolidated entity note that both parties have agreed and consider the Option and Joint Venture Agreement to remain in good standing which has been extended by mutual consent.

Note 8. Contingent liabilities and contingent assets (continued)

Right of first refusal

Nagambie Resources Limited has granted the consolidated entity a right of first refusal in respect of any proposal by Nagambie Resources Limited and a third party to relinquish, sell, grant an option over, conduct a joint venture in relation to, or enter into any tolling, streaming, royalty or similar arrangements or understanding in respect of part or all a tenement (as defined in the Subscription Agreement and inclusive of the tenements forming the Victorian projects of the consolidated entity, it being noted that the tenements forming the Sunday Creek project are wholly owned by the consolidated entity via its subsidiary Clonbinane Goldfield Pty Ltd). The right of first refusal is able to be exercised by the consolidated entity at any time from receipt of a right of first refusal notice from Nagambie Resources Limited up to 5:00pm on the 30th day after receipt of the right of first refusal notice. For the duration of the right of first refusal, Nagambie Resources Limited shall ensure all tenements remain current and in good standing, and that all fees, taxes, levies and payments of any kind associated with the tenements are up to date.

The right of first refusal is conditional upon the consolidated entity continuing to hold the 50,000,000 Nagambie Resources Limited shares initially subscribed for by Mawson Gold Limited and transferred to Southern Cross Gold Ltd. For the duration of the right of first refusal, Nagambie Resources Limited shall ensure all tenements remain current and in good standing, and that all fees, taxes, levies and payments of any kind associated with the tenements are up to date.

There are no other contingent assets or liabilities at 30 November 2023.

Note 9. Events after the reporting period

On 20 December 2023, Clonbinane Goldfield Pty Ltd, a wholly owned subsidiary of the company, completed the purchase of a property at 35 Hibberds Lane, Clonbinane, for total consideration of \$850,000 (excluding stamp duty and legal costs). A deposit of \$85,000 (10%) was paid in July 2023, with the remaining \$765,000 paid on settlement on 20 December 2023.

Subsequent to the end of the financial half-year, this transaction, excluding stamp duty and legal costs:

- reduced the company's cash and cash equivalents by \$765,000
- reduced the company's deposit for property purchase by \$85,000
- increased the company's property, plant and equipment by \$850,000

Subsequent to period end and up until the date of signing, the fair value of the consolidated entity's investment in Nagambie Resources Limited decreased by \$106,722, with the share price decreasing from \$0.03 (3 cents) at 30 November 2023 to \$0.028 (2.8 cents) prior to the signing of the half-year financial report. This has decreased the consolidated entity's net profit and net asset position by \$106,722 subsequent to period end.

No other matter or circumstance has arisen since 30 November 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 10. Loss per share

	Consolidated	
	30 November 2023	30 November 2022
	\$	\$
Loss after income tax attributable to the owners of Southern Cross Gold Ltd	<u>(4,438,516)</u>	<u>(805,286)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>183,988,804</u>	<u>156,640,345</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>183,988,804</u>	<u>156,640,345</u>

Note 10. Loss per share (continued)

	\$	\$
Basic earnings per share	(0.0241)	(0.0051)
Diluted earnings per share	(0.0241)	(0.0051)

At 30 November 2023 there were no equity or potential equity instruments that were dilutive to earnings per share as, owing to the loss result, they are antidilutive in nature.

The director, employee and broker options have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted loss per share as they do not meet the requirements for inclusion in AASB 133: *Earnings per Share*. The options are non-dilutive as the consolidated entity has generated a loss for the half-year period.

Note 11. Share-based payments

Options to directors, employees and consultants

The company issued the following options to directors, employees and consultants of the company during the half-year reporting period ended 30 November 2023:

- On 15 August 2023, Southern Cross Gold Ltd issued 2,000,000 unlisted options in ordinary shares to employees, who were not considered key management personnel, at an exercise price of \$0.66 (66 cents) per share. The unlisted options vested on 15 August 2023 and have an expiry date of 15 August 2026.
- On 23 October 2023, Southern Cross Gold Ltd issued 1,500,000 unlisted options in ordinary shares to consultants at an exercise price of \$1.20 (120 cents) per share. The unlisted options have been issued with an implied service condition, whereby the consultant will be required to provide services over a period of time in connection with a planned future capital raise. The unlisted options vest on completion of the planned future capital raise and have an expiry date of 23 October 2026. The directors have applied significant judgement and expect the planned future capital raise will take place within the next 12 months. Refer to Note 3 for further information.
- On 7 November 2023, following approval at the company's 2023 Annual General Meeting held on 30 October 2023, the company issued 3,550,000 unlisted options in ordinary shares to directors at an exercise price of \$1.20 (120 cents) per share. The unlisted options vested on 7 November 2023 and have an expiry date of 7 November 2026.

Set out below are summaries of options granted to directors, employees and consultants of the company during the half-year reporting period ended 30 November 2023:

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
05/05/2022	05/05/2025	\$0.30	2,783,333	-	-	-	2,783,333
05/05/2022	05/05/2026	\$0.30	2,783,333	-	-	-	2,783,333
05/05/2022	05/05/2027	\$0.30	2,783,333	-	-	-	2,783,333
15/08/2023	15/08/2026	\$0.66	-	2,000,000	-	-	2,000,000
23/10/2023	23/10/2026	\$1.20	-	1,500,000	-	-	1,500,000
30/10/2023	07/11/2026	\$1.20	-	3,550,000	-	-	3,550,000
			8,349,999	7,050,000	-	-	15,399,999

The valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Risk-free interest rate	Fair value per option	Dividend yield	Fair value of option class
05/05/2022	05/05/2025	\$0.20	\$0.30	80.00%	0.66%	\$0.08	-	239,200
05/05/2022	05/05/2026	\$0.20	\$0.30	80.00%	0.66%	\$0.10	-	299,000
05/05/2022	05/05/2027	\$0.20	\$0.30	80.00%	0.66%	\$0.11	-	328,900
15/08/2023	15/08/2026	\$0.44	\$0.66	100.00%	3.10%	\$0.66	-	485,708
23/10/2023	23/10/2026	\$0.80	\$1.20	100.00%	3.10%	\$0.44	-	662,329
30/10/2023	07/11/2026	\$0.96	\$1.20	100.00%	3.10%	\$0.57	-	2,011,785

Options to Lead Manager

There were no new options over fully paid ordinary shares issued to the Lead Manager or broker during the half-year reporting period ended 30 November 2023.

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 November 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in dark ink, appearing to read "Tom Eadie", written over a horizontal line.

Tom Eadie
Non-executive Chairman

25 January 2024

Southern Cross Gold Ltd Independent auditor's review report

REPORT ON THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the accompanying half-year financial report of Southern Cross Gold Ltd (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (together, the consolidated entity), which comprises the consolidated statement of financial position as at 30 November 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Southern Cross Gold Ltd is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the consolidated entity's financial position as at 30 November 2023 and of its performance for the half year ended on that date; and
- b. complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

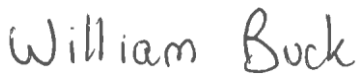
Responsibility of Management for the Financial Report

The directors of the consolidated entity are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 November 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136



N. S. Benbow

Director

Melbourne, 25 January 2024