

Southern Cross Gold Ltd

Leading the renaissance in the Victorian Goldfields

Southern Cross Gold Ltd (ASX:SXG) is an ASX-listed gold and critical metals company with three projects in the Victorian goldfields and one in Mt Isa, Queensland. The company's flagship project Sunday Creek is an epizonal gold-antimony deposit with antimony a critical metal used across the semi-conductor, defence and energy sector, in particular in lithium-ion battery production. SXG listed on the ASX in May 2022 after raising \$9.093mn at \$0.20/share in an initial public offering to give a market capitalisation at listing of \$31.25mn. The company was a spin-out from Toronto Stock Exchange-listed Mawson Gold (TSX:MAW) which remains the largest shareholder with 50.98%. The company has subsequently raised an additional \$16mn before costs at an issue price of \$0.58/share through a placement with institutional and sophisticated investors. The company is currently focused on drilling the Sunday Creek Project in Victoria where multiple holes have now intersected high-grade veins. The current drilling programme is targeted to expand the known mineralisation at Sunday Creek along strike and at depth below historic mining areas from the 1880s.

Portfolio description

Southern Cross Gold is an exploration stage company with a focus on gold exploration in Australia. The company has four projects: Sunday Creek, Redcastle, Whroo, and Mt Isa. The 100%-owned **Sunday Creek Project** is a shallow orogenic Fosterville-style deposit located approximately 60km north of Melbourne and contained within 19,365ha of both granted exploration licenses and one granted retention license. SXG owns 132.6ha of freehold land around the current drill area at Sunday Creek. The company owns 70% of the **Redcastle Project** which comprises three granted exploration licences and is located in central Victoria 120kms north of Melbourne and 45kms east of Bendigo. The 14-kilometre long **Whroo** project is located 130kms north of Melbourne and is one of the largest historic epizonal goldfields in Victoria. Southern Cross Gold can earn up to 70% of the project which comprises six exploration licences and one granted retention licence. SXG also holds seven exploration prospecting licenses for 861km² of granted licenses in south east **Mt Isa**. Additionally, the company is the largest shareholder of ASX-listed Nagambie Resources with a 10% holding, giving it a right of first refusal over 3,300kms held by Nagambie across central to northern Victoria.

Current drilling programme is expanding Sunday Creek's potential

The company's focus currently is on Sunday Creek which diamond drilling thus far has yielded results including: 305.8m at 2.4g/t AuEq; 119.2m at 3.9g/t AuEq including 64m at 3.0g/t AuEq and 39m at 6.8g/t AuEq; and 21.5m at 15.0g/t AuEq including 2.1m at 121.6g/t AuEq. The company considers Sunday Creek to be one of the best exploration discoveries to come out of Victoria in recent times with 21 holes with greater than 100g/t AuEq intersected so far.

Continual news flow expected for remainder of 2023

Southern Cross Gold anticipates continual news flow from Sunday Creek for the remainder of 2023 as 30,000km of additional exploration and expansion drilling takes place and the holes are geologically processed and analysed. It is important to remember that only 800m along strike has been drilled to date. For the remainder of the year, resource and expansion drilling is expected along Apollo at the most easterly end of Sunday Creek, at Rising Sun and Golden Dyke. In tandem the company will undertake soil sampling at both Redcastle and Whroo and for drilling to commence at Redcastle by mid-year. A supportive outlook for gold prices will likely underpin SXG's share price in the near term.

Share Details

ASX code	SXG
Share price (24-Feb)	\$0.65
Market capitalisation	\$119.5M
Number of shares	183.8M
Total unlisted options on issue	18.3M
Net cash at 30-Nov-2022	\$17.9M

Share Price Performance (Since listing)



Upside Case

- Sunday Creek emerges as a 'Fosterville'-style deposit
- Controls three of Victoria's nine epizonal historic goldfields
- Antimony delivers exposure to critical metals markets

Downside Case

- Still in exploration stage with no guarantee of drill success
- Additional capital likely to fund drilling programmes
- Potential overhang from largest shareholder

Catalysts

- Additional drilling success at Sunday Creek
- Additional drilling at Whroo and Redcastle
- Rising gold price lifting sector sentiment

Comparative Companies (Australia & NZ)

FAL, BRB, AUC

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FINANCIAL SERVICES GUIDE

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