

Southern Cross Gold Ltd

ABN 70 652 166 795

Half year financial report - 30 November 2022



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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)

Company secretary

Justin Mouchacca

Registered office

Level 21, 459 Collins Street
Melbourne, VIC 3000
Ph: +61 3 8630 3321

Principal place of business

Level 21, 459 Collins Street
Melbourne, VIC 3000

Share register

Computershare Investor Services Pty Ltd
Yarra Falls
45 Johnson Street
Abbotsford
Ph: 1300 555 159 (within Australia)
Ph: +61 3 8610 5000 (outside Australia)

Auditor

William Buck
Level 20, 181 William Street
Melbourne VIC 3000

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 over an initial 1km trend. The Company considers Sunday Creek to be one of the better new exploration discoveries to come out of Victoria in recent times with twenty (20) >100 AuEq g/t x m holes intersected at period end. Mineralisation remains open at depth and along strike. A 10 km mineralised trend at Sunday Creek that extends beyond the current Golden Dyke to Apollo drill area is defined by historic workings and soil sampling that has yet to receive any exploration drilling and offers potential future upside.

The Company reported sixteen holes for 5,409.0 m during the period (SDDSC034-047 and SDDSC049-50). Continuity, with great width and grades, is now evident down to 800 m vertical depth.

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.

Drillhole SDDSC034, drilled to test the near-surface extensions of the Apollo area, intersected 9.0 m @ 1.9 g/t AuEq (1.8 g/t Au and 0.1% Sb) from 43.8 m in hole including **1.2 m @ 7.1 g/t AuEq (6.4 g/t Au and 0.4% Sb) from 44.8 m and 0.3 m @ 7.6 g/t AuEq (0.0 g/t Au and 4.8% Sb) from 131.2 m.**

SDDSC035 and SDDSC036 were drilled to test the SE-NW extensions of the Apollo shoot over a 30 m strike distance from SDDSC033 (119.2m @ 3.2 g/t Au and 0.4% Sb (3.9 g/t AuEq)) drilled in the previous quarter. Drillhole SDDSC035 intersected a significant width of **42.4 m @ 1.0 g/t AuEq (0.8 g/t Au and 0.1% Sb) from 87.8 m.**

Drill holes SDDSC038-39 demonstrated **continuity of widths and grade in the Apollo shoot** around the earlier spectacular result in SDDSC033 and drilled over a 100 m distance, above and below that hole. Drill hole SDDSC039 was drilled 30 m below SDDSC033 and intersected **42.0 m @ 4.8 g/t AuEq (3.5 g/t Au and 0.8% Sb) from 166.0 m** whilst SDDSC038 was drilled 60 m above SDDSC033 and intersected **15.3 m @ 4.2 g/t AuEq (2.8 g/t Au and 0.9% Sb) from 141.0 m.**

Drill hole SDDSC040, drilled towards 020, was designed as the first test in this orientation to drill down the dip of the diorite-dyke structure that hosts mineralisation, but at a higher angle to the high-grade 330 degree strike-oriented vein sets. The purpose of drilling in this orientation was to confirm the continuity of mineralisation within the main Apollo shoot and test the orientation of high-grade structures. The hole was successful in defining both continuity to depth and delineating higher grades returning intersections of **16.8 m @ 3.4 g/t AuEq (3.2 g/t Au and 0.2% Sb) from 116.0 m and 17.9 m @ 2.7 g/t AuEq (2.3 g/t Au and 0.3% Sb) from 243.2 m.**

Drillholes SDDSC042 and SDDSC045 were drilled in a NW-SE orientation across the NNE-trending Apollo shoot which demonstrated continuity of high-grade mineralisation and showed the true thickness of the Apollo shoot to be up to 50 m, with higher grades over 20 m - 40 m. SDDSC045 intersected a very broad zone of mineralisation from 97.4 m – 186.8 m downhole (**89.5 m @ 1.9 g/t AuEq** (1.8 g/t Au, 0.04% Sb, no lower cut applied) whilst SDDSC042 (drilled 40 m above SDDSC045) intersected another very broad zone of mineralisation from 111.9 m – 146.9 m down hole (**36.1 m @ 1.4 g/t AuEq** (1.2 g/t Au, 0.08% Sb no lower cut applied).

At the time of its release in early October, drill hole SDDSC046 was the single best intersection to date at Sunday Creek with the highest-grade mineralisation intersected in a new area at Rising Sun, located 350 m from the Apollo shoot. Overall, drill hole SDDSC046 graded **21.5 m @ 15.0 g/t AuEq (12.2 g/t Au and 1.7% Sb) from 183.6 m**, including **2.1 m @ 121.6 g/t AuEq (115.5 g/t Au and 3.9% Sb)** with abundant visible gold and assays **up to 380.6 g/t AuEq over 0.4 m**.

Drill hole SDDSC049, drilled below old workings at Golden Dyke for the first time, intersected **48.9 m @ 3.0 g/t AuEq** (2.0 g/t Au, 0.64% Sb) from 182 m (no lower cut) in a new shoot with wide zones of mineralisation and seven high-grade intersections (>10 g/t AuEq) grading up to 38.2 g/t AuEq (34.0 g/t Au and 2.67% Sb) and with abundant visible gold.

At the end of the period and subsequent to close of the period, the Company released the results of drill hole SDDSC050 in two parts. The hole was originally designed to test under the Rising Sun shoot, however, mineralisation continued in a never-before-drilled area between Rising Sun and Gladys. SDDSC050 had a total of **861 g/t AuEq x m cumulative intersection** from 319.2 m to 840.0 m (**for 520.8 m @ 1.7 g/t AuEq no lower cut**) with thirteen individual veins sets identified over >0.5 km from the first to last high-grade gold intersection.

As the deepest hole on the Sunday Creek project by 278 m, SDDSC050 has demonstrated the **changing nature of mineralisation with thick quartz carbonate veins up to 1 m wide with gold and arsenic, but no antimony mineralisation**. This is a typical change in epizonal deposits in Victoria which transition from gold-antimony to gold only zones at depth (Photos 12-13).

SDDSC050 was 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 60-70% of the sampled thickness.

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: **$AuEq = Au (g/t) + 1.58 \times Sb (\%)$** .

Additional Drill Rigs Mobilised

Two additional drill rigs were mobilised at Sunday Creek during the period to increase drill capacity on the project. At the end of the period, the Company had the three rigs drilling seven days a week, 12 hours a day over four shifts on the property.

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, resulting in an impairment charge of \$101,892.

In addition, 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. This resulted in an additional impairment charge of \$900,049.

Corporate

Successful Capital Raise

On 28 November 2022 the Company issued 23.9 million new Shares to institutional and sophisticated investors raising \$13.89 million (before costs).

Subsequent to period end, on 9 December 2022, the Company issued a further 3.5 million Shares to institutional and sophisticated investors, raising an additional \$2 million (before costs).

These shares were issued at \$0.58 per New Share (**Placement**), which was an 11.5% premium to the 15-day volume-weighted average price ("VWAP") and a 1.7% discount to the last traded price prior to the Placement being announced on 22 November 2022.

The capital will be used to add additional drill rigs with up to five diamond drill rigs planned (up from three active drill rigs in operation at the end of the quarter), to advance exploration at Sunday Creek.

In accordance with the Placement, an investment of \$110,000 from the Directors of the Company will be subject to shareholder approval to be sought at a general meeting of shareholders in due course.

ESG

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

Safety

- No lost time incidents occurred during the period.
- SXG believes the highest risk part of our employee's workday is driving to and from our projects. To reduce this risk, all our field staff completed a 4WD safety driving course to ensure they have the knowledge, skills and strategies to avoid incidents on the road and in the field.

Environment

- SXG continues to rehabilitate all our exploration drill sites to the highest industry standard.
- A baseline sound monitoring survey commenced at our Sunday Creek project during the period. The study will measure the ambient noise on the project and will form part of a larger environmental survey aimed at de-risking the project and ensuring that we have minimal impact on the environment and local communities.
- SXG is partnering with our local Landcare group to control noxious weeds around the Sunday Creek project.

Social

SXG maintained its commitment to respectful and meaningful engagement with all stakeholders and to operating with openness and transparency this quarter by:

- Becoming a member of the Diversity Council of Australia.
- Implementing a job-sharing arrangement with our field shed staff. Our flexible work arrangements for our staff, 50% of which are female, give us a competitive advantage as they boost recruitment efficiency and cut costs.
- Undertaking several community tours of the Sunday Creek project.
- Establishing a Sunday Creek Community Facebook page.
- Employees volunteering at local Landcare events and an open garden day to raise funds for the Clonbinane CFA.
- Becoming members of the Clonbinane Community Emergency Planning Group to better connect and work together before, during and after emergencies.

- Drafting a Terms of Reference in conjunction with the Clonbinane Action Group to form a Clonbinane Community Reference Group for the Sunday Creek Project.
- SXG and our primary contractor, Starwest Drilling, donating to local food banks Freedom Care and Love in Action. This money will be used to help vulnerable people in the community during the holiday period.
- Entering a partnership with Goulburn Options (GO) disability support services (www.goinc.org.au). GO delivered their first shipment of locally made core blocks to the Sunday Creek project during the quarter. Off cuts from the manufacture of our core blocks were used to make Christmas decorations that are for sale at the GO gallery in Seymour.
- Sponsoring the translation of the Taungurung Welcome to Country into the ancient Taungurung language. This translation can be viewed of the SXG home page on our website. SXG would like to thank the Taungurung Language Reference Group for their efforts in making this project possible.
- Mentoring young people in the mining industry. Our female executive staff continued to mentor young people through their involvement in the AusIMM Women in Mining, International Women in Mining and Women in Earth and Environmental Sciences in Australasia.

Governance

- During the period, SXG personal underwent training to further align SXG governance with the “Towards Sustainable Mining” initiative (TSM). The TSM is an award-winning accountability framework which helps minerals companies evaluate, manage and communicate their sustainability performance. By adopting the independently verified TSM performance indicators we reinforce our commitment to continuous improvement in safety, environmental and social governance. For more information please go to: <https://www.minerals.org.au/towards-sustainable-mining>.

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 2022.

Southern Cross Gold Ltd was incorporated on 21 July 2021. Consequently these are the first whole interim financial statements of the company. Accordingly, the comparative cash flow and profit or loss results in these financial statements are for the period of incorporation through to 30 November 2021.

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 28 November 2022, Southern Cross Gold Ltd issued 3,000,000 unlisted options in ordinary shares to Bell Potter Securities Limited, who was the Lead Manager for the capital raise announced by the Company on 22 November 2022. The unlisted options vested on 28 November 2022 and have an expiry date of 28 November 2025.

Dividends

There were no dividends paid, recommended or declared during the period ended 30 November 2022.

Financial performance

The loss for the consolidated entity after providing for income tax amounted to \$805,286 (30 November 2021: \$80,921).

The loss, which was reduced by a \$1,231,713 increase in fair value of investment in Nagambie Resources Limited, is primarily driven by:

- employee benefits expense of \$645,699
- administration and corporate costs of \$376,533
- impairment of exploration and evaluation assets of \$1,001,941.

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

- increase in fair value of investment in Nagambie Resources Limited of \$1,231,713
- depreciation and amortisation of \$12,840
- share based payments recognised through employee benefits expense of \$232,772
- impairment of exploration and evaluation assets of \$1,001,941.

Excluding these non-cash transactions, the loss for the period amounted to \$789,446. This loss was largely attributable to administration, corporate and salary and wage costs incurred in operating the company.

In addition, at 30 November 2022, the consolidated entity recorded:

- cash and cash equivalents of \$17,869,588
- net assets of \$32,092,023
- working capital of \$17,193,241.

Impairment of exploration and evaluation assets of \$1,001,941 for the period ended 30 November 2022 is attributable to the following:

- On 17 October 2022, Mawson Queensland Pty Ltd, a subsidiary of Southern Cross Gold Ltd, surrendered tenement EPM 26483 located at Mount Isa, Queensland. Accordingly, the directors recorded an impairment charge of \$101,892.
- 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 \$900,049.

Refer to Note 5 for further information.

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 2022 were \$32,092,023. Current assets of the consolidated entity at 30 November 2022 were \$18,122,474, exceeding current liabilities of \$929,233.

The increase in financial position of the company during the period was largely due to the capital raisings amounting to \$13,900,000 before equity raising costs.

Cash flow

The company raised proceeds from issue of shares of \$13,900,000 (before costs) for the period ended 30 November 2022. Proceeds from share issue were raised from the issue of 23,948,272 fully paid ordinary shares with an issue price of \$0.58 (58 cents) per share on 28 November 2022 to professional and sophisticated investors. Cash and cash equivalents of the consolidated entity at 30 November 2022 were \$17,869,588.

Refer to the detailed review of operations preceding this report for further information on the consolidated entity's activities.

Significant changes in the state of affairs

The following significant events have occurred during the period:

On 21 November 2022, Southern Cross Gold Ltd announced another spectacularly wide intersection of gold-antimony mineralisation grading at its 100%-owned Sunday Creek Project in Victoria. As a result, Southern Cross Gold Ltd's share price increased from \$0.59 (59 cents) on 21 November 2022 to \$0.68 (68 cents) on 22 November 2022. The Company's share price subsequently increased to \$0.855 (85.5 cents) on 30 November 2022.

On 22 November 2022, Southern Cross Gold Ltd announced that it had secured firm commitments for a placement of shares to institutional and sophisticated investors. Following this announcement, on 28 November 2022, Southern Cross Gold Ltd issued 23,948,272 fully paid ordinary shares with an issue price of \$0.58 (58 cents) per share, raising \$13,900,000 (before costs). This resulted in a change of interests of a substantial shareholder, with Mawson Gold Ltd's voting power decreasing from 60.00% to 52.03% as of 28 November 2022.

Funding raised via the placement will be used to add additional drill rigs with up to five diamond drill rigs planned (up from three active drill rigs) to advance exploration at Sunday Creek.

During the period ended 30 November 2022, the fair value of the consolidated entity's investment in Nagambie Resources Limited increased by \$1,231,713.

There were no other significant changes in the state of affairs of the consolidated entity during the period.

Matters subsequent to the end of the financial half-year

On 9 December 2022, Southern Cross Gold Ltd acquired an additional 2,039,669 fully paid ordinary shares at \$0.7 (7 cents) per share in Nagambie Resources Limited (ASX: NAG) for consideration of \$142,777. Following the placement, Southern Cross Gold Ltd's shareholding in Nagambie Resources Limited increased to 53,361,046 shares, representing a 10% ownership interest.

On 13 December 2022, employees of the company, who are not considered key management personnel, exercised 166,667 of options over fully paid shares at an exercise price of \$0.30 (30 cents) in exchange for consideration of \$50,000. These options were issued under an employee share ownership plan in connection with the consolidated entity's IPO on 16 May 2022.

On 19 December 2022, Southern Cross Gold Ltd issued a further 3,448,276 fully paid ordinary shares at an issue price of \$0.58 (58 cents) per share, raising a further \$2,000,000. The remaining shares from the placement will be subject to shareholder approval, which will be sought at a general meeting of shareholders proposed to be held over the coming months. This resulted in a change in interests of a substantial shareholder, with Mawson Gold Ltd's voting power decreasing from 52.03% to 51.00% as of 19 December 2022.

On 9 January 2023, Mawson Victoria Pty Ltd, which is a 100% owned subsidiary of Southern Cross Gold Ltd, entered into a lease agreement for a commercial premises in Kilmore, Victoria. The key terms of the lease are as follows:

- Commencement date of 1 February 2023
- Lease payments of \$70,000 ex-GST per annum
- Initial lease term of two years, with three two year options available

Subsequent to 30 November 2022 and up until the date of signing, the fair value of the consolidated entity's investment in Nagambie Resources Limited decreased by \$923,785 with the share price decreasing from \$0.074 (7.4 cents) at 30 November 2022 to \$0.056 (5.6 cents) at 31 January 2023 prior to signing the half-year financial report. This has decreased the consolidated entity's net profit and net asset position by \$923,785 since the half-year.

No other matter or circumstance has arisen since 30 November 2022 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 2022 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



Tom Eadie
Non-executive Chairman

13 February 2023

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 2022 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
Director
Melbourne, 13 February 2023

Southern Cross Gold Ltd
Statement Of Profit Or Loss And Other Comprehensive Income
For the half-year ended 30 November 2022



		Consolidated	
		For period 21	
		July 2021 to	
		30 November	30 November
Note		2022	2021
		\$	\$
Revenue			
Revenue		14	-
Increase in fair value of investment in Nagambie Resources Limited		1,231,713	-
		<u>1,231,727</u>	<u>-</u>
Expenses			
Employee benefits expense		(645,699)	(5,125)
Depreciation and amortisation expense		(12,840)	(9,695)
Administration and corporate costs		(376,533)	(66,101)
Impairment of exploration and evaluation assets	5	<u>(1,001,941)</u>	<u>-</u>
Loss before income tax expense		(805,286)	(80,921)
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		(805,286)	(80,921)
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>(805,286)</u>	<u>(80,921)</u>
		\$	\$
Basic earnings per share	11	(0.0051)	(40,460.5000)
Diluted earnings per share	11	(0.0046)	(40,460.5000)

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 2022



	Consolidated	
	30 November	31 May 2022
Note	2022	2022
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	17,869,588	7,946,407
GST receivable	251,198	68,749
Other assets and prepaid expenses	1,688	2,950
Total current assets	18,122,474	8,018,106
Non-current assets		
Property, plant and equipment	2,092,894	2,045,663
Exploration and evaluation	5 8,981,136	7,456,722
Investment in Nagambie Resources Limited	3,797,782	2,566,069
Bonds and security deposits	26,970	26,956
Total non-current assets	14,898,782	12,095,410
Total assets	33,021,256	20,113,516
Liabilities		
Current liabilities		
Trade and other payables	929,233	426,082
Total current liabilities	929,233	426,082
Total liabilities	929,233	426,082
Net assets	32,092,023	19,687,434
Equity		
Issued capital	6 32,327,833	20,729,110
Reserves	7 2,403,423	792,271
Accumulated losses	(2,639,233)	(1,833,947)
Total equity	32,092,023	19,687,434

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 2022



Consolidated	Issued capital	Share-based payment reserve	Accumulated losses	Total deficiency in equity
	\$	\$	\$	\$
Balance at 21 July 2021	-	-	-	-
Loss after income tax expense for the half-year	-	-	(80,921)	(80,921)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(80,921)	(80,921)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued during the period	1	-	-	1
Balance at 30 November 2021	<u>1</u>	<u>-</u>	<u>(80,921)</u>	<u>(80,920)</u>
Consolidated	Issued capital	Share-based payment reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
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>

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 2022



		Consolidated	
		For period 21	
		July 2021 to	
		30 November 30 November	
Note		2022	2021
		\$	\$
Cash flows from operating activities			
	Receipts from customers (inclusive of GST)	-	7,077
	Payments to suppliers (inclusive of GST)	(469,113)	-
	Payments to employees	(412,927)	-
	Net cash from/(used in) operating activities	(882,040)	7,077
Cash flows from investing activities			
	Payments for property, plant and equipment	(60,071)	(68,965)
5	Payments for exploration and evaluation	(2,107,709)	(763,175)
	Cash and cash equivalents acquired from subsidiaries	-	543,749
	Payments for bonds and security deposits	-	(1,955)
	Net cash used in investing activities	(2,167,780)	(290,346)
Cash flows from financing activities			
	Proceeds for shares not issued	37,706	-
	Proceeds from issue of shares	13,890,099	-
	Payments for the cost of issuing capital	(954,804)	-
	Proceeds from borrowings	-	630,776
	Net cash from financing activities	12,973,001	630,776
	Net increase in cash and cash equivalents	9,923,181	347,507
	Cash and cash equivalents at the beginning of the financial half-year	7,946,407	-
	Cash and cash equivalents at the end of the financial half-year	17,869,588	347,507

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.

Southern Cross Gold Ltd was incorporated on 21 July 2021. Consequently these are the first whole interim financial statements of the company. Accordingly, the comparative cash flow and profit or loss results in these financial statements are for the period of incorporation through to 30 November 2021.

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 13 February 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 November 2022 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 2022.

The principal 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.

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

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 relates to these activities and directly allocating overheads between those that are expensed and capitalised.

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. Factors that could impact the future commercial production at the 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.

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 no impairment was necessary. 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.

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 period, the parent entity issued 3,000,000 options over fully paid shares to Bell Potter Securities Limited (the Lead Manager) in connection with the placement of shares announced on 22 November 2022, with an exercise price of \$0.87 (87 cents), expiring 3 years from the placement date on 28 November 2025. Refer to Note 12 for further information.

Impairment of assets

The consolidated entity assesses each cash-generating unit (CGU) to determine whether there is any indication of impairment or reversal. Where an indicator of impairment or reversal exists, a formal estimate of the recoverable amount is made, which is deemed as being the higher of the fair value less costs of disposal and value in use.

These assessments require the use of estimates and assumptions, including the following:

- The consolidated entity's ability to raise necessary capital, whereby 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.

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 2022 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 2022	31 May 2022
	\$	\$
Exploration and evaluation - at cost	<u>8,981,136</u>	<u>7,456,722</u>

Movements in carrying amounts

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

	Exploration and evaluation assets	Total
	\$	\$
Balance at 21 July 2021	-	-
Additions	1,963,369	1,963,369
Additions through asset acquisitions	5,493,353	5,493,353
Balance at 31 May 2022	<u>7,456,722</u>	<u>7,456,722</u>
Balance at 1 June 2022	7,456,722	7,456,722
Additions	2,526,355	2,526,355
Impairment loss	(1,001,941)	(1,001,941)
Balance at 30 November 2022	<u>8,981,136</u>	<u>8,981,136</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.

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

Note 5. Exploration and evaluation (continued)

Impairment of exploration and evaluation assets of \$1,001,941 for the period ended 30 November 2022 is attributable to the following:

- On 17 October 2022, Mawson Queensland Pty Ltd, a subsidiary of Southern Cross Gold Ltd, surrendered tenement EPM 26483 located at Mount Isa, Queensland, requiring the directors to test exploration and evaluation costs capitalised to this tenement area for impairment. As a result, the directors concluded an impairment charge of \$101,892.
- 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 \$900,049.

Note 6. Issued capital

	30 November 2022 Shares	31 May 2022 Shares	Consolidated 30 November 2022 \$	31 May 2022 \$
Ordinary shares - fully paid	<u>180,196,022</u>	<u>156,247,750</u>	<u>32,327,833</u>	<u>20,729,110</u>

Movements in issued capital

Movements in issued capital between the beginning and end of the period are disclosed below.

Details	Date	Shares	Issue price	\$
Opening balance	1-Jun-22	156,247,750		20,729,110
Capital raise	28-Nov-22	23,948,272	\$0.58	13,889,998
Less capital raising costs	28-Nov-22	-		(2,291,275)
Closing balance	30-Nov-22	<u>180,196,022</u>		<u>32,327,833</u>

Capital raising costs for the period ended 30 November 2022 comprise the following:

Details	\$
Management and selling fee paid to Lead Manager	909,790
Options issued to Lead Manager	1,378,380
Other capital raising costs	3,105
	<u>2,291,275</u>

Bell Potter Securities Limited was appointed as Lead manager for the capital raise completed on 28 November 2022.

Options issued to the Lead Manager comprised 3,000,000 unlisted options in ordinary shares. Refer to Note 12 for further information.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 7. Reserves

	Consolidated	
	30 November 2022 \$	31 May 2022 \$
Share-based payments reserve	2,403,423	792,271

Movements in share-based payments reserve

Movements in share-based payments reserve between the beginning and end of the period are disclosed below.

	Share-based payment reserve \$	Total \$
Balance at 1 June 2022	792,271	792,271
Options issued to brokers	1,378,380	1,378,380
Vesting charge of options issued to directors and employees	232,772	232,772
Balance at 30 November 2022	2,403,423	2,403,423

Refer to Note 12 for further information regarding options in ordinary shares held by the Lead Manager and employees/key management personnel.

Note 8. Dividends

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

Note 9. 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.

Note 9. Contingent liabilities and contingent assets (continued)

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 \$4,000,000 of exploration commitments and \$250,000 cash payments over a 6 year period set under the Farm-in Agreements by 2 December 2026, the consolidated entity will have up to a 70% economic interest in those tenements. Once the consolidated entity earns a 70% economic interest, a joint venture between the parties will be automatically formed. Nagambie Resources Limited may then contribute its 30% ownership with 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 be granted the NSR, the consolidated entity will have the right to acquire the NSR for \$4,000,000.

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 2022.

Note 10. Events after the reporting period

On 9 December 2022, Southern Cross Gold Ltd acquired an additional 2,039,669 fully paid ordinary shares at \$0.7 (7 cents) per share in Nagambie Resources Limited (ASX: NAG) for consideration of \$142,777. Following the placement, Southern Cross Gold Ltd's shareholding in Nagambie Resources Limited increased to 53,361,046 shares, representing a 10% ownership interest.

On 13 December 2022, employees of the company, who are not considered key management personnel, exercised 166,667 of options over fully paid shares at an exercise price of \$0.30 (30 cents) in exchange for consideration of \$50,000. These options were issued under an employee share ownership plan in connection with the consolidated entity's IPO on 16 May 2022.

On 19 December 2022, Southern Cross Gold Ltd issued a further 3,448,276 fully paid ordinary shares at an issue price of \$0.58 (58 cents) per share, raising a further \$2,000,000. The remaining shares from the placement will be subject to shareholder approval, which will be sought at a general meeting of shareholders proposed to be held over the coming months. This resulted in a change in interests of a substantial shareholder, with Mawson Gold Ltd's voting power decreasing from 52.03% to 51% as of 19 December 2022.

On 9 January 2023, Mawson Victoria Pty Ltd, which is a 100% owned subsidiary of Southern Cross Gold Ltd, entered into a lease agreement for a commercial premises in Kilmore, Victoria. The key terms of the lease are as follows:

- Commencement date of 1 February 2023
- Lease payments of \$70,000 ex-GST per annum
- Initial lease term of two years, with three two year options available

Note 10. Events after the reporting period (continued)

Subsequent to 30 November 2022 and up until the date of signing, the fair value of the consolidated entity's investment in Nagambie Resources Limited decreased by \$923,785 with the share price decreasing from \$0.074 (7.4 cents) at 30 November 2022 to \$0.056 (5.6 cents) at 31 January 2023 prior to signing the half-year financial report. This has decreased the consolidated entity's net profit and net asset position by \$923,785 since the half-year.

No other matter or circumstance has arisen since 30 November 2022 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 11. Loss per share

	Consolidated	
	For period 21	
	July 2021 to	
	30 November	30 November
	2022	2021
	\$	\$
Loss after income tax attributable to the owners of Southern Cross Gold Ltd	(805,286)	(80,921)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	156,640,345	2
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	18,470,000	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	175,110,345	2
	\$	\$
Basic earnings per share	(0.0051)	(40,460.5000)
Diluted earnings per share	(0.0046)	(40,460.5000)

Note 12. Share-based payments

Set out below are summaries of performance right granted during the period ended 30 November 2022:

Options to directors and employees

There were no new options over fully paid ordinary shares issued to directors and employees of the company during the period ended 30 November 2022.

Set out below are summaries of options granted to directors and employees as at 30 November 2022 which were issued in previous periods:

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	2,990,000	-	-	-	2,990,000
05/05/2022	05/05/2026	\$0.30	2,990,000	-	-	-	2,990,000
05/05/2022	05/05/2027	\$0.30	2,990,000	-	-	-	2,990,000
			8,970,000	-	-	-	8,970,000

Note 12. Share-based payments (continued)

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

Options to Lead Manager

During the period ended 30 November 2022, 3,000,000 options over fully paid ordinary shares were issued to the Lead Manager in connection with the placement of shares announced on 22 November 2022, with an exercise price of \$0.87 (87 cents), expiring 3 years from the placement date on 28 November 2025.

Set out below are summaries of options granted to the Lead Manager in connection with the IPO that occurred during the period ended 31 May 2022, and the subsequent placement of shares that occurred during the period ended 30 November 2022:

Grant date	Grant date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ Forfeited/ Other	Balance at the end of the period
05/05/2022	05/05/2025	\$0.30	6,500,000	-	-	-	6,500,000
28/11/2022	28/11/2025	\$0.87	-	3,000,000	-	-	3,000,000

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	-	520,000
28/11/2022	28/11/2025	\$0.68	\$0.87	119.00%	3.13%	\$0.46	-	1,378,380

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 2022 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



Tom Eadie
Non-executive Chairman

13 February 2023

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 (the consolidated group), which comprises the consolidated statement of financial position as at 30 November 2022, 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 2022 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 Company in accordance with 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.

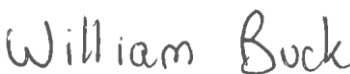
Responsibility of Management for the Financial Report

The directors of Southern Cross Gold Ltd 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 Company's financial position as at 30 November 2022 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, 13 February 2023