



## CLARIFICATION OF SXG RELEASE

### ASX RELEASE

7-Mar-12

This release is made as a clarifying response to the ASX release by Southern Cross Goldfields Ltd (SXG) 6 February 2012, and the letter regarding the open offer delivered to Beacon Minerals of the same date, for the Sale of the Barlee Mining Lease (**Barlee Project**) originally made 12 February 2011 (**SXG Offer**). The SXG Offer consisted of 60 million shares in SXG (to be distributed in specie to shareholders), to be paid as consideration for the sale all of the Barlee Project to SXG.

The Company wishes to clarify, that it did not consider then and does not consider now, the SXG Offer to be in the best interests of the Beacon shareholders.

Following the receipt of the SXG Offer, several meetings were held with the SXG Managing Director where he was informed of the reasons that the Board of Beacon believed the SXG Offer was unacceptable to Beacon and its shareholders. The following points were noted during the discussions :

- The proposal was purely a share based offer for the Barlee Project with no cash component. If accepted, the Beacon directors were of the view that additional capital would be required to acquire a new project, which would necessitate a dilution of Beacon's shareholders. If a new project is not found, the Company is at risk of ASX suspension. By comparison, the offer made by Ramelius Resources is a cash transaction and requires no dilution to existing shareholders. A capital return will be made to shareholders from the initial payment and royalties provided by the Ramelius offer and funds will be available to continue exploration on the remaining Barlee tenements.
- The SXG Offer linked the return to Beacon shareholders to the ability of SXG and its management to ensure that a plant was operational at its Marda Gold Project and return value to Beacon shareholders via a holding in SXG shares. It is noted that when talks were initiated, SXG was talking generally about commencing production in 2012;- SXG has not stated a definitive time line for production and in the opinion of Beacon it is unlikely that production would occur in 2012. By comparison, Ramelius have a plant and technical and management team in place to commence immediately on the development of the Barlee Project.
- The SXG shares were to have been distributed in specie to Beacon shareholders. At the time, Beacon had over 3500 shareholders (and still has around 2800), many with small parcels in Beacon, which would have led to a substantial number of unmarketable parcels for Beacon shareholders. 60 million SXG shares distributed between 995 million Beacon shares was and still is unworkable (the Ramelius sale does not require any share transactions).
- It included the sale of all the Barlee exploration tenements to SXG leaving Beacon with no exploration tenements and exposure to a likely ASX suspension. Further capital raisings would then be required to source another project. By comparison, the Ramelius Offer only relates to Mining Lease 77/1254 and leaves Beacon with 390 Km<sup>2</sup> of exploration tenements, and funds to be able to continue exploration on them).

A review was carried out by Beacon technical staff on the SXG assets at the time of the SXG Offer. Several issues were noted including that SXG had a large tenement holding that was expensive to maintain, and additionally whether the quality of the resources were sufficient to support the development of their processing plant.

#### Stock Exchange

ASX: BCN

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**The Board still believes the Ramelius offer is the best offer for Beacon shareholders and urges all shareholders to get their proxies in and support the sale of the Barlee Project to Ramelius Resources.**

Should you have any questions in relation to the above matters, please contact the undersigned on telephone (08) 9476 9200.

For and on behalf of  
BEACON MINERALS LIMITED



**Darryl Harris**  
***Managing Director***