

Southern Cross Gold Consolidated Ltd. (TSXV:SXGC)

Price Target Increase Affirmed by Market Enthusiasm

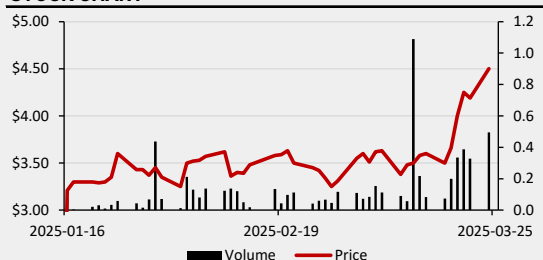
Corporate Update

March 26, 2025

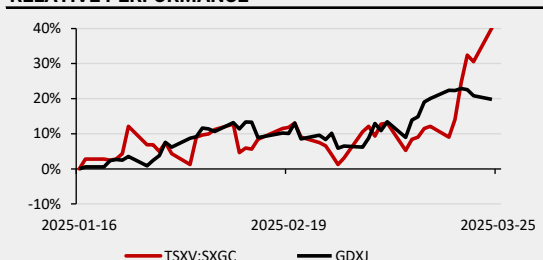
(Currency is C\$ unless noted otherwise)

Closing Price (\$/sh)	\$4.50
Rating	BUY
Target (\$/sh)	\$5.60
Return to Target	24%
52 Week Low / High	\$2.80 / \$4.62
CAPITALIZATION	Basic Diluted
Shares Outstanding (M)	221.9 237.6
Market Capitalization (\$MM)	\$998.7
Enterprise Value (\$MM)	\$982.5
Cash (\$MM)	\$16.2
Total Debt (\$MM)	\$0.0

STOCK CHART



RELATIVE PERFORMANCE



RELATIVE VALUATION	EV/oz AuEq (US\$M)	P/NAV
Peer Group Average*	\$153	0.42x
Southern Cross Gold Consolidated Ltd.	\$165	0.80x

*Capital IQ Consensus

VALUATION SUMMARY	C\$M	C\$/sh
Sunday Creek	\$1,187	\$5.35
Other projects	\$40	\$0.18
Total Project NAV	\$1,227	\$5.53
Corp. Adjustments	\$16	\$0.07
Total NAV	\$1,244	\$5.60

MAJOR SHAREHOLDERS

Management and Insiders (3%), HNW Individuals (31.2%), Institutions (23.7%)

DISCLOSURE CODE:

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, Capital IQ

Company Description

Southern Cross Gold Consolidated Limited is an exploration and development company exploring its flagship high-grade Sunday Creek gold-antimony project in Victoria State, Australia. The company is working toward its maiden MRE for the project with an exploration target of 2.2-3.2 M oz AuEq. The company was previously called Mawson Gold Ltd.

Higher Metal Prices Reflected in EV/oz Valuations

The first quarter of this year has seen an unprecedented rapid rise in the prices of gold and antimony, with spot prices of ~US\$2950/oz Au and ~US\$30,000/t Sb, respectively. Spot prices have increased ~50% and 150% from the US\$1,900/oz Au and US\$12,000/t Sb we used when we established our rating and target for the stock in Nov/24 ([read report](#)). **We believe that this higher price environment justifies a richer valuation for Southern Cross and have updated our valuation, primarily by adjusting the in-situ enterprise value per ounce metric to US\$200/oz AuEq (was US\$150/oz AuEq). We maintain our BUY rating and increase our target price to C\$5.60/sh (was C\$4.20/sh).**

- **Leverage to higher Au and Sb prices justifies a higher EV/oz.** The average EV/oz of Au in Total Mineral Inventory for the 80-90 explorers in our precious metal universe increased by 55% from US\$32/oz Au in Nov/25 to US\$50/oz Au today. We consider Southern Cross to be among the best-in-class companies based on the exceptional grades, presence of antimony and ultimate size potential. Hence, we assign it a multiple of US\$200/oz Au, which approaches the upper end of the range for exploration companies.
- **Increasing our probability-weighted resource estimate by 0.15M oz AuEq to 4.15M oz AuEq.** The company recently updated its exploration target to 2.2-3.2M oz Au ([read note](#)). We believe that there is further upside to this value, given that it only considers 1.02km out of the 1.5km total mineralized strike length. Hence, we have reduced the probability of our low-case estimate of 3M oz AuEq by 5% and increased the probability of our high-case estimate of 5.5M oz AuEq by 5% (Figure 1).
- **Permitting for an underground exploration tunnel is underway.** A formal application is expected to be submitted in Q3/25. The company is planning a 150m deep and 600m long tunnel to enable underground drilling 24 hours a day and seven days a week after a 6-12 month construction period starting in 2026.

We maintain our BUY rating and increase our target to C\$5.60/sh (was C\$4.20/sh). We value SXGC using a probability-weighted valuation of its Sunday Creek project, to which we add some nominal value for its exploration package and corporate-level adjustments for an NAVPS of C\$5.65. **Upcoming catalysts:** 1) Drilling, geophysics and advanced met test results from Sunday Creek (ongoing), 2) updated exploration target #3 (Q4/25), and 3) preliminary engineering and underground exploration permit proposal (2025).

Figure 1: Probability-weighted mineral inventory estimate

Scenario	Description	Potential Value (C\$M)	Probability	Probability-weighted value (C\$M)
Lower Case	~3Moz at 9.0 g/t AuEq (US\$200/oz)	\$858	15%	\$129
Base Case	~4M oz resources at 9.0 g/t AuEq (US\$200/oz)	\$1,144	65%	\$744
Upside Case	~5.5M oz resources at 9.0 g/t AuEq (US\$200/oz)	\$1,574	20%	\$315
Probability Weighted Valuation Estimate				\$1,187

Source: Company reports

Figure 2: Valuation summary

Asset	SXGL	
	(C\$M)	(C\$/sh)
Number of Shares Outstanding		221.9
Sunday Creek	\$1,187	\$5.35
Redcastle & Exploration Properties	\$40.0	\$0.18
Sweedish Uranium Asset Spin Co		
Total Project NAV	\$1,227	\$5.53
<u>Corporate Adjustments</u>		
Cash	\$16.2	\$0.07
Debt	\$0.0	\$0.00
Target Price	\$1,244	\$5.60

Source: Company reports



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Disclosure Statement
Updated March 26, 2025

Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	Rating	Target	Status	%
2020-01-21	BUY	0.85	BUY	61%
2023-07-06	BUY	0.45	BUY (S)	31%
2023-07-25	BUY	0.45	HOLD	0%
2023-09-06	BUY	0.45	TENDER/ SELL	2%
2023-10-13	BUY	0.45	NA	0%
2023-10-24	BUY	0.45	UNDER REVIEW	7%
2023-11-01	BUY	0.45		
2023-12-21	BUY	0.45		
2024-03-06	BUY	0.55		
2024-05-13	BUY	1.00		
2024-05-31	BUY	1.00		
2024-06-12	BUY	Under Review		
2024-06-14	BUY	Under Review		
2024-07-05	BUY	Under Review		
2024-07-24	BUY	Under Review		
2024-09-04	BUY	Under Review		
2024-09-19	BUY	Under Review		
2024-10-29	BUY	Under Review		
2024-11-27	BUY	1.30		
2024-12-05	BUY	1.30		
2024-12-10	BUY	1.30		
2025-01-07	BUY	1.30		
2025-01-15	BUY	4.20		
2025-02-26	BUY	4.20		
2025-03-04	BUY	4.20		
2025-03-26	BUY	5.60		

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Company Specific Disclosure Details

Company Name	Ticker Symbol	Disclosures
Southern Cross Gold Consolidated Ltd.	TSXV: SXGC	

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- Under Review – our rating and target are under review pending, prior estimates and rating should be disregarded.

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