

SOUTHERN CROSS EXPLORATION N L

ANNUAL REPORT

For the year ended

31 December

2010

SOUTHERN CROSS EXPLORATION N L
AND CONTROLLED ENTITIES

SIMPLIFIED BALANCE SHEET
AS AT 31 DECEMBER 2010

	\$
WHAT SHAREHOLDERS OWN (Assets)	
Financial Assets and Receivables	8,669,600
Exploration and Evaluation Assets	797,937
Investment in Bigrlyi Uranium Joint Venture	<u>8,574,542</u>
TOTAL ASSETS	<u>18,042,079</u>
WHAT THE COMPANY OWES (Liabilities)	
TOTAL LIABILITIES	<u>3,649,024</u>
NET ASSETS	<u>14,393,055</u>
	=====
Share Capital & Reserves	14,393,055
TOTAL EQUITY	<u>14,393,055</u>
	=====

Contents	Page
Simplified Balance Sheet	(inside front cover)
Notice of Meeting	1
Directors' Report	3
Directors' Report - Statutory	10
Auditor's Independence Declaration	12
Corporate Governance	13
ASX Additional Information	15
Exploration Interests	16
Consolidated Statement of Comprehensive Income	17
Consolidated Balance Sheet	18
Consolidated Statement of Changes in Equity	19
Consolidated Statement of Cash Flows	20
Notes to the Consolidated Financial Statements	21
Directors' Declaration	32
Audit Report	33
Corporate Directory	(inside back cover)
Proxy Form	<i>insert</i>

SOUTHERN CROSS EXPLORATION N L

A.C.N. 000 716 012

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fortieth Annual General Meeting of SOUTHERN CROSS EXPLORATION N L will be held at the International Nippon Australia & New Zealand Club, Lower Ground Floor, 229 Macquarie Street, Sydney on **Tuesday 31 May 2011 at 5.00 p.m.**

BUSINESS

To receive and consider the Financial Report for the year ended 31 December 2010 and the Reports of the Directors and Auditors.

Ordinary Resolutions

To consider and if thought fit to pass the following resolutions, with or without modification, as Ordinary Resolutions:

1. **"THAT** the Remuneration Report for the year ended 31 December 2010 be considered and adopted".

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

2. **"THAT** Ms E Goh, who retires and being eligible offers herself for re-election, be re-elected as a Director of the Company".

SPECIAL BUSINESS

3. **"THAT** under the provisions of Listing Rule 7.1 the Directors be authorised to make placements of up to two hundred (200) million ordinary fully paid shares in the capital of the Company at a price of eight (8) cents per share or the minimum price of at least 80% of the average market price, within three months from the date of this meeting or such other date as may be allowed by the Australian Securities Exchange, to such persons, companies and institutions as the Directors may determine, other than related parties as defined in the Corporations Act".
4. **"THAT** under the provisions of Listing Rule 10.17, the maximum aggregate Directors' Fees be increased from \$15,000 to \$150,000 per annum, to be apportioned as the Board may decide amongst current non-executive Directors and/or any additional non-executive Directors that may be appointed".
5. To transact any other business which may be brought forward in accordance with the Company's Constitution.

Explanatory Note in respect of Resolution 1

In accordance with the Corporations Act 2001, the Remuneration Report is put to shareholders for consideration and adoption. The Remuneration Report is included in the Directors' Statutory Report in the Annual Report. The vote on this resolution is advisory only and does not bind the Directors or the Company.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Explanatory Note in respect of Resolution 3

There is at present no definite basis on which Directors will decide who the allottees will be. If any issue of shares will be made, Directors will allot the shares to sophisticated and institutional investors who are prepared to take up shares at the best obtainable price but not less than the minimum issue price, as defined in Listing Rule 7.3.3. The average market price of the shares would be based on recorded sales, in accordance with Australian Securities Exchange Listing Rules.

Allotment of any shares issued would occur progressively. All shares issued under this Resolution would rank pari passu with the existing shares

If and when any placements will be made, the capital raised could be utilised for acquisition of new exploration, mining or investment projects; exploration and development of existing projects; repayment of liabilities and for general purposes.

Voting Exclusion Statement in respect of Resolution 3

The Company will disregard any votes cast on Resolutions 3 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons, if the resolution is passed.

However, the company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Explanation in respect of Resolution 4

The Board considers that it is fair and reasonable at this time to seek the increase in the maximum aggregate non-executive directors' fees, especially given the increased responsibilities of non-executive directors and as directors' fees have not been increased since 1994. It will also allow flexibility to appoint additional non-executive directors when it may be appropriate. The proposed increase of the maximum aggregate non-executive directors' fees by \$135,000 does not necessarily mean that current non-executive directors' remuneration will be increased up to the maximum amount.

Voting exclusion Statement in respect of Resolution 4

The Company will disregard any votes cast on Resolution 4 by any director of the Company, and any associate of any director of the Company. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By Order of the Board

E Goh
Secretary

April 2011

PROXIES

Members unable to attend the meeting are invited to complete and lodge the enclosed Proxy Form. A member entitled to attend and vote may appoint not more than two proxies, who need not be members. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the member's voting rights. To be valid, proxies may be lodged at the company's Registered Office - 9th Floor, 82 Elizabeth Street, Sydney, NSW, Australia - or may be transmitted to FAX number - (02) 9233 6475 and must be received no later than forty-eight (48) hours before the scheduled start of the meeting. A proxy form presented by a company can be under its Common Seal.

SOUTHERN CROSS EXPLORATION N L

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

Your Directors submit the Financial Statements for the financial year ended 31 December 2010 and report as follows:

FINANCIAL

Consolidated Net Loss for the year was \$336,885. Net Assets (Shareholders' Funds) of the group were \$14,393,055 at balance date. During the year, a call of two (2) cents per share was made on the company's 60,000,000 partly paid shares and 7,474,486 shares on which the call was unpaid were forfeited and subsequently sold at a Forfeited Share Auction. There was then a total of 116,000,000 ordinary shares on issue.

The Issued Capital increased as a result of share placements made in respect of conditional agreements to acquire an interest in a gold project in the Philippines and a uranium project in Tanzania and at balance date, there were 119,000,000 ordinary shares on issue.

Since balance date, a further 4,000,000 shares have been issued in respect of the above projects and for investments and general purposes, making a total number of 123,000,000 shares now on issue.

As at 31 December 2010, the net tangible asset backing was 12 cents per share.

REVIEW OF OPERATIONS

INVESTMENT IN JOINT VENTURE

BIGRLYI URANIUM JOINT VENTURE - NORTHERN TERRITORY

The Company's 5% interest in the Bigrlyi Uranium Joint Venture, which is a pre-development mineral project, is classified in the accounts as "Investment in Joint Venture". The Bigrlyi project is located in the Ngalia Basin, approximately 390 km northwest of Alice Springs, in the Northern Territory. The project is characterised by relatively high uranium grades (with vanadium credits) and excellent metallurgical recoveries.

The Bigrlyi Uranium Joint Venture is an important asset which Southern Cross first acquired in 1981 in a purchase from the Commonwealth Atomic Energy Commission in a joint venture with a number of other companies. The project was subject to significant exploration activity in the period 1974 to 1982 and then remained on a care and maintenance basis for many years. Energy Metals Ltd (EME) obtained a majority interest in the project in November 2005 and became Operator.

EME, which is now 60% controlled by one of the largest Chinese nuclear power companies (China Guangdong Nuclear Power Holding Co Ltd, holds a 53.3% interest and Paladin Energy Ltd (PDN) (through a subsidiary) holds 41.7%.

The following material is compiled from information provided in the latest Annual Report of the Operator, Energy Metals Ltd (EME):

Several drilling programmes have been completed at Bigrlyi since 2005, with most holes intersecting significant uranium mineralisation. Uranium and vanadium resource models were successively calculated incorporating results from these drilling programmes, with an updated resource estimate (summarised below) released in July 2010. The resources were estimated by consultants Hellman & Schofield (H&S) using the Multiple Indicator Kriging (MIK) method to estimate uranium resources and Ordinary Kriging (OK) to estimate vanadium resources.

BIGRLYI URANIUM JOINT VENTURE - NORTHERN TERRITORY (cont'd)

At a cut-off grade of 500ppm U₃O₈ the Bigrlyi resource totals 22.4 million pounds of U₃O₈ and 24.7 million pounds of V₂O₅, with 60% of the contained uranium metal currently reporting to the Indicated Resource category.

At a cut-off grade of 250ppm U₃O₈ the Bigrlyi resource totals 28.8 million pounds of U₃O₈ and 36.8 million pounds of V₂O₅.

Indicated and Inferred Mineral Resources at 500ppm U3O8 cut off

Resource Category	Tonnes (Millions)	U ₃ O ₈ (ppm)	V ₂ O ₅ (ppm)	U ₃ O ₈ (t)	V ₂ O ₅ (t)	U ₃ O ₈ (Mlb)	V ₂ O ₅ (Mlb)
Indicated	4.7	1,316	1,426	6,100	6,600	13.5	14.6
Inferred	3.4	1,202	1,369	4,000	4,600	8.9	10.1
Total	8.0	1,268	1,402	10,200	11,200	22.4	24.7

Indicated and Inferred Mineral Resources at 250ppm U3O8 cut off

Resource Category	Tonnes (Millions)	U ₃ O ₈ (ppm)	V ₂ O ₅ (ppm)	U ₃ O ₈ (t)	V ₂ O ₅ (t)	U ₃ O ₈ (Mlb)	V ₂ O ₅ (Mlb)
Indicated	9.1	847	1,083	7,700	9,900	17.0	21.8
Inferred	7.1	753	960	5,400	6,800	11.8	15.0
Total	16.2	807	1,031	13,100	16,700	28.8	36.8

Tonnes are metric (2,204.62 pounds); figures may not total due to rounding.

Detailed metallurgical testwork undertaken as part of previous scoping studies has confirmed the very high dissolution characteristics of the Bigrlyi ore, with extraction rates of 98% uranium and 59% vanadium recorded from base case acid leach tests and 94%-95% vanadium and 45% vanadium under optimum leach conditions.

Activities undertaken by the Operator in the last half of the year were designed to collect sufficient data to enable completion of a Pre-Feasibility Study (PFS), as well as further expand the resource base at Bigrlyi. All site-based technical inputs required for the PFS were obtained by the end of the year, and the PFS remains on track for completion in the first half of 2011.

Further drilling programmes (both RC and diamond drilling) were commenced mid-July, after delays caused by unseasonal heavy rainfall. Data from that drilling are being compiled, with an upgraded resource estimate expected by mid-2011.

Activities at Bigrlyi during the 2011 field season will depend partly on the results of the PFS due mid-2011, with the joint venture likely to approve commencement of a full feasibility study (FFS) should the PFS be positive. However, regardless of the results of the PFS, drilling to increase the resource base at Bigrlyi is expected to recommence early 2011, and metallurgical and engineering studies aimed at identifying opportunities to further improve project economics and de-risk the project will continue throughout the period.

Information above relating to exploration results, data and cut off grades is based on information compiled by Mr Paul Dunbar and Mr Lindsay Dudfield, of Energy Metals Ltd (Operator). Both Mr Dunbar and Mr Dudfield are members of the AusIMM and the AIG. Mr Dunbar is a full time employee of Energy Metals and Mr Dudfield is a consultant to Energy Metals. They both have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2004)". Mr Dunbar and Mr Dudfield have both consented to the inclusion of the information in the form and context in which it appears.

Further information may be obtained from the website of the Operator, Energy Metals Ltd (EME), www.energymetals.net.

OTHER INVESTMENT ACTIVITIES

Southern Cross has for many years invested surplus funds in property, shares and other investment projects.

An investment of \$500,000 was made some twenty years ago whereby the Company became a 50% joint first mortgagee over freehold beachfront land at Nadi, Fiji. This investment opportunity was provided by the Chairman who, together with other associated interests, retained the other 50% of the mortgage.

The Company also has a 20% shareholding in the Fijian company which is the registered proprietor of the properties. The freehold land is zoned for Special Uses, related to tourism activities. It is suitable for the development of about 700 holiday apartments and for hotels.

As the Company is a joint mortgagee as well as a joint substantial shareholder in the Fijian company, its interests are closely aligned with the other shareholders and mortgagees. Whilst there may be a view that conflicts of interest could have arisen, all parties are reviewing the strategy for this investment on a regular basis to ensure a transparent process is followed, as well as ensuring that the approach taken maximises the potential return, despite the delays due to political upheavals that have occurred in Fiji in recent years.

As the acquisition returned 230% on \$500,000 invested within the first three years, the Directors consider that this investment has already provided a very good return. The book value is comprised of the balance of the revalued figure and the accrued interest thereon.

The Company holds strategic investments in two listed entities - Longreach Oil Ltd (LGO) and Chapmans Ltd (CHP). LGO is concentrating on Oil and Gas, Coal and other Energy exploration. CHP has been operating on a small scale in investment projects, provision of venture capital and general investment. CHP also has a subsidiary company, Hallmark Minerals N L in which it holds about 70% and in which Southern Cross has a 20% shareholding. Hallmark Minerals has recently been re-activated and has invested in a coal mining project in Kalimantan, Indonesia and is also seeking to participate in other mineral exploration and development projects.

EXPLORATION

URANIUM - MKUJU RIVER, TANZANIA

The Company announced in October 2010 that it has entered into a Conditional Agreement in respect of the acquisition of five uranium exploration licences in Tanzania.

After further negotiations, the conditional agreement has been extended and varied to the effect that SXX has now acquired an initial interest of seven percent (7%) of the licences and is entitled to acquire a further 83% interest, in several tranches.

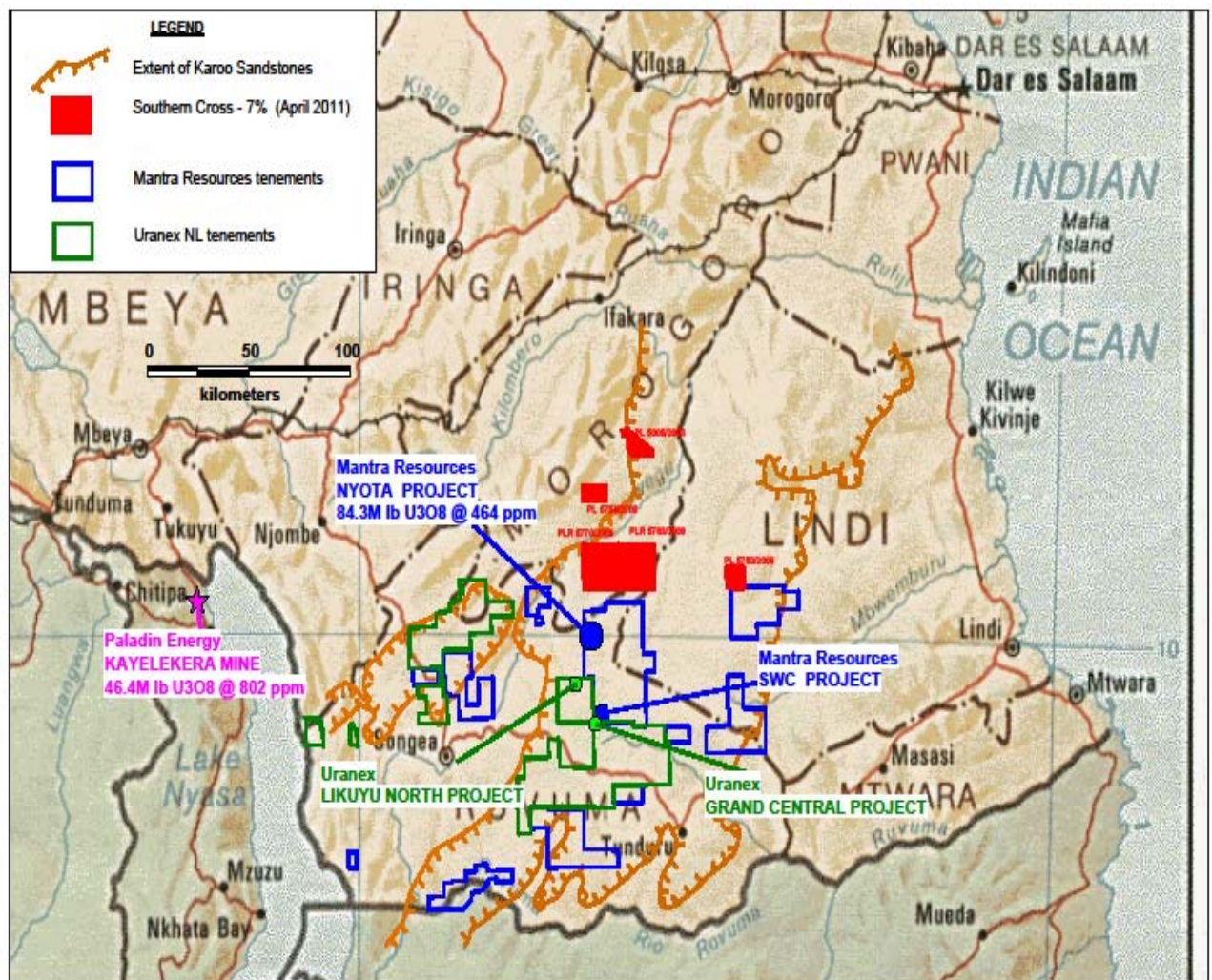
The uranium tenements, with a total area of 2,160 km², are situated in the highly prospective Mkuju River region of south-western Tanzania (*see figure attached*). They are underlain by Karoo Group sedimentary rocks in which uranium deposits of the sandstone-hosted roll front type have been discovered in South Africa, Malawi and Tanzania.

The areas are located immediately north of ASX-listed Mantra Resources Ltd's (MRU) Mkuju River Uranium Project. In January 2010, Mantra reported JORC Mineral Resources totalling 82.3M tonnes @ 464 ppm U₃O₈ containing 84.3M pounds of U₃O₈. In mid December 2010, ARMZ, a wholly owned subsidiary of the Russian State Atomic Energy Corp., made a takeover offer for Mantra of \$8/share which at that time imputed a value of \$10.26 per pound U₃O₈ for the Mkuju River resources (offer since revised to \$7/share after the tragic events in Japan).

URANIUM - MKUJU RIVER, TANZANIA (cont'd)

Uranex N L (UNX), another ASX-listed company which is exploring for uranium in the same district, announced in early December 2010 the discovery of high grade primary uranium mineralisation in an area adjoining the Mantra Resources deposit. Approximately 300km to the west, in the neighbouring country of Malawi, the Kayelekera Uranium Mine of Paladin Energy Ltd (PDN) is also hosted by Karoo Group sandstones. The Kayelekera Mine has reported mineral resources of 26.2 Mt @780 ppm U_3O_8 containing 46.4M pounds of U_3O_8 .

Southern Cross believes the Mkuju River tenements are highly prospective for the discovery of economic uranium deposits and will be inviting other entities into a joint venture for the exploration and development of this project.



**SOUTHERN CROSS EXPLORATION N.L.
TANZANIA URANIUM PROJECTS**

April 2011

URANIUM - *BURKINA FASO, WEST AFRICA*

The government of Burkina Faso recently increased annual rentals for uranium exploration licences to extraordinarily high levels. This action very markedly increases the costs and risks of grassroots uranium exploration in that country.

CrossContinental Uranium Limited (Operator) has since given notice of withdrawal from the joint venture with Southern Cross Exploration and Longreach Oil. Southern Cross will hold a 70% interest in the licences and is reviewing future operations.

GOLD - *PHILIPPINES*

- *BATANGAS PROJECT*

During the year, Southern Cross entered into a Conditional Agreement in respect of the acquisition of the Batangas Gold Project, located in the Province of Batangas, some 110 km south of Manila, Island of Luzon, in the Philippines. If due diligence proves satisfactory and it is decided to proceed with the acquisition, Southern Cross will be entitled to acquire up to 100% of the project, payable in several tranches. The property consists of an MPSA and an EP Application covering an area of approximately 3,300 ha and which has been the site of sporadic gold mining activity since the 19th century. In the 1980's, there was a gold rush to the area by artisanal miners.

The Batangas Gold property has never been drilled. A total of eleven veins are reported in five vein systems within altered andesitic host rocks. The veins appear to exhibit good continuity with consistent widths over 1,000m and more of strike length. The American Vein averages 5m in width, others range 0.30m to 1.0m and reported grades are between 3g/t and 10g/t Au. The Ulanin breccia stock-work in the eastern part is approximately 125m wide with a strike length exceeding 1,000m. Trench samples reportedly range up to 6g/t Au over 8 metres.

The Taysan porphyry copper-gold deposit (presently in confirmatory drilling for pre-feasibility) lies six km to the northeast of the Batangas Project. It is believed the mineralisation of the Batangas epithermal gold province may be associated with emplacement of the Taysan porphyry intrusions.

The Batangas property is considered to offer a major gold exploration opportunity. Subject to confirmatory mapping and sampling, it is likely that the Ulanin breccia stock-work and the American Vein area could provide early drilling targets with potential for developing open pit mining resources.

SXX may invite other parties to participate in this gold exploration project at an appropriate time. In the meantime, the conditional agreement has been extended and due diligence is continuing.

- *GOLD CROSS PROJECT*

Southern Cross holds a 20% interest in the Gold Cross Gold Project in the Philippines. This project is located in the Province of Bulacan about 100 kms north-east of Manila, on the main island of Luzon.

It is expected that the Philippines Department of Energy and Natural Resources will provide an update on consolidation of the current applications for Mineral Production Sharing Agreements in the near future. Based on information available, the area is considered to have potential for large gold resources. At least two underground gold mines are recorded as operating in the area up to the 1940s. Although the geology of the area is very favourable for epithermal quartz vein gold-silver deposits, there has been no significant modern exploration or drilling.

Southern Cross can acquire an additional interest in the Gold Cross Gold Project by exercising its rights to purchase the balance of 80% in several tranches.

GOLD - VICTORIA

Royal Standard Group of Gold Mines, Woods Point, Victoria

Application by a joint venture in which Southern Cross had a 50% interest for the grant and/or the renewal of these tenements, near Woods Point, was refused some years ago, after long delays due to unresolved Native Title claims. The matter remains under review by the joint venture parties.

MAGNESITE - IRAN

The Company maintains its indirect 10% interest in several exploration tenements with identified outcropping dolomite/magnesite deposits. Access to cheap power, which is available at the gate of one of the tenements, is vital for commercially successful magnesite and magnesium production. This project is being kept under review.

OIL & GAS & ENERGY

Southern Cross retains an indirect interest in oil and gas exploration through its substantial shareholding in Longreach Oil Ltd (LGO), an ASX-listed company. LGO has a direct 50% interest in Petroleum Lease 280 in the Surat Basin, Queensland and also holds an 11% interest in three exploration permits in Western Australia. LGO holds a 20% shareholding in unlisted Brisbane Petroleum Ltd LGO, which has two Petroleum Leases - 18 and 40 - in the Surat Basin, with small oil production.

The Company continues to evaluate oil and gas exploration opportunities in Australia and overseas, with a view to direct participation.

A new Oil and Gas Exploration and Investment company, Offshore Oil Ltd, is being promoted jointly by Southern Cross and Longreach Oil Ltd. Offshore Oil Ltd has a target capital raising of \$250,000,000. Shareholders in Southern Cross will receive priority entitlement in due course.

SHARE PRICE

During the year, the price of the company's shares remained low, on very little volume, even though the Company has a sound asset position and low gearing. It is clear that the Company's valuable investment in the Bigrlyi Joint Venture Uranium Project has not yet been given due recognition by the market.

Hopefully, this sentiment will change in the near future and the Company's participation in new projects which are being acquired will see renewed interest in the Company.

SHARE ISSUES

As shown in the Notice of Meeting, shareholders are being asked to vote in favour of a resolution authorising the placement of shares. Resolutions authorising placements of shares and options have been submitted for shareholders' approval for many years. Such approvals have been utilised on only a few occasions and capital was raised when the market price appeared fair and reasonable to all parties. There are neither any specific plans to place securities nor are there any specific recipients identified. If any placements should be made, they would be done as advantageously as possible to ensure that existing shareholders are not disadvantaged. New capital raised would be utilised to fund existing and new exploration projects, for suitable investments, repayment of liabilities and for general purposes.

PAST, PRESENT & FUTURE

Southern Cross Exploration N L was incorporated in 1970 and listed on the Sydney Stock Exchange in that year. The Company now has only one category of shares on issue - fully paid ordinary shares (ASX code SXX) - after a final call of two cents was made on the partly paid shares. It has about 900 shareholders and is about 98% Australian-owned. There are now 123,000,000 shares on issue.

Exploration for oil and gas, gold, uranium and other metals and minerals has been its principal activity during those years. The Company also invested in property, loans, shares and other securities. In recent years, the Company has sought to obtain overseas exploration projects with early development potential.

The Company's interest in the Bigirlyi Uranium Joint Venture is one of its major assets, in joint venture with two multi-billion dollar companies, CGNPC - via Energy Metals Ltd (EME) - and Paladin Energy Ltd (PDN).

After a partial takeover, China Guangdong Nuclear Power Holding Co Ltd (CGNPC) - one of China's largest nuclear power companies, which operates five nuclear power stations located throughout China, with more currently under construction - became the controlling shareholder of the Operator, EME.

Significantly for shareholders of Southern Cross, the EME takeover provided a meaningful valuation of the Company's interest in the Bigirlyi Uranium Joint Venture. On a comparative basis of that and other sales, the 5% interest of Southern Cross may be said to be worth in the region of \$15,000,000.

A Preliminary Feasibility Study (PFS) is in progress. The Operator reports that regardless of the results of the PFS, further exploration and development will continue.

It is expected that the value of this project will continue to increase. However, if the Company were to receive a reasonable offer for its interest, it may decide to sell its investment and concentrate on its gold projects and the Tanzanian project.

The Company will also continue to seek opportunities to acquire exploration and/or mining projects in Australia and overseas, which could be joint ventured with larger entities. Other investments with potential for sound returns will also remain on the agenda.

This Report is made and signed in accordance with a Resolution of Directors.

B Ganke
Director

Sydney
27 April 2011

SOUTHERN CROSS EXPLORATION N L

A.B.N. 70 000 716 012

DIRECTORS' REPORT - STATUTORY **FOR THE YEAR ENDED 31 DECEMBER 2010**

1. REVIEW OF OPERATIONS

The Company's main activities consisted of managing its existing exploration and investment projects. It also examined several potential acquisitions of new mineral exploration projects. The Company successfully entered into conditional agreements to acquire two new projects in two commodities which have enjoyed significant price rises in the market - gold (in the Philippines) and uranium (in Tanzania). Information on exploration operations and the Company's projects will be provided in the Annual Report.

Bigrlyi Uranium Joint Venture

The Company's investment in the Bigrlyi Uranium Joint Venture, which is a pre-development mining project, is classified as Investment in Joint Venture.

The previously mentioned uncertainty regarding the interest in this venture was satisfactorily resolved during the year and the Company's interest was confirmed at five percent (5%).

2. RESULTS OF OPERATIONS

The operations during the year resulted in a loss of \$336,885.

3. SIGNIFICANT CHANGES

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

4. PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year comprised: continued investment in the Bigrlyi Uranium Joint Venture, on which a variety of pre-development investigations were carried out; exploration for gold and minerals, reviews of opportunities for participation in and/or acquisition of mineral exploration and mining ventures, and examination of projects in respect of different commodities, property and share investment, loans and other securities. No significant change in the nature of those activities has occurred during the financial year.

5. SIGNIFICANT MATTERS AFTER BALANCE DATE

The Company had a bank overdraft facility which was converted into a fixed bank loan, supported by a third party guarantee. This facility has not been renewed and the Company proposes to make alternative arrangements.

6. LIKELY DEVELOPMENTS IN OPERATIONS AND EXPECTED RESULTS

The consolidated entity continues to examine various exploration and mining projects for possible joint venture participation or investment, especially in the gold, oil and gas and uranium sectors, whether by acquisition, active or passive investment or mergers. Results of such operations cannot be adequately identified or measured at this stage.

SXX is one of the founders of Offshore Oil Ltd, a new oil exploration and investment company, which is being promoted jointly with Longreach Oil Ltd. Offshore Oil, which has a target share capital of \$250,000,000, will be a "hybrid" global investment, oil and gas and energy company, with direct participation in oil and gas production and exploration joint ventures.

7. ENVIRONMENTAL REGULATION

The entity is not aware of any particular environmental regulations in respect of which it would have to report on the entity's performance.

8. DIVIDENDS

No dividends have been paid or declared since the commencement of the financial year and no dividends have been recommended by Directors.

DIRECTORS' REPORT - STATUTORY - 2010 (cont'd)

9. SHARE OPTIONS

As at the date of this Report, there are 21,000,000 outstanding options in respect of unissued shares of the Company, exercisable at fifteen (15) cents each on or before 30 November 2011. Unless the options are exercised, the optionholder has no right to participate in any share issue of the Company.

10. DIRECTORS

The name of each person who has been a director of the disclosing entity at any time during or since the end of the year are as follows:

R G ADAMSON - MSc (Hons), MAusIMM, CP(Geo), MICA. Director since March, 2004. Consultant Geologist. Director of listed company Pilbara Minerals Ltd - since August 2010.

B GANKE - Director since 1976. Director of a number of public and private companies over a period of more than 30 years, including the following other listed companies: Chapmans Ltd (CHP) - since 1974; Longreach Oil Ltd (LGO) - since 1981; AusTex Oil Ltd (AOK) - March 2006 to March 2009.

E GOH - Director since 1990; Company Secretary since 1983. B.Bus.FCPA. Director of listed company, Chapmans Limited - since 1985.

11. DIRECTORS' MEETINGS

The number of Directors' meeting held during the year ended 31 December 2010 was seven, which were attended by all Directors.

Details of Directors' holdings of securities in the Company are set out in Note 19.2 to the Financial Report.

12. REMUNERATION REPORT

The company and its Board comprised two non-executive Directors and the Managing Director, B Ganke, who received an increased salary of \$120,000. Directors' remuneration is shown in Note 19.1 to the Financial Report. Directors' Fees are currently \$5,000 per annum per Director, which are proposed to be increased.

R G Adamson has a contract to provide part time consultant services to the Company on commercial terms, under which an amount of \$40,000 was payable for the year.

As disclosed in the accounts, Brilliant Homes Management Pty Ltd, of which B Ganke is a Director, provided accounting, administration and management services for the consolidated entity for the year ended 31 December 2010 for a fee of \$120,000.

No Director received or was entitled to receive any shares or options in the Company as part of remuneration during the year.

The Board is responsible for determining and reviewing the remuneration of Directors, within parameters approved by shareholders, and of executives and consultants. At this stage, there have not been any performance hurdles imposed.

13. 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 on page 3.

This report is made and signed in accordance with a resolution of the Directors.

B Ganke
Director

31 March 2011

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Southern Cross Exploration N L:

In relation to my audit of the financial report of Southern Cross Exploration N L for the financial year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

I J LAMB & Co
Chartered Accountants

I J Lamb
Partner

30 March 2011
Sydney

**AUSTRALIAN STOCK EXCHANGE ADDITIONAL INFORMATION
CURRENT AS AT 31 MARCH 2011**

CORPORATE GOVERNANCE STATEMENT

Pursuant to Australian Securities Exchange (ASX) listing rule 4.10.3, this statement outlines the main corporate governance practices that were in place throughout the period from 1 January 2010 to the date of this report. The Company has a website, on which relevant information regarding the Company and its operations can be seen (www.sxxgroup.com). The website includes a link to the ASX website (www.asx.com.au).

The Directors' style of management of the Company's affairs, as embodied in the Corporate Governance Policies and Procedures shown below, has been in place in most respects for many years before any such provisions were formally required. Specific comments on each Principle are shown below:

1. Lay solid foundations for Board and Management

The Board of Directors has the over-all responsibility for the management and governance of the Company. The Board sets and implements the objectives and strategy of the Company. The management company assists in carrying out these tasks and also provides day to day administration services.

The Board reviews the reports of the management company on the operational and financial performance of the Company. There are no formal statements as to the delegated authority of management. However the Board reviews all operations of the Company and monitors and manages business risk, and ensures adherence to appropriate ethical standards.

2. Structure of the Board

Directors' qualifications and experience are outlined in the Statutory Directors' Report.

The Board is comprised of three Directors, of which only the Managing Director is a salaried executive. All other administration services are provided by a management company. Consultants are retained as and when required.

Of the current Directors, neither Mr Ganke nor Ms Goh are considered to be independent and although Mr Adamson provides technical consulting services to the Company, as well as other companies, he has no material interest in the Company.

The Board comprises the minimum number of Directors, due to the size of the Company and for reasons of cost-effectiveness. Whenever appropriate, the size and composition of the Board may be reviewed to achieve the Company's longer term aims and objectives.

It has not been considered necessary to establish a nomination committee due to the size of the Company. No special policy has been found necessary in respect of the appointment or retirement of non-executive Directors, apart from the provisions of the Company's Constitution.

There are no set procedures for Directors to seek independent professional advice at the Company's expense but each Director may seek independent advice and any request for payment of such costs would be treated on a case by case basis.

The Board has not established any committees to evaluate the performance of Directors and has not adopted formal performance enhancement evaluation procedures, due to the size of the Company.

3. Promote ethical and responsible decision-making

The Company, its officers, consultants and representatives are obliged to maintain the highest ethical standards in all their dealings and negotiations. The Company has issued a policy guideline concerning trading in Company securities by Directors, officers and consultants which imposes certain restrictions on trading and which, inter alia, requires the person to pose the question: "Is it right to deal at this stage?" A code of conduct as recommended in best practice recommendations 3.1 has not been formally established as the Board consistently ensures that all members of the Board have a clear understanding of their duties, responsibilities and their accountability to the Company, its shareholders and stakeholders for their conduct.

4. Safeguard integrity in financial reporting

Auditors of the Company may be nominated by shareholders. There are no other procedures in place at present. There is no formal audit committee, as the majority of Directors are involved in performing the functions of an audit committee and reviewing the adequacy of existing audit arrangements.

CORPORATE GOVERNANCE STATEMENT (cont'd)**5. Make timely and balanced disclosure**

The Board, through its continuous disclosure policy, the maintenance of a web site, and the holding of General Meetings, where shareholders are encouraged to participate, seeks to keep shareholders fully informed of significant developments in an efficient and timely manner. The Company aims to provide relevant and timely information to its shareholders and the broader investment community in accordance with its continuous disclosure obligations under the ASX Listing Rules.

The Board has established policies and procedures to ensure compliance with ASX Listing Rules disclosure requirements and accountability at Director and management level for that compliance. The Board believes that the formalisation of these policies and procedures in a written form per best practice recommendation 5.1 is not necessary as the Board is satisfied that all Board members are acutely aware of the importance of making timely and balanced disclosure.

The Chairman and/or the Company Secretary have been nominated as the persons responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX and the public.

6. Respect the rights of shareholders

The Board encourages the participation of shareholders at General Meetings to ensure a sound rapport between shareholders and the Company. The Board asks the Auditor to attend General Meetings. On request, information is made available to shareholders by e-mail, facsimile or post.

7. Recognise and manage risk

Usual standards of identifying significant business risks are applied by the Board. Exploration for oil and gas and other minerals and metals can be viewed as high risk/high reward speculative activity. The Directors' collective experience and knowledge are relied upon in managing significant risks in such a way as to ensure that no single project or investment would jeopardise the Company's viability. The Board examines projects and investments and assesses them on a risk/reward basis. Specific areas of risk are identified in view of the inherently risky exploration industry and depending on the sovereign risk of any specific country in which the Company may be operating.

The Managing Director and the Alternative Chief Financial Officer provide the declarations recommended in best practice recommendation 4.1 regarding the Company's financial reports and confirm that they are founded on a sound system of risk management. Relative to its operations and size, the Board has not yet established a risk management committee but believes that the Company has adequately identified potential business risks and continues to operate effectively in material respects in relation to financial reporting risks.

Business Risk

The Board monitors and receives advice as required on areas of operational and financial risk, and considers appropriate risk management strategies. Specific areas of risk that are identified are regularly considered at Board meetings. Included in these areas are performance of activities, continuous disclosure obligations, asset protection and financial exposures.

8. Remunerate fairly and responsibly

Due to the size of the Company, it has not been considered necessary to establish a remuneration committee. The Board is comprised of two non-executive Directors and one executive Director. The Board is responsible for determining and reviewing the remuneration of Directors, within parameters approved by shareholders, and of executives and consultants when such are appointed. No performance hurdles have been imposed on the executive Director, whose annual salary - which had been \$72,000 for many years - was increased during the year to \$120,000.

The Board (without a remuneration committee) retained a modest remuneration scale of a maximum of \$5,000 per annum per Director since 1994. The Board now considers that it is fair and reasonable to seek an increase in the maximum aggregate non-executive directors' fees, especially given the increased responsibilities of non-executive directors and as directors' fees have not been increased for many years and a resolution is being put to shareholders at the Annual General Meeting for their approval to increase the non-executive directors' fees to a maximum aggregate of \$150,000 per annum.

No other benefits were paid to Directors during the year. Remuneration of executives and consultants, when appointed, is determined by market conditions. No equity based payments or other benefits were paid to Directors or consultants during the year under review.

SOUTHERN CROSS EXPLORATION N L

AUSTRALIAN SECURITIES EXCHANGE ADDITIONAL INFORMATION

CURRENT AS AT 31 MARCH 2011

1. Shareholders and voting rights

1.1 Total number of holders of fully paid shares 937

All shareholders have one vote for each share held.

1.2 Distribution schedule showing the numbers of shareholders in the following categories:

1 - 1,000	202
1,001 - 5,000	260
5,001 - 10,000	112
10,001 - 100,000	243
Over 100,000	120

2. Substantial shareholders who have notified the company

Shares

B Ganke 28,250,372

Noble Investments Pty Ltd <Noble A/c>, Noble Investments

Superannuation Fund Pty Ltd <Noble Investments Superannuation Fund a/c>

Leadenhall Australia Ltd, Chi Investments Pty Ltd, Timothy Owen Lebbon 23,604,856

3. Top twenty shareholders

Name	Shares	%	Name	Shares	%
B Ganke	14,865,000	12.3	Noble Investments Superannuation Fund		
Emeritus Pty Ltd	11,845,040	9.8	Pty Ltd <Noble Inv S/F Tol All A/c>	2,552,000	2.1
Noble Investments Superannuation Fund			Bell IXL Investments Ltd	1,785,589	1.5
Pty Ltd <Noble Inv S/F Tol LTC A/c>	6,730,328	5.6	Perfect Fresh Pty Ltd	1,637,544	1.4
Noble Investments Superannuation Fund			Noble Investments Superannuation		
Pty Ltd <Noble Inv S/F A/c>	5,428,764	4.5	Fund Pty Ltd		
Noble Investments Superannuation Fund			<Noble Inv S/F CFL 2 MKT A/c>	1,600,000	1.3
Pty Ltd <Noble Inv S/F CFL3 ALL A/c>	5,271,570	4.4	Ecological Empathy Pty Ltd	1,360,000	1.1
Longreach Oil Ltd	4,435,528	3.7	Activitas Investment Group Ltd	1,354,000	1.1
Chapmans Ltd	4,014,173	3.3	E Goh	1,327,000	1.1
Sunvest Corporation Ltd	4,000,000	3.3	R N Skelton & H Kerr	1,250,000	1.0
Bonds & Securities (Trading) Pty Ltd	3,765,000	3.1	Noble Investments Pty Ltd		
S R Evans & K M Evans			< Noble Account>	1,246,854	1.0
<Kamiyacho Super Fund A/c>	2,801,726	2.3	E Shteisel	1,167,637	0.9

4. Options (not quoted)

There were 21,000,000 options on issue held by 15 optionholders, exercisable at fifteen (15) cents per share by 30 November 2011. No optionholder holds 20% or more of the total issued options.

SOUTHERN CROSS EXPLORATION N L

SCHEDULE OF EXPLORATION INTERESTS

AS AT 31 MARCH 2011

LOCATION	LICENCE NO's	TOTAL AREA	NET INTEREST
----------	--------------	------------	--------------

AUSTRALIA

NORTHERN TERRITORY

- URANIUM AND VANADIUM

<i>Bigrlyi Area, Ngalia Basin</i>	ERL's 46 to 55	1,214 ha	5% *
-----------------------------------	----------------	----------	------

Ten Exploration Retention Licences

* see Directors' Report - Investment in Joint Venture

OVERSEAS

PHILIPPINES - GOLD

<i>Province of Bulacan - Island of Luzon</i>	MA-P-III-02-04) MA-P-III-05-04) MA-P-III-06-04) MA-P-III-07-04)	8,000 ha	20%
--	--	----------	-----

The issue of the Mineral Production Sharing Agreements is still pending

IRAN - *Borna Abad et al* - MAGNESITE

Southern Cross has an interest in two Iranian companies which hold several exploration tenements with identified outcropping dolomite/magnesite deposits	10%
--	-----

BURKINA FASO - URANIUM

Exploration Permit - "TIN-DIOULAF" 07-205	250 sq.km.	70% *
---	------------	-------

Exploration Permit - "AGALSA" 07-209	250 sq.km.	70% *
--------------------------------------	------------	-------

(* refer to Directors' Report - Exploration)

Conditional Agreements over interests in:

GOLD - PHILIPPINES

Batangas Gold Project

URANIUM - TANZANIA

- Mkuju River

(* refer to Directors' Report - Exploration)

**SOUTHERN CROSS EXPLORATION N L
AND CONTROLLED ENTITIES**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	<u>Note</u>	2010 \$	2009 \$
Revenues	2.1	353,072	338,426
Other expenses	2.2	(473,558)	(344,817)
Finance costs	2.3	(216,399)	(247,150)
		-----	-----
Loss before significant items and income tax		(336,885)	(253,541)
Significant items	2.4	-	(324,718)
		-----	-----
Loss before income tax		(336,885)	(578,259)
Income tax expense	19	-	-
		-----	-----
Loss		(336,885)	(578,259)
		-----	-----
Other comprehensive income/(loss):			
Net increase/(decrease) in Fair Value Reserve		(81,998)	(87,621)
		-----	-----
Total comprehensive income/(loss)		(418,883)	(665,880)
		=====	=====
Loss attributable to:			
Owners of the parent entity		(336,635)	(578,259)
Non controlling interest		(250)	-
		-----	-----
		(336,885)	(578,259)
		=====	=====
Comprehensive income/(loss) attributable to:			
Owners of the parent entity		(418,883)	(665,880)
Non-controlling interest		-	-
		-----	-----
		(418,883)	(665,880)
		=====	=====
Earnings per share			
Basic earnings/(loss) per share	16	(0.003)	(0.005)
Diluted earnings/(loss) per share	16	(0.003)	(0.005)

The Consolidated Statement of Comprehensive Income should be read in conjunction
with the accompanying Notes

**SOUTHERN CROSS EXPLORATION N L
AND CONTROLLED ENTITIES**

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2010**

	<u>Note</u>	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	4	1,744	5,199
Available for sale financial assets	5	197,188	167,288
Trade and other receivables	6	346,896	314,805
Investment in joint venture	7	8,574,542	8,152,656
		-----	-----
TOTAL CURRENT ASSETS		9,120,370	8,639,948
		-----	-----
NON-CURRENT ASSETS			
Available for sale financial assets	8	1,307,418	1,296,094
Trade and other receivables	9	6,816,354	6,481,113
Exploration and evaluation assets	10	797,937	713,870
		-----	-----
TOTAL NON-CURRENT ASSETS		8,921,709	8,491,077
		-----	-----
TOTAL ASSETS		18,042,079	17,131,025
		-----	-----
CURRENT LIABILITIES			
Bank overdraft	11	-	996,210
Trade and other payables	12	623,092	1,032,963
Financial liabilities	13	1,995,545	1,147,414
		-----	-----
TOTAL CURRENT LIABILITIES		2,618,637	3,176,587
		-----	-----
NON-CURRENT LIABILITIES			
Financial liabilities	14	1,030,387	472,500
		-----	-----
TOTAL NON-CURRENT LIABILITIES		1,030,387	472,500
		-----	-----
TOTAL LIABILITIES		3,649,024	3,649,087
		-----	-----
NET ASSETS		14,393,055	13,481,938
		=====	=====
EQUITY			
Share capital	15	16,396,653	15,066,653
Other reserves	17	5,187,114	5,269,112
Accumulated losses	3	(7,104,515)	(6,767,880)
		-----	-----
Capital and Reserves attributable to Company's equity holders		14,479,252	13,567,885
Non controlling interest		(86,197)	(85,947)
		-----	-----
TOTAL EQUITY		14,393,055	13,481,938
		=====	=====

The Consolidated Balance Sheet should be read in conjunction with the accompanying Notes

SOUTHERN CROSS EXPLORATION N L
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Attributable to equity holders of the company				
	Share Capital	Other Reserves	Accumulated Losses	Minority Interests	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 January 2009	15,066,653	5,681,451	(6,514,339)	(85,947)	14,147,818
Total comprehensive income/(loss)	-	(87,621)	(578,259)	-	(665,880)
Transfer capital losses to/(from) reserves		(324,718)	324,718	-	-
Balance at 31 December 2009	15,066,653	5,269,112	(6,767,880)	(85,947)	13,481,938
Balance at 1 January 2010	15,066,653	5,269,112	(6,767,880)	(85,947)	13,481,938
Increase in Issued Capital	1,330,000	-	-	-	1,330,000
Total comprehensive income/(loss)	-	(81,998)	(336,635)	(250)	(418,883)
Balance at 31 December 2010	16,396,653	5,187,114	(7,104,515)	(86,197)	14,393,055

The Consolidated Statement of Changes in Equity should be read in conjunction
with the accompanying Notes

SOUTHERN CROSS EXPLORATION N L
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	<u>Note</u>	2010 \$	2009 \$
Cash flows from operating activities			
Dividends received		1,354	120
Interest paid		(121,625)	(97,371)
Operating expenses		(392,209)	(260,116)
		-----	-----
Net cash (used in) operating activities	20	(512,480)	(357,367)
		-----	-----
Cash flows from investing activities			
Proceeds from sale of Investments		38,528	123,191
Payments for exploration		(11,067)	(145,830)
Payments for Joint Venture		(352,942)	-
Payments for investments		(118,301)	(77,753)
Repayments by loan and other debtors		7,500	-
Loans & advances made		(4,200)	-
		-----	-----
Net cash flows (used in) investing activities		(440,482)	(100,392)
		-----	-----
Cash flows from financing activities			
Proceeds from share capital		1,223,378	-
Proceeds from borrowings		1,776,519	531,200
Repayments of borrowings		(2,050,390)	(73,929)
		-----	-----
Net cash flows (used in) financing activities		949,507	457,271
		-----	-----
Net (decrease) in cash held		(3,455)	(488)
Cash at the beginning of the financial year		5,199	5,687
		-----	-----
Cash at the end of the financial year	4	1,744	5,199
		=====	=====

The Consolidated Statement of Cash Flows should be read in conjunction
with the accompanying Notes

SOUTHERN CROSS EXPLORATION N L
AND CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied unless otherwise stated. The financial report comprises the consolidated entity consisting of Southern Cross Exploration N L and its subsidiaries.

1.1 Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Accounting Interpretations) and the Corporations Act 2001.

These consolidated financial statements are prepared on the basis of historical cost, except for available for sale financial assets and Investment in Joint Ventures that are measured at fair value.

As a result of the legislation passed under the Corporate Reporting Reform Bill 2010, separate financial statements of a parent are no longer required where accounting standards require consolidated entity financial statements. The new requirements have been adopted by the group.

1.2 Statement of compliance

The financial report complies with Australian Accounting Standards, which include the Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and accompanying notes, complies with International Financial Reporting Standards (IFRS).

1.3 Consolidation

Subsidiaries

The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between companies are eliminated. Subsidiaries' accounting policies are changed where necessary to ensure consistency with the policies adopted by the group.

1.4 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Income Statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

1.5 Investments and other financial assets

Available-for-sale financial assets

The group classifies shares listed on Stock Exchanges and investments in unlisted corporations as available-for-sale financial assets and are included in non-current assets unless they are intended to be disposed within 12 months of the balance date.

Listed investments are initially recognised at fair value plus transaction costs. The investments are subsequently measured at their fair values. Unrealised gains and losses arising from changes in the fair value are recognised in equity in the Fair Value reserve.

Unlisted investments are initially recognised at cost where the fair value cannot be measured reliably. Where unlisted investments are subsequently revalued, the fair values are based on the underlying net asset values of the companies and estimated values based on their strategic holdings.

NOTE SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1.

1.5 Investments and other financial assets (cont'd)

The fair value of financial instruments is measured in accordance with the following levels:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets;
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices) ; and
- Level 3 Inputs for the asset that are not based on observable market data (unobservable inputs).

Considerations such as a significant or prolonged decline in the fair value of investments below their cost are used in determining whether investments are impaired. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities. Impairment losses are recognised as a reduction of the available for sale investments fair value reserve to the extent of any previous revaluation and otherwise in profit or loss.

1.6 Trade and other receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income statement.

1.7 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Borrowings are classified as current liabilities unless the settlement is not required for at least 12 months after the balance sheet date.

1.9 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and that it can be reliably measured.

Interest

Interest is recognised as it accrues.

Available for Sale Financial Assets

The net gain (loss) of sales are included as revenue (expenses) at the date control passes to the buyer, usually when an unconditional contract of sale is signed. The net gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

1.10 Exploration and Evaluation Assets

Exploration costs are accounted for under “The Area of Interest” method, whereby costs are carried forward provided that rights to tenure of the area of interest are current and either there is a reasonable probability of recoupment through successful development and exploitation or by their sale, or exploration activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable mineral reserves and active and significant operations in, or in relation to, the area are continuing.

The ultimate recoupment of costs carried forward in respect of areas of interest still in the exploration or evaluation phases is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. Exploration & Evaluation Assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

NOTE SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**1.****1.11 Joint ventures**

Interests in Joint Ventures in which the company has joint control are accounted for by recognising its share of assets classified according to their nature, share of liabilities and income and expenses. Where the company does not have joint control, it accounts for its interest as an investor in the Joint Venture at fair value.

1.12 Income tax

Deferred income tax is provided on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and the carry forward of unused tax assets and losses can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

1.13 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is not recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash Flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

1.14 Accounting Standards issued not yet operative

Certain new accounting standards and interpretations have been published that will become mandatory in future reporting periods. The Group's assessment of the impact of these new standards and interpretations is that they should not have any material impact on the groups financial report.

1.15 Accounting Estimates and Judgement

The Group makes estimates and judgements based on historical and future expectations that may have a financial impact on the entity. Actual results may differ from these estimates. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets are as follows:

(i) Estimated fair values of unlisted investments

The fair value of investments that are not quoted in an active market is determined using other methodologies and at balance date the fair value was assessed as equal to cost. The fair value of these investments may differ materially if they were to be sold or become listed in the future.

(ii) Fiji Loan

The recoverability of the Fiji loan is based on the future sale or development of the property, and on the basis that there is political stability in Fiji. If the sale or development of the property does not proceed according to expectations, the recoverable amount could be materially different.

SOUTHERN CROSS EXPLORATION N L (NOTES)

NOTE	PROFIT/(LOSS) BEFORE INCOME TAX	2010	2009
2.	HAS BEEN DETERMINED AFTER:	\$	\$
	CREDITING AS REVENUE:		
2.1	REVENUE		
	Dividends received from Corporations listed on Stock Exchanges	1,355	121
	Interest received / receivable	338,883	338,305
	Profit on Sale of Investments	434	-
	Sundry Income	12,400	-
		<u>353,072</u>	<u>338,426</u>
	CHARGING AS EXPENSES:		
2.2	OTHER EXPENSES		
	Auditor's Remuneration - auditing the accounts (no other services)	5,000	5,000
	Directors' Remuneration	15,000	15,000
	Management costs	120,000	60,000
	Rent and maintenance	30,000	30,000
	Listing Fees	13,473	12,598
	Legal Costs	20,103	62,404
	Salaries	120,000	72,000
	Other	149,982	87,815
		<u>473,558</u>	<u>344,817</u>
2.3	FINANCE COSTS		
	Interest paid/payable	<u>216,399</u>	<u>247,150</u>
2.4	SIGNIFICANT ITEMS		
	Loss from long-term investments	<u>-</u>	<u>324,718</u>
	Loss realised on sale of long-term listed investments which had been previously written down in the Available for Sale Financial Assets Reserve.		
NOTE	ACCUMULATED LOSSES		
3.			
	Balance at beginning of year	(6,767,880)	(6,514,339)
	(Loss) for the year	(336,635)	(578,259)
	Transfers to Capital Profits/(Losses) Reserve	-	324,718
		<u>(7,104,515)</u>	<u>(6,767,880)</u>
NOTE	CASH AND CASH EQUIVALENTS		
4.			
	Cash held in banks	<u>1,744</u>	<u>5,199</u>
NOTE	AVAILABLE FOR SALE		
5.	FINANCIAL ASSETS (CURRENT)		
	Listed equity securities (Level 1)	<u>197,188</u>	<u>167,288</u>

SOUTHERN CROSS EXPLORATION N L (NOTES)

NOTE	TRADE & OTHER RECEIVABLES	2010	2009
6.	(CURRENT)	\$	\$
	Deposits	13,618	9,766
	Debtors & Other Receivables	333,278	305,039
		<u>346,896</u>	<u>314,805</u>
NOTE	INVESTMENT IN JOINT VENTURE		
7.			
	Bigrlyi Joint Venture - at cost	1,488,307	1,066,421
	- at revaluation	7,086,235	7,086,235
		<u>8,574,542</u>	<u>8,152,656</u>
	Movement during year		
	Balance at beginning of year - at cost	1,066,421	948,098
	Expenditure capitalised	421,886	118,323
		<u>1,488,307</u>	<u>1,066,421</u>
	Balance at end of year - at cost	1,488,307	1,066,421
	Revaluation	7,086,235	7,086,235
		<u>8,574,542</u>	<u>8,152,656</u>
NOTE	AVAILABLE FOR SALE		
8.	FINANCIAL ASSETS (NON-CURRENT)		
	Listed equity securities (Level 1)	699,270	687,723
	Shares in corporations not listed on Stock Exchange - at cost (Level 3)	608,148	608,371
		<u>1,307,418</u>	<u>1,296,094</u>
NOTE	RECEIVABLES (NON-CURRENT)		
9.			
	Deposits	70,679	70,679
	Mortgage Investment - Related Parties	6,530,675	6,195,434
	Other Receivables	27,500	27,500
	Other Receivables - Related Parties	187,500	187,500
		<u>6,816,354</u>	<u>6,481,113</u>

Mortgage Investment is secured over freehold property in Fiji owned by Nadi Bay Beach Corporation Limited (NBBC). B Ganke and E Goh are also Directors and shareholders of NBBC.

Interest was accrued from 1989 at 12% compound until December 1999 when the rate was changed to 7% compound. From July 2002 to December 2004 interest was charged at 7% simple and currently is at 9% simple. Interest accrued for the year was \$335,241. The mortgage investment is repayable in March 2012, which date may be varied by mutual agreement.

SOUTHERN CROSS EXPLORATION N L (NOTES)

NOTE	EXPLORATION & EVALUATION ASSETS	2010	2009
10.		\$	\$
	Exploration and evaluation expenditure - at cost	797,937	713,870
		<u>=====</u>	<u>=====</u>
	Movement during year		
	Balance at beginning of year	713,870	693,870
	Expenditure capitalised	84,067	20,000
		<u>-----</u>	<u>-----</u>
	Balance at end of year	797,937	713,870
		<u>=====</u>	<u>=====</u>

The ultimate recoupment of costs in the exploration or evaluation phases is dependent upon successful development, commercial exploitation, or sale.

NOTE	BANK OVERDRAFT		
11.			
	Bank Overdraft	-	996,210
		<u>=====</u>	<u>=====</u>

The bank overdraft has been converted into a term loan.

NOTE	TRADE & OTHER PAYABLES (CURRENT)		
12.			
	Trade and Other Payables	472,892	446,633
	Other Payables - Related Parties	150,200	586,330
		<u>-----</u>	<u>-----</u>
		623,092	1,032,963
		<u>=====</u>	<u>=====</u>

NOTE	FINANCIAL LIABILITIES (CURRENT)		
13.			
	Loan (secured by third party guarantee)	1,000,000	-
	Loans	995,545	1,147,414
		<u>-----</u>	<u>-----</u>
		1,995,545	1,147,414
		<u>=====</u>	<u>=====</u>

The company had a bank overdraft facility which was converted into a fixed bank loan, supported by a third party guarantee. This facility has not been renewed and the company proposes to make alternative arrangements.

NOTE	NON CURRENT LIABILITIES		
14.			
	Financial liabilities - loans	1,030,387	472,500
		<u>-----</u>	<u>-----</u>
		1,030,387	472,500
		<u>=====</u>	<u>=====</u>

SOUTHERN CROSS EXPLORATION N L (NOTES)

NOTE	SHARE CAPITAL	2010	2009
		\$	\$
15.			
	ISSUED CAPITAL		
	119,000,000 Ordinary fully paid shares	18,729,158	8,569,888
	(2009 56,000,000)		
	Ordinary partly paid shares - NIL	-	8,829,270
	(2009 60,000,000)		
	Transfer from Share Premium/Discount Reserve	(2,332,505)	(2,332,505)
		<u>16,396,653</u>	<u>15,066,653</u>

Movements

	2010	2010
	Number of shares	\$
Ordinary fully paid shares	56,000,000	8,569,888
2 cent call on 60,000,000 partly paid shares	60,000,000	1,200,000
Transfer balance paid up on partly paid shares	-	8,829,270
Share Placements	3,000,000	130,000
	<u>119,000,000</u>	<u>18,729,158</u>

During the year, 21,000,000 Options over ordinary shares were granted exercisable at 15 cents each and expiring in November 2011.

NOTE	EARNINGS PER SHARE	2010	2009
		\$	\$
16.			
	Basic earnings/(loss) per share	(0.003)	(0.005)
	Diluted earnings/(loss) per share	(0.003)	(0.005)
	Net loss used to calculate earnings/(loss) per share	(\$336,885)	(\$578,259)
	Number of weighted ordinary shares used in calculating earnings/(loss) per share	116,731,507	116,000,000

NOTE RESERVES
17.

Asset Revaluation	8,836,235	8,836,235
Available for Sale Financial Assets	(2,887,712)	(2,805,714)
Capital Profits/(Losses)	(761,409)	(761,409)
	<u>5,187,114</u>	<u>5,269,112</u>
Movement in Reserves		
Available for Sale Financial Assets		
Balance at beginning of year	(2,805,714)	(2,718,093)
Increase/decrease available for sale financial assets	(81,998)	(87,621)
	<u>(2,887,712)</u>	<u>(2,805,714)</u>

NOTE RESERVES (cont'd)

17.

*Nature and purpose of Reserves***Asset Revaluation Reserve**

The Asset Revaluation Reserve comprises the revaluation of the Investment in the Bigrlyi Joint Venture and the investment in the Fiji mortgage.

Available for Sale Financial Assets Reserve

Changes in the fair value of available for sale financial assets are taken to this Reserve.

Capital Profits/(Losses) Reserve

The Capital Profits/(Losses) Reserve includes capital profits and losses from sale of investments and other items of a capital nature.

NOTE SEGMENT INFORMATION

18.

	Total Assets 2010 \$	Exploration 2010 \$	Investments 2010 \$	Total Assets 2009 \$	Exploration 2009 \$	Investments 2009 \$
Australia	10,533,695	-	10,533,695	10,019,721		10,019,721
Burkina Faso	86,954	86,954	-	86,954	86,954	-
Fiji	6,530,675	-	6,530,675	6,195,434	-	6,195,434
Iran	201,000	-	201,000	201,000	-	201,000
Philippines	663,688	663,688	-	627,916	627,916	-
Tanzania	26,067	26,067	-	-	-	-
	<u>18,042,079</u>	<u>776,709</u>	<u>17,265,370</u>	<u>17,131,025</u>	<u>714,870</u>	<u>16,416,155</u>
			2010 \$		2009 \$	
Australia	Total Liabilities		<u>3,649,024</u>		<u>3,649,087</u>	
Segment Revenues						
Australia	Investments		<u>353,072</u>		<u>338,246</u>	
Segment Results - Loss						
Australia	Investments		<u>(336,885)</u>		<u>(578,259)</u>	

NOTE DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL AND RELATED PARTIES**19.**

B Ganke, E Goh and R Adamson each held office as a Director of the parent entity in the consolidated entity at any time during the financial year ended 31 December 2010.

19.1 Directors' remuneration

			2010	2009
Name	Position	Remuneration	\$	\$
B Ganke	Chairman	Director's Fees	5,000	5,000
" "	Managing Director	Salary	120,000	72,000
E Goh	Director (non-executive)	Director's Fees	5,000	5,000
R Adamson	Director (non-executive)	Director's Fees	5,000	5,000
" "		Consultants Fees	<u>40,000</u>	<u>39,300</u>
Total remuneration			<u>175,000</u>	<u>126,300</u>

R Adamson has a contract to provide part-time consultant services to the company on commercial terms. No Director received or was entitled to receive any shares or options as part of remuneration during the year.

19.2 Director's equity holdings (including relevant interests)

	Balance	Change	Balance
Shares	1 January 2010		31 December 2010
B Ganke	26,450,372	1,800,000	28,250,372
E Goh	1,077,000	250,000	1,327,000
R Adamson	<u>100,000</u>	<u>300,000</u>	<u>400,000</u>
	<u>27,627,372</u>	<u>2,350,000</u>	<u>29,977,372</u>

19.3 Directors and related party transactions and balances

Aggregate Receivables at balance date	2010	2009
	\$	\$
Receivables:		
Directors (Staff Incentive Scheme)	137,500	137,500
Director related entities	50,000	50,000
Mortgage Investment (refer Note 9)	6,530,675	6,195,434
	<u>6,718,175</u>	<u>6,382,934</u>
Current Liabilities		
Other Payables - Directors	150,200	586,330

19.4 Total amounts recognised as revenue and expense resulting from transactions with related parties were are follows:

Revenue		
Interest	335,242	337,140
	<u>-----</u>	<u>-----</u>
Expense		
Consultant services	40,000	39,300
Management fees	120,000	60,000
	<u>-----</u>	<u>-----</u>
Total	<u>160,000</u>	<u>99,300</u>

B Ganke is a Director of Brilliant Homes Management Pty Ltd which provided all accounting, administration, management and secretarial services. Transactions with related parties were below standard commercial terms.

SOUTHERN CROSS EXPLORATION N L (NOTES)
NOTE CASH FLOW RECONCILIATION
20.

Reconciliation of Net Cash Flows provided by/(used in) operating activities with Loss after Income Tax:

	2010	2009
	\$	\$
(Loss)	(336,885)	(578,259)
Add/(Less) Non cash items:		
Profit on investments	434	324,718
Other	20,482	-
Changes in Assets & Liabilities:		
(Increase) in trade and other receivables	(366,938)	(370,935)
Increase/(Decrease) in trade and other payables	75,653	117,330
Increase in borrowings	94,774	149,779
	-----	-----
Net cash (used in) operating activities	(512,480)	(357,367)
	=====	=====

Reconciliation of Cash - for the purposes of the statement of cash flows, cash comprises cash in banks \$1,744 (2009 \$5,199).

NOTE PARTICULARS RELATING TO CONTROLLED ENTITIES
21.

Controlled Entities	Place of Incorporation	Class of Shares	Parent Entity's Investment			
			2010		2009	
			\$	%	\$	%
Northern Star Investments Pty Ltd	NSW	Ordinary	4	100	4	100
Northern Star Investments (Qld) Pty Ltd	QLD	Ordinary	2	100	2	100
Keadeber Resources (Pty) Ltd	Namibia	Ordinary	223	75	223	75

NOTE AUDITORS'S REMUNERATION
22.

	2010	2009
	\$	\$
Audit and review of financial reports (no other services)	5,000	5,000
	=====	=====

NOTE SUMMARY OF PARENT ENTITY
23. FINANCIAL INFORMATION

Current Assets	9,065,596	8,601,455
Non Current Assets	6,716,270	6,386,841
	-----	-----
Total Assets	15,781,866	14,988,296
	-----	-----
Current Liabilities	2,609,000	3,167,298
Non Current Liabilities	1,030,387	472,500
	-----	-----
Total Liabilities	3,639,387	3,639,798
	-----	-----
Net Assets	12,142,479	11,348,498
	=====	=====
Share Capital	16,396,653	15,066,653
Reserves	4,881,228	4,923,793
Accumulated losses	(9,135,402)	(8,641,948)
	-----	-----
Total Equity	12,142,479	11,348,498
	=====	=====
(Loss) for the year	(493,454)	(670,330)
	=====	=====

NOTE NET FAIR VALUE OF FINANCIAL INSTRUMENTS**24.**

The net fair values of financial assets and liabilities recorded are determined on the following basis:

Financial instruments

Listed Investments included in Available for Sale Financial Assets are valued at their quoted market price. Unlisted Investments are at cost, which approximates their fair values. The fair values of unlisted investments are based on the estimated values of the investments and in view of their strategic holdings.

The carrying values of all other financial assets and liabilities are stated at their approximate fair value.

Risk Management

The consolidated entity's exposures to risk at reporting date in relation to each class of recognised financial assets and liabilities is the carrying amounts shown in the balance sheet and any variation that may occur as a result of market fluctuations, interest rate rises or falls and similar factors

NOTE INCOME TAX**25.**

The prima facie income tax (expense)/benefit on the pre-tax accounting loss reconciles to the income tax expense in the accounts as follows:

	2010	2009
	\$	\$
Loss from ordinary activities	(336,885)	(578,259)
Prima facie income tax expense/(benefit) calculated at 30% (2009 30%) on the Loss from ordinary activities	(101,065)	(173,477)
Tax effect of adjustments:		
Future tax benefits not brought to account	101,065	173,477
Income Tax expense relating to ordinary activities	-	-

NOTE EVENTS SUBSEQUENT TO REPORTING DATE**26.**

Since the end of the financial year, no matters or circumstances have arisen which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, except as stated elsewhere in this Report.

NOTE EXPENDITURE COMMITMENTS**27.**

Expenditure commitments in respect of exploration and investment in joint venture projects over the next twelve months are expected not to exceed \$300,000.

The company has entered into Put Option Agreements in respect of several parcels of listed shares amounting to about \$300,000. These transactions are not expected to have any material effect on the financial position of the company.

SOUTHERN CROSS EXPLORATION N L
AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2010

In the Directors' opinion:

- (a) the financial statements and the notes set out on pages 17 to 31 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2010 and their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Alternative Chief Executive Officer and the Alternative Chief Financial Officer required by Section 295A of the Corporations Act, 2001.

This declaration is made in accordance with a resolution of the Directors.

B Ganke
Director

Sydney
30 March 2011

INDEPENDENT AUDIT REPORT
TO MEMBERS OF SOUTHERN CROSS EXPLORATION N L
FOR THE YEAR ENDED 31 DECEMBER 2010

Report on the Financial Report

I have audited the accompanying financial report of Southern Cross Exploration N L, which comprises the Balance Sheet as at 31 December 2010, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory Notes and the Directors' Declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1.1, the Directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit I have complied with the independence requirements of the Corporations Act 2001. I have given the Directors of the Company a written Auditor's Independence Declaration.

Auditor's Opinion

In my opinion:

1. The financial report of Southern Cross Exploration N L is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
2. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.1.

INDEPENDENT AUDIT REPORT *(cont'd)*

Report on the Remuneration Report

I have audited the Remuneration Report for the year ended 31 December 2010. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. My responsibility is to express an opinion on the Remuneration Report, based on my audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In my opinion the Remuneration Report of Southern Cross Exploration N L for the year ended 31 December 2010, complies with section 300A of the Corporations Act 2001.

I J Lamb & Co
Chartered Accountants

I J Lamb
Partner

Dated at Sydney
30 March 2011

Blank page - for your Notes

Blank page - for your Notes

SOUTHERN CROSS EXPLORATION N L

A.C.N. 000 716 012

CORPORATE DIRECTORY

DIRECTORS : B GANKE (Chairman & Managing Director)
R G ADAMSON
E GOH

SECRETARY : E GOH

**REGISTERED &
ADMINISTRATIVE
OFFICE** : 9TH FLOOR, 82 ELIZABETH STREET
SYDNEY NSW 2000 AUSTRALIA
TELEPHONE : (02) 9233 6022
FAX : (02) 9233 6475
e-mail : sxx@sxxgroup.com
web site : www.sxxgroup.com

POSTAL ADDRESS : GPO BOX 4246
SYDNEY NSW 2001

SHARE REGISTRY : REGISTRIES LIMITED
207 KENT STREET
SYDNEY NSW 2000
TELEPHONE : (02) 9290 9600
FAX : (02) 9279 0664

AUDITORS : I J LAMB & Co.
Chartered Accountants

BANKERS : AUSTRALIA & NEW ZEALAND
BANKING GROUP LTD

**STOCK EXCHANGE
LISTING** : AUSTRALIAN SECURITIES EXCHANGE
ASX CODE - “**SXX**”

SOUTHERN CROSS EXPLORATION

A.C.N. 000 716 012

PROXY FORM

REGISTERED & ADMINISTRATIVE OFFICE:

9th Floor, 82 Elizabeth Street,
Sydney NSW 2000
Phone: (02) 9233 6022; Fax: (02) 9233 6475

MAIL TO:

GPO BOX 4246
Sydney NSW 2001

.....
(NAME OF SHAREHOLDER - BLOCK LETTERS PLEASE)

of
(Address)

being a member of **SOUTHERN CROSS EXPLORATION N L**, hereby appoint/s:

..... to represent% of voting rights,
(Name of Proxy)

and/or:

..... to represent% of voting rights,
(Name of Proxy)

or, failing either one, the Chairman of the Meeting as the Proxy to vote at the Annual General Meeting of the Company to be held on **Tuesday 31 May 2011 at 5.00pm** at the International Nippon Australia & New Zealand Club, Lower Ground Floor, 229 Macquarie Street, Sydney and at any adjournment thereof.

The Chairman intends to vote undirected proxies FOR all of the proposed resolutions.

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in this box:

☐

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by the Chairman of the Meeting for those resolutions other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote - by marking the boxes below - the Chairman will not cast your votes on the resolutions and your votes will not be counted in calculating the required majority if a poll is called on the resolutions.

VOTING DIRECTIONS - please insert an (X) in the appropriate boxes below.

* An abstention will not be counted for the purposes of calculating the percentage of votes cast for, or against, a motion.

BUSINESS

Ordinary Resolutions

	FOR	AGAINST	ABSTAIN *
1. To adopt the Remuneration Report	☐	☐	☐
2. Re-election of Director - Ms E Goh	☐	☐	☐

SPECIAL BUSINESS:

3. Authority to place shares			
4. To increase non-executive Directors Fees to \$150,000 maximum aggregate per annum	☐	☐	☐

Dated this day of 2011

Signature(s) of shareholder/s:
(Companies: - Common Seal may be used)

PROXIES:

A member entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. A proxy need not be a member. To be valid, proxies may be lodged at the company's Registered Office - 9th Floor, 82 Elizabeth Street, Sydney, NSW - or may be transmitted to FAX number (02) 9233 6475 and must be received no later than forty-eight (48) hours before the scheduled start of the meeting.