



Southern Cross Exploration N.L.

A.C.N. 000 716 012

82 ELIZABETH STREET, SYDNEY - TELEPHONE: 9233 6022 - FAX: 9233 6475

e-mail: sxx@sxxgroup.com

www.sxxgroup.com

PLEASE ADDRESS ALL CORRESPONDENCE TO GPO BOX 4246 SYDNEY NSW 2001

CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING - TUESDAY 31 MAY 2011

Ladies and Gentlemen - Shareholders and Visitors -Welcome to the 40th Annual General Meeting of Southern Cross Exploration N L.

The Company has had an interesting calendar and financial year and more interesting times since balance date.

Uranium spot prices which were strengthening early in the year went down, after the terrible Japanese earthquake and tsunami and subsequent events; however, Directors believe that the uranium market will steadily recover as plans for building new reactors around the world appear unaffected, there being no feasible alternative for carbon free base load electricity.

Gold fluctuated between around \$1,078 an ounce at the end of January 2010 and \$1,327 at the end of January 2011 to the current price of \$1,535 today, which is a good sign for our gold projects. Continual printing of the USD is likely to force the gold price higher.

New Projects

The company has acquired interests by way of Conditional Agreements in two new projects which are considered to be very prospective - the Batangas Gold Project, Philippines; and a Uranium project - the Mkuju Uranium Project in Tanzania - as reported to the market and as covered in the Directors' Report and latest ASX releases. Some shares have been issued as consideration for entering into those agreements at prices generally above the market price.

Investments and Share Placements

Some short-term liabilities became due and have been agreed to be settled by the issue of shares. Since balance date, a total of 6,000,000 shares have been issued at 5 cents per share. It is likely that more placements will be made to settle other loan transactions and the Company, which enjoys very light gearing, should become virtually ungeared.

Obviously, existing shareholders may suffer some dilution, so an issue price in excess of the market price for such placements would be sought, as that would reduce the dilution.

One of the anomalies of the Listing Rules is that associates cannot participate in placements. Very often, Directors and associates are the only shareholders prepared to support a company. That old Listing Rule which presumed that a company issues shares at low prices and therefore prevented Directors from participating did not seem to take into account that most companies have well-intentioned Directors who try to get the highest price possible for the benefit of the company as a whole and if they are major shareholders, they share the benefits.

URANIUM – BIGRLYI JOINT VENTURE

The Company's 5% interest in the Bigrlyi 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 Bigrlyi 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.

Share price and market capitalisation

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 - and therefore the Company's market capitalisation remains also very low. It is clear that the company's valuable investment in the Bigrlyi Uranium Joint Venture project has not yet been given due recognition by the market. The price started moving up but then was knocked down after the tragedy in Japan.

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

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. New capital raised would be utilised to fund existing and new exploration projects, for suitable investments, repayment of liabilities and for general purposes.

Boris Ganke

Chairman

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