



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

PLEASE ADDRESS ALL CORRESPONDENCE TO GPO BOX 4246 SYDNEY NSW 2001

26 May 2010

e-Lodgement

FOR PUBLIC RELEASE

Manager - Company Announcements
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Dear Madam

Re Annual General Meeting 2010 - Chairman's Address

Attached is a copy of the Chairman's Address which is being read to shareholders and distributed at today's Annual General Meeting.

For and on behalf of

Southern Cross Exploration N L

E Goh
Secretary



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

PLEASE ADDRESS ALL CORRESPONDENCE TO GPO BOX 4246 SYDNEY NSW 2001

CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING - WEDNESDAY 26 MAY 2010

Ladies and Gentlemen - Shareholders and Visitors -Welcome to the 39th Annual General Meeting of Southern Cross Exploration N L.

URANIUM – BIGRLYI JOINT VENTURE

The Company's major asset at present is undoubtedly its interest in the Bigrlyi Uranium Joint Venture, which was re-classified in 2008 as an "Investment in Joint Venture".

The Bigrlyi Uranium Joint Venture Project consists of exploration retention licenses located in the Northern Territory, about 300km northwest of Alice Springs. Since its discovery in the seventies, data from over 850 drill holes has defined potentially economic resources of uranium and vanadium, and encouraging metallurgical and mining studies have been carried out.

In May last year, the Joint Venture Operator (Energy Metals Limited) announced increased mineral resources for the Bigrlyi Project. At a cut-off grade of 500 ppm U_3O_8 , the uranium mineral resource totals 22.7 million pounds of U_3O_8 . At a lower cutoff of 250 ppm U_3O_8 , the resource increases to 29.4 million pounds of U_3O_8 . It is important to note that most of this resource is within 200m of the surface and therefore, should be recoverable by open cut mining.

Vanadium is potentially an important by-product of uranium mining at Bigrlyi. Approximately 38 million pounds of vanadium pentoxide are associated with the presently defined uranium resources and this is likely to become a significant credit.

In December 2009, a proportional takeover offer by China Uranium Development Company (CUD) for Energy Metals Ltd resulted in CUD acquiring over 65% of Energy Metals' issued capital. CUD is a subsidiary of China Guangdong Nuclear Power which besides operating four nuclear power plants in eastern China, is believed to have several more in the planning stage. It appears that CUD is looking to Bigrlyi as the source of its future nuclear fuel requirements.

Significantly for Southern Cross shareholders, the CUD / EME partial takeover transaction provides a meaningful valuation of your Company's interest in the Bigrlyi Uranium Joint Venture. On a comparative and pro-rata basis, Southern Cross's interest has a present value of more than \$10,000,000. Furthermore, it is reasonable to expect that in the near future, this value will increase as further pre-development activities and a feasibility study are undertaken by the joint venture.

Uranium - Bigrlyi Joint Venture (cont'd)

The scoping study economics of Bigrlyi are most favourable, in part because of its high uranium grade which is about three times greater than uranium mines in Africa and exploration projects in Western Australia and Queensland. Another advantage is the location of the Bigrlyi project as the Northern Territory Government encourages the development of mining projects and it possesses important expertise in the licensing and regulation of uranium mines.

It is important that shareholders recognise that the Bigrlyi Uranium Joint Venture provides that participants may take their share of uranium production in kind. This means that in the event of commercial mine development, Southern Cross could market and trade uranium on its own account.

It is possible therefore, that shareholders in Southern Cross may participate in the global uranium market with direct exposure to developments in the future pricing of uranium.

Directors believe that not even today's value of the Company's interest in the Bigrlyi uranium deposit, let alone its potential value, is reflected in the current share price of Southern Cross.

Uranium - Burkina Faso

In 2008, Southern Cross was the original applicant for two uranium exploration licenses in Burkina Faso. The area was selected because it appears to lie on the same geological structure as one of the main uranium anomalies in Burkina Faso which is located approximately 50km due west of our tenements.

The Company retains a 45% interest after farming-out the project to CrossContinental Uranium Ltd (an Australian/Canadian consortium) (35%) and Longreach Oil Ltd (20%). CrossContinental (Operator) carried out an initial airborne radiometric survey exploration which discovered some uranium anomalies within the tenements. It is expected that CrossContinental will undertake further exploration when work commences on their own licence applications, nearby and in other parts of Burkina Faso.

Fiji

Southern Cross has a 20% shareholding in a Fijian company, Nadi Bay Beach Corporation Ltd and a fifty percent interest in the first mortgage held over that company's beachfront properties in Nadi. The continuing adverse media comments on the political situation in Fiji tends to make things appear much worse than they are. Fiji has had its ups and downs over 20 years or so and the property market and particularly tourism, invariably bounce back, sometimes stronger than before. It should be noted that property development is proceeding in nearby areas and is targeted mainly at the New Zealand market, with some success. Directors are assisting the Fijian company in examining and evaluating opportunities for further development and/or the sale of the Fijian properties.

Share Price and Market Capitalisation

After the surge in our share price during 2007 on the back of excitement about uranium, the next two years were uneventful except for two factors: the detrimental effects of the litigation brought against the Company by an Adelaide-based group; and the GFC which also did not help. However, I believe that the legal actions commenced in previous years by the Adelaide shareholder group represented by Mr Timothy Lebbon, which remained on foot for nearly three years, was the main cause for the depressed share price and it appears that it has been deliberately kept depressed by certain parties with their special agendas. Whilst that litigation was successfully terminated only in March of this year, with substantial costs being awarded to SXX, it is a fact of corporate litigation that no award of costs can compensate even for direct, and indirect, costs, the indirect opportunity costs and the damage caused by unproductive use of management time.

The capitalisation of the Company, at around \$3 million at the end of 2009 was again the lowest in years. It still remains very low and clearly does not reflect the value of the Company's assets, particularly the value of the Bigrlyi Uranium Deposit.

It is worth noting that the group which started the litigation has offered its 20% parcel of shares for sale for about \$3 million, which implies that the worth of the Company is about \$15 million.

Call on partly paid shares

Largely due to the vagaries of litigation, which has prevented any other form of capital raising, Directors had to make a call on the partly paid shares, some of which remained as contributing shares since listing in 1970.

A call of 2 cents was made and all the information in respect of the procedural steps have been announced to the ASX. The provisions of the Corporations Act give little discretion to Directors except to determine the auction date of any shares which have been forfeited for non-payment of the call. Directors are allowing as much time as practicable to give as many shareholders as possible the opportunity to redeem their shares. As at this date, the auction is set down for 14 June 2010.

Investments

The Company has shareholdings in various listed and unlisted companies. One of the Company's strategic investments is its shareholding in Longreach Oil Ltd (LGO). That company has a shareholding in the ASX-listed, oil producing and exploration company AusTex Oil Ltd (AOK), which has oil and gas production in Oklahoma and Kansas. SXX has also obtained for a nominal consideration 10,000,000 Founders' Shares in unlisted Offshore Oil Ltd which is preparing a Prospectus for an I.P.O.

Share Placements

Shareholders are asked to approve placements of a large number of shares in order for the Company to have the ability to raise capital quickly or to acquire projects when an opportunity arises. It should be noted that in the past few years only small placements have been made - and none have been made since 2006. No major placements are planned in the immediate future, especially as the NTA is about 11 cents; however, it is prudent to have such an authority in place, as a reserve power.

Future

Due to the above-mentioned litigation, the normal operations of negotiating and evaluating new projects were detrimentally affected. That notwithstanding, resource projects, including oil and gas, and other energy commodities, both in Australia and overseas, are being evaluated, with a view to possible participation.

Given the present interest in uranium, the company expects to be in a position to take advantage of the demand for that commodity, which is predicted to rise in 2012. The Board expects that the market will soon appreciate the value of the Company's investment in the Bigrlyi Uranium project. I personally believe that the low value presently placed on the Company by the market will be rectified in the near future.

Resources Super Profits Tax (RSPT)

It is impossible to resist the opportunity to comment on the RSPT - which I prefer to call the **CVDT** - "**Canberra Value Destruction Tax**".

Not since the "three years of hard labour" suffered during the Rex Connor era has the mining industry encountered more political spin, with Canberra painting the miners as not paying their fair share from the profits made on resources "belonging to the people".

Yes, the resources belong to the people but until local or foreign risk capital starts getting them out of the ground, they are worthless. In the ground they are neither edible, nor can they build hospitals and schools! For example, Australia is supposed to have the largest resources of uranium resources in the world. In the last thirty years of no new development, it did not produce anywhere near the value it could have, so what was that resource in the ground contributing to the economy? There are many countries with resources in the ground "belonging to the people"! For one reason or another - often to do with politics ! - they remain undeveloped, yet they "belong to the people" in some of the poorest countries.

Australia weathered the GFC fairly well, mainly thanks to the now maligned miners and Chinese demand for our discovered and developed resources - **discovered and developed by private risk capital**. The billions of dollars that have been lost in searching before finding commercially viable deposits does not get a mention in all the political spin.

The proposed "CVDT" has already caused a twenty (20) percent drop in the market capitalisation of our largest resource companies, which will adversely affect all super funds and employment and will probably divert a lot of capital to greener pastures.

Resources Super Profits Tax (RSPT) *(cont'd)*

I believe that the Socialistic nonsense that “the resources belong to the people” should be buried with the undiscovered resources that have no value until someone spends high risk capital to find and develop them!!

SXX does not make any "super" profits - as yet! However, this proposed tax should be nipped in the bud - but if any meaningful dialogue is to take place, it would be best if both sides ceased hurling insults at each other.

Perhaps the profitable producers could agree to an export levy of an agreed amount per tonne of coal or iron ore (or similar impost) and quickly remove the "super complex" tax proposal in order to minimise the destructive effects already caused to the share market and to Australia's reputation.

Hopefully some common sense will prevail and some common ground will be found on this important issue and we all await the outcome with great interest and concern.

Boris Ganke

Chairman

-ks/956.108