



Southern Cross Exploration N.L.

A.C.N. 000 716 012

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PLEASE ADDRESS ALL CORRESPONDENCE TO GPO BOX 4246 SYDNEY NSW 2001

13 September 2011

e-Lodgement

FOR PUBLIC RELEASE

Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Dear Madam

Re Half-Year Financial Report

Attached is the Company's Half-Year Financial Report for the period ended 30 June 2011.

This information should be read in conjunction with the Company's Financial Report for the year ended 31 December 2010.

For and on behalf of

Southern Cross Exploration N L

E Goh
Secretary

SOUTHERN CROSS EXPLORATION N L

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2011

Your Directors present the consolidated financial statements of the consolidated entity for the half-year ended 30 June 2011.

1. REVIEW AND RESULTS OF OPERATIONS

Firstly, the attention of shareholders and investors is drawn to the releases made by the Company to the ASX during the period, providing information on the Company's activities. Such releases are accessible on the ASX website (under announcements for SXX) at www.asx.com.au.

The Company's operations during the half-year ended 30 June 2011 were principally maintaining and increasing the group's gold and mineral exploration projects and investments. Examining potential acquisitions of new coal, gold and other mining projects, as well as oil and gas projects and investments was also on the agenda. The result for the half-year was a net loss of \$1,006,000, which included several significant items which were of a non-recurring nature and would have been called abnormal items in the past.

2. URANIUM

2.1 NORTHERN TERRITORY - BIGRLYI URANIUM JOINT VENTURE

The Company's uranium asset has, after nearly 30 years, attained pre-development status and can now be reasonably expected to become part of one of the uranium production joint venture groups in Australia. Southern Cross has been in this joint venture project since the early 1980s and maintains a 5% interest.

Directors consider that the takeover of 70% of Energy Metals Ltd (EME) by China Uranium Development Company Limited, a wholly-owned subsidiary of the state-owned China Guandong Nuclear Power Holding Co Ltd (CGNP), has enhanced the realisable value of the Company's investment in the Bigrlyi Uranium Joint Venture, which has a current book value of \$8.6 million. CGNP currently has six (6) nuclear power plants in operation and 16 nuclear power plants under construction!

Shareholders should view the Company's last Quarterly Activities Report, which is available on the ASX website (see announcements for SXX) and also on the website that of the Operator, EME, (www.energymetals.net), which provide more details of the Bigrlyi Uranium Joint Venture project.

2.2 TANZANIA - MKUJU URANIUM PROJECT

Southern Cross has acquired an initial interest of seven (7) percent and the acquisition of a further 18% interest is pending. SXX has the right to acquire up to 90% of the project over a period of time.

2.3 BURKINA FASO - WEST AFRICA

Southern Cross had a 70% interest in two Exploration Permits for uranium in Burkina Faso. The operator advised that it was not proceeding with further exploration. The licenses are current but may not be renewed. The Company has written off all expenditure incurred in respect of this project.

3. GOLD - PHILIPPINES

3.1 *BATANGAS GOLD PROJECT*

Southern Cross has an agreement in respect of the acquisition of the Batangas Gold Project, which is considered to be a very prospective gold exploration area in the Philippines. The Company currently has a 10% interest in the Batangas Gold Project, with the right to acquire up to 100% over a period of some 3 years. About \$600,000 worth of SXX shares have been issued, mostly at five (5) cents per share in respect of the acquisition of this interest.

3.2 *Gold Cross Project - Municipalities of Norzagaray & Dona Remedios Trinidad, Province of Bulacan - Island of Luzon*

Southern Cross holds a 20% interest in the Gold Cross Gold Project located in the Philippines, on the main island of Luzon. This project is located about 100 kms north-east of Manila. Southern Cross has the right to acquire the balance of 80% in this project in several tranches. On information provided in the past, the area is considered to have potential for large gold resources. Steps continue to be made to progress the permitting process.

4. MAGNESITE - IRAN

The company maintains its 10% interest in the Iranian companies which hold several exploration tenements with identified outcropping dolomite/magnesite deposits.

5. OIL & GAS & ENERGY

Southern Cross retains an indirect interest in oil and gas exploration through its substantial shareholding in Longreach Oil Ltd (LGO). LGO has a direct 50% interest in a new Petroleum Lease 280 in the Surat Basin, Queensland, with Brisbane Petroleum Ltd).

A new Oil and Gas Exploration and Investment company, Offshore Oil Ltd, is being co-sponsored jointly by Southern Cross and Longreach Oil. Offshore Oil is in the process of raising Seed Capital before going to an IPO. Other oil and gas exploration opportunities in Australia and overseas continue to be evaluated.

6. FIJI - Investment in Property Mortgage and Shareholding

The Company has held a substantial investment in a mortgage over beachfront, freehold properties in Fiji, as well as a shareholding in the Fijian property company, for many years. As stated before, the initial investment was repaid with a good profit within three years of purchase. The small balance that remained after revaluation and interest has grown to the current amount shown in the accounts.

Political events in Fiji have caused delays to this project, although the news from Fiji is actually more positive than one gets from the media. The project and the political situation are being kept under review.

7. ISSUE OF SECURITIES

During the period, Southern Cross issued a total of 35,000,000 shares, mainly in respect of acquisition of its interests in the Batangas Gold Project and the Tanzanian Uranium project, as well as in respect of outstanding liabilities.

Since the end of the period, a further 24,500,000 were issued in respect of the acquisition of a further interest in the Batangas Gold Project and in respect of liabilities.

The Issued Capital of Southern Cross at the date of this report stands at 178,500,000 fully paid shares.

8. REQUISITIONED GENERAL MEETING

An extraordinary General Meeting was requisitioned by a private shareholder group represented by T O Lebbon for the purpose of removing all three current Directors and appointing three new Directors. A lot of unproductive work and expenditure resulted from calling that meeting, which was held on 3 August 2011. The meeting rejected the requisitionists' proposals by a large majority.

9. DIRECTORS

The names of the Directors who have been Directors at any time during or since the end of the half-year are:

	<u>Director since</u>
R Adamson	2004
B Ganke	1976
E Goh	1990

10. AUDITOR

The Company has appointed new Auditors - CDTL Corporate Accountants (Mr Carl Dumbrell - Partner). As prescribed by the rotation requirements of the Corporations Act, the previous Auditor I J Lamb and Co (I J Lamb - Partner) had to resign. The Company expresses its thanks to Mr Lamb for the provision of his services.

11. AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Directors.

DATED at Sydney this 13th day of September 2011

B Ganke
Director

AUDITORS' INDEPENDENCE DECLARATION

To the Directors of Southern Cross Exploration N L:

As auditors for the review of Southern Cross Exploration N L for the half-year ended 30 June 2011, we declare that, to the best of our knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Southern Cross Exploration and the entities it controlled during the period.

CDTL Corporate Accountants

Carl F. Dumbrell
Bcom CA (Aus) ACA (England and Wales) MTAX FTIA JP
Partner

Sydney NSW Australia

13 September 2011

SOUTHERN CROSS EXPLORATION N L

CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2011

	<u>Note</u>	30 June 2011 \$	30 June 2010 \$
Revenue		190,345	168,033
Finance Costs		(177,887)	(122,568)
Administration expenses		(141,441)	(175,657)
Other expenses		(73,576)	(76,768)
Loss before significant items		----- (202,559)	----- (206,960)
Significant Items	8	(803,660)	-
Loss before Income Tax		----- (1,006,219)	----- (206,290)
Income tax		-	-
Net Loss for the period		----- (1,006,219)	----- (206,960)
Other comprehensive income(loss)			
Fair value adjustments on available for sale financial assets		(92,306)	(74,492)
Total comprehensive income/(loss) for the period		----- (1,098,525) =====	----- (281,452) =====
Earnings per share			
Basic earnings/(loss) per share (cents)	7	(\$0.008)	(\$0.002)
Diluted earnings/(loss) per share (cents)	7	(\$0.008)	(\$0.002)

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

SOUTHERN CROSS EXPLORATION N L

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2011

	<u>Note</u>	30 June 2011 \$	31 December 2010 \$
Current Assets			
Cash & cash equivalents		32,787	1,744
Available for sale financial assets	2	97,023	197,188
Trade & other receivables		422,655	346,896
Investment in Joint Venture	3	8,637,650	8,574,542
		<hr/>	<hr/>
Total Current Assets		9,190,115	9,120,370
		<hr/>	<hr/>
Non Current Assets			
Available for sale financial assets	4	941,765	1,307,418
Trade & other receivables	5	6,983,837	6,816,354
Exploration and evaluation assets		845,771	797,937
		<hr/>	<hr/>
Total Non Current Assets		8,771,373	8,921,709
		<hr/>	<hr/>
Total Assets		17,961,488	18,042,079
		<hr/>	<hr/>
Current Liabilities			
Trade & other payables		499,136	623,092
Financial Liabilities		1,643,979	1,995,545
		<hr/>	<hr/>
Total Current Liabilities		2,143,115	2,618,637
		<hr/>	<hr/>
Non-Current Liabilities			
Financial Liabilities		943,646	1,030,387
		<hr/>	<hr/>
Total Non Current Liabilities		943,646	1,030,387
		<hr/>	<hr/>
Total Liabilities		3,086,761	3,649,024
		<hr/>	<hr/>
Net Assets		14,874,727	14,393,055
		<hr/> <hr/>	<hr/> <hr/>
Equity			
Share Capital	6	17,890,653	16,396,653
Other Reserves		5,094,808	5,187,114
Accumulated Losses		(8,110,734)	(7,104,515)
		<hr/>	<hr/>
		14,874,727	14,479,252
Non controlling interest		-	(86,197)
		<hr/>	<hr/>
Total Equity		14,874,727	14,393,055
		<hr/> <hr/>	<hr/> <hr/>

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

SOUTHERN CROSS EXPLORATION N L

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR HALF YEAR ENDED 30 JUNE 2011

	ATTRIBUTABLE TO OWNERS OF THE COMPANY				
	Share Capital	Other Reserves	Accumulated Losses	Non- controlling Interests	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 January 2010	15,066,653	5,269,112	(6,767,880)	(85,947)	13,481,938
Total comprehensive income/(loss) for the period	-	(74,492)	(206,960)	-	(281,452)
Calls paid on partly paid shares	945,131	-	-	-	945,131
Balance at 30 June 2010	16,011,784	5,194,620	(6,974,840)	(85,947)	14,145,617
Balance at 1 January 2011	16,396,653	5,187,114	(7,104,515)	(86,197)	14,393,055
Share issues	1,494,000	-	-	-	1,494,000
Total comprehensive income/(loss) for the period	-	(92,306)	(1,006,219)	-	(1,098,525)
Eliminate on deconsolidation of controlled entity	-	-	-	86,197	86,197
Balance at 30 June 2011	17,890,653	5,094,808	(8,110,734)	-	14,874,727

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

SOUTHERN CROSS EXPLORATION N L

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 30 JUNE 2011

	30 June 2011 \$	30 June 2010 \$
Cash flows from Operating Activities		
Dividends received	66	235
Interest paid	(28,280)	(46,631)
Operating expenses	(127,564)	(170,586)
Other expenses	-	(176,090)
	<hr/>	<hr/>
Net cash (used in) Operating Activities	(155,778)	(393,072)
	<hr/>	<hr/>
Cash flows from Investing Activities		
Proceeds from sale of Investments	16,014	7,717
Payments for Exploration Expenditure	(80,077)	(31,427)
Payments for Investments	(2,380)	(94,484)
Repayments by loan and other debtors	-	2,500
Loans & advances made	(1,148)	(4,200)
	<hr/>	<hr/>
Net cash (used in) investing activities	(67,591)	(119,894)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from issue of shares	-	944,528
Proceeds from borrowings	260,800	488,319
Repayment of borrowings	(6,388)	(922,284)
	<hr/>	<hr/>
Net cash inflows from financing activities	254,412	510,563
	<hr/>	<hr/>
Net(decrease) in cash held	31,043	(2,403)
Cash at the beginning of the period	1,744	5,199
	<hr/>	<hr/>
Cash at the end of the period	<u>32,787</u>	<u>2,796</u>

SOUTHERN CROSS EXPLORATION N L

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2011

NOTE 1. Summary of significant accounting policies

The accounting policies adopted in the preparation of the Financial Report of the consolidated entity consisting of Southern Cross Exploration N L and its subsidiaries are the same as those used in the 31 December 2010 Financial Report.

1.1 Basis of preparation

This financial report for the half year ended 30 June 2011 is a general purpose financial report which has been prepared in accordance with AASB 134, Interim Financial Reporting, Australian Equivalents to International Financial Reporting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Accounting Interpretations) and the Corporations Act 2001.

The interim report does not include full disclosures of the type normally included in an annual financial report. It should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and any public announcements made during the half-year under the continuous disclosure obligations.

1.2 Statement of compliance

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

	30 June 2011	31 December 2010
	\$	\$
NOTE 2. Available for Sale Financial Assets		
- Current		
Shares in corporations listed on Stock Exchanges at quoted market value	97,023	197,188
	=====	=====
NOTE 3. Investment in Joint Venture		
Bigrlyi Joint Venture - at cost	1,551,415	1,488,307
- at revaluation	7,086,235	7,086,235
	-----	-----
	8,637,650	8,574,542
	=====	=====
NOTE 4. Available for Sale Financial Assets		
- Non-current		
Shares in corporations listed on Stock Exchange at quoted market value	441,388	699,270
Shares in unlisted corporations - at cost	500,377	608,148
	-----	-----
	941,765	1,307,418
	=====	=====

Southern Cross Exploration N L

	30 June 2011 \$	31 December 2010 \$
NOTE 5. Trade & Other Receivables - Non-current		
Deposits	70,679	70,679
Mortgage Investment	6,698,158	6,530,675
Other receivables	27,500	27,500
Other receivables - related parties	187,500	187,500
	<u>6,983,837</u>	<u>6,816,354</u>
NOTE 6. Share Capital		
154,000,000 (December 2010- 119,000,000 ordinary fully paid shares)	20,223,158	18,729,158
Transferred from share premium/discount reserve	(2,332,505)	(2,332,505)
Balance	<u>17,890,653</u>	<u>16,396,653</u>
	30 June 2011 Number	30 June 2011 \$
Movements in share capital		
Balance at beginning of period	119,000,000	18,729,158
Acquisition of exploration interests	2,600,000	124,000
Consultants	400,000	20,000
Acquisition of investments	2,000,000	100,000
Loan settlement	30,000,000	1,250,000
Balance at end of period	<u>154,000,000</u>	<u>20,223,158</u>
21,000,000 options exercisable at 15 cents each and expiring in November 2011 are outstanding.		
	30 June 2011 \$	30 June 2010 \$
NOTE 7. Earnings per share		
Basic earnings/(loss) per share (cents)	(\$0.008)	(\$0.002)
Diluted earnings/(loss) per share (cents)	(\$0.008)	(\$0.002)
Net Loss used to calculate Earnings per share	(\$1,006,219)	(\$206,960)
Number of weighted ordinary shares used in calculation of basic earnings (loss) per share	123,394,475	103,256,514

Southern Cross Exploration N L

	30 June 2011 \$	30 June 2010 \$
NOTE 8. Significant Items		
Deconsolidation of controlled entity	(86,197)	-
Loss on loan transactions	(306,748)	-
Impairment losses on unlisted shares	(410,715)	-
	-----	-----
	(803,660)	-
	-----	-----

Explanation of significant items

The controlled entity Keadeber Resources (Pty) Ltd, which had remained dormant after writing off the Ondundu gold project in Namibia several years ago, has been deregistered.

The company had bank facilities amounting to \$1,000,000 supported by a third party guarantee. A settlement with the third party was made by the issue of 30,000,000 shares. The difference of \$190,000 between the share issue consideration and the amount of the loan was included as a loss.

During the period, an amount \$242,748 in respect of outstanding loan transactions was brought into the accounts, as a previous set-off had to be reversed. The net effect of this was a loss of \$116,748.

In prior periods, the company had written down certain unlisted investments to the Fair Value Reserve. The amount of \$302,944 has been reversed out of the Fair Value Reserve and together with an additional amount of \$107,771 written off as impairment losses in the Income Statement.

NOTE 9. Segment Information Australia

Revenue - Investments	190,345	168,033
Results - (Loss)	(1,006,219)	(206,960)

NOTE 10. Related Parties

Amounts recognised as revenues and expenses were as follows:

Revenue		
Interest	167,483	168,033
	-----	-----
Expenses		
R Adamson (consultant services)	15,000	-
B Ganke (salary)	60,000	60,000
Directors Fees	20,000	7,500
Brilliant Homes Management Pty Ltd	60,000	60,000
	-----	-----
	155,000	127,500
	-----	-----

B Ganke is a Director of Brilliant Homes Management Pty Ld which provided accounting, administration and secretarial services.

Southern Cross Exploration N L

NOTE 11. Expenditure commitments

Expenditure commitments in respect of exploration and investment in joint venture projects over the next six months do not exceed \$200,000.

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

NOTE 12. Events Subsequent to the Half-Year

Since the reporting period, 24,500,000 shares have been issued in respect of further acquisition of interest in the Batangas Gold Project and repayments of liabilities.

There were no significant events after the reporting period other than as disclosed in the Report.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Southern Cross Exploration N L:

We have reviewed the accompanying half-year financial report of Southern Cross Exploration N L ("the Company") which comprises the Consolidated Balance Sheet as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half-year ended on that date, other selected explanatory notes and the Directors' Declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 30 June 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditors of Southern Cross Exploration N L, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls. Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given the Directors of the Company a written Auditors' Independence Declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Southern Cross Exploration N L is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

CDTL Corporate Accountants

Carl F. Dumbrell
BCom CA (Aus) ACA (England & Wales) MTAX FTIA JP
Partner

Sydney NSW Australia

13 September 2011