

SOUTHERN CROSS EXPLORATION N L

A.C.N. 000 716 012

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty-first 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, 29 May 2012 at 4 p.m.**

BUSINESS

To receive and consider the Financial Report for the year ended 31 December 2011 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 2011 be considered and adopted".

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

2. "THAT Mr Eugene Ganke, who having being appointed as a Director during the year retires and being eligible offers himself for election, be elected as a Director of the Company".
3. "THAT CDTL Corporate Accountants (Mr Carl Dumbrell - Partner) be appointed as Auditor of the company, to replace the previous Auditor, who had to retire after five years, due to the requirements of the Corporations Act 2001".

SPECIAL BUSINESS

4. "THAT under the provisions of Listing Rule 7.1 the Directors be authorised to make placements of up to three hundred million ordinary fully paid shares in the capital of the Company at a price of six (6) 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".
5. "THAT shareholders approve the extension of a first mortgage over freehold properties in Fiji owned by Nadi Bay Beach Corporation Ltd (NBBC), a Fijian company - in which Messrs Ganke have a direct and indirect interest and Ms Goh has an interest as a Director and shareholder of NBBC - to 30 June 2014 and that interest at 9% p.a. simple be accrued on the capitalised amount of \$3,752,678 (*see Explanatory Note*).
6. To transact any other business which may be brought forward in accordance with the Company's Constitution.

Explanatory Note in respect of Resolution 1 - Adoption of Remuneration Report

In accordance with the Corporations Act 2001, the Remuneration Report is put to shareholders for adoption. Details of the Remuneration Report are included in the Directors' Report and Note 20.1 in the Financial Report. The vote on this resolution is advisory only and does not bind the Directors or the Company. Reasonable opportunity for shareholders to ask questions about or comment on the Remuneration Report will be given at the meeting.

Any undirected proxies held by the Chairman of the meeting, other Directors or any of their closely related parties will not be voted on Resolution 1 (Remuneration Report).

Explanatory Note in respect of Resolution 1 - Adoption of Remuneration Report (cont'd)

The Directors (including the Managing Director) are the only key management personnel of the Company. The Remuneration Report identifies the Company's key management personnel for the financial year to 31 December 2011. Their closely related parties are defined in the Corporations Act 2001, and include certain of their family members, dependants and companies they control.

The Directors will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

Explanatory Note in respect of Resolution 4 - Authority to make Share Placements

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 4

The Company will disregard any votes cast on Resolution 4 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.

Explanatory Note in respect of Resolution 5 - Extension of Fiji Mortgage

Whilst the Company does not accept that any financial benefit is now being provided to Directors and/or related parties, for the avoidance of doubt, an extension is being sought of the terms of the existing mortgage which was created by the joint mortgage transaction initiated by the Chairman in 1989 when he provided the opportunity to SXX to participate in a joint mortgage, following a complex settlement after more than 10 years of litigation with FAI.

Directors consider that the transaction was and remains reasonable in the circumstances, as if the parties were dealing at arms length and that the terms are no less favourable to SXX than to the related parties.

As detailed in previous Annual Reports, Southern Cross Exploration (SXX) invested \$500,000 in 1989 for a 50% interest in a mortgage over freehold properties in Fiji owned by Nadi Bay Beach Corporation Ltd (NBBC). The Chairman, Mr Ganke, also a Director and shareholder of NBBC, introduced the investment opportunity and he and associated interests have held the other 50% of the mortgage. The total mortgage was valued at \$4,500,000 at the time. As a result, for its \$500,000 investment, SXX obtained an interest valued at \$2,250,000 which was the amount then brought into the books of SXX.

Within three years of making the \$500,000 investment, SXX was repaid \$1,667,000. This investment provided SXX with a return of over 200% on its initial outlay and SXX received a larger payment than any of the other joint mortgagees. The Company also acquired a 20% shareholding in NBBC.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Explanatory Note in respect of Resolution 5 - Extension of Fiji Mortgage (cont'd)

Interest was continued to accrue at 12% compound for ten years, and since January 2005 interest has been charged at 9% simple on a capitalised amount of \$3,752,678. That figure comprised both the revaluation and interest accrued, otherwise there would have been a NIL balance.

Directors believe that the actions they have taken have been in the best interests of the Company and its shareholders and especially given the difficulties with the political situation in Fiji for many years and with timing being very important for the Fijian company to realise the assets at the best time and in a way which will maximise returns to SXX.

There are still perceived to be some sovereign risks in relation to Fiji but there are also very encouraging signs in respect of the property market, as development and sales of property continue to increase to foreign investors, including Chinese buyers. The Fijian company has retained a local consultant to accelerate the development and prepare a marketing campaign.

Directors believe that it would be prudent to extend the Fiji mortgage till 30 June 2014 to enable the development plans to progress and to allow for proper marketing of the beachfront properties, which it is believed would be to the benefit of all shareholders of SXX. The other mortgagees have agreed to grant such an extension.

As SXX is a joint mortgagee as well as a substantial shareholder in the Fijian company, NBBC, the Fijian interests of SXX are aligned with other shareholders of NBBC and the other mortgagees. Directors believe that there has not been any conflicts of interest but in order to remove any such perception, the resolution is being put to shareholders for their approval.

Voting Exclusion Statement in respect of Resolution 5

The Company will disregard any votes cast on Resolution 5 by Directors and their closely related parties.

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 2012

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 - or sent via e-mail to **sxx@sxxgroup.com** - 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.