



Southern Cross Exploration N.L.

A.C.N. 000 716 012

82 ELIZABETH STREET, SYDNEY
e-mail: sxx@sxxgroup.com

- TELEPHONE: 9233 6022

- FAX: 9233 6475
www.sxxgroup.com

PLEASE ADDRESS ALL CORRESPONDENCE TO GPO BOX 4246 SYDNEY NSW 2001

31 October 2011

**e-Lodgement
FOR PUBLIC RELEASE**

Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Dear Madam

**QUARTERLY ACTIVITIES REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2011
(ASX code - SXX)**

URANIUM - BIGRLYI URANIUM JOINT VENTURE (5%) - *NORTHERN TERRITORY, AUSTRALIA*

The Bigrlyi Uranium Joint Venture 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 and vanadium grades and excellent metallurgical recoveries.

Southern Cross has participated in the Bigrlyi Uranium Joint Venture (BUJV) for many years and presently holds a 5.0% interest. The other parties are Energy Metals Limited (Operator) with 53.3% and Valhalla Uranium Ltd with 41.7%. Energy Metals Limited is 70% owned by China Uranium Development Company Limited a wholly-owned subsidiary of the state-owned China Guandong Nuclear Power Holding Co Ltd. Valhalla Uranium is a wholly owned subsidiary of Paladin Energy Limited.

Current Project Status

- The Pre Feasibility Study (PFS) completed mid 2011, identified on a conditional basis the technical viability of the Bigrlyi uranium project.
- The mining evaluation indicates upside potential including the use of steeper pit wall angles, allowing the open pits to be mined to a deeper level than assumed in the PFS, and the use of bench down underground mining or long hole open stopes which both are lower cost mining methods than those used in the PFS.
- Uranium mineralization is open at depth and down plunge below all main mineralised zones; drilling is continuing the targeting of high grade depth extensions.
- The decision by the BUJV to continue the long lead time investigations necessary to obtain mining and production licences clearly demonstrates the BUJV parties seek to establish commercial production.
- At a cut-off grade of 500 ppm the Bigrlyi Mineral Resource totals 21.1 million pounds (Mlb) of U₃O₈ and 19.7 Mlb of V₂O₅, with 66% of the contained uranium metal (6,400t U₃O₈) now reporting to the Indicated Resource category, compared with 60% in the July 2010 MIK resource estimate.
- It appears reasonable that at a 400 ppm U₃O₈ cut-off grade (the open pit mining cut off grade used for the PFS) the eventual Bigrlyi uranium resource may be expected to significantly exceed the 21.1 Mlb U₃O₈ of the 500 ppm cut-off resource estimate.

URANIUM**- BIGRLYI URANIUM JOINT VENTURE (5%) - NORTHERN TERRITORY, AUSTRALIA (cont'd)**Activities for September 2011 Quarter

Activities and results as reported by the Joint Venture Manager, Energy Metals Limited (EME), are:

“Exploration activities within the Bigrlyi Joint Venture (BJV) during the quarter have included detailed mapping to identify untested sections of the prospective horizon and infill and extensional RC and Diamond drilling. All work has been designed to increase the resource base by targeting extensions of the mineralisation.

The geological controls on the higher grade and thicker portions of the mineralisation have been reinterpreted resulting in a slightly different geological model. This new model has driven the recent exploration drilling, especially at Anomaly 4.

Recent drilling has included testing of up dip and down dip extensions of the mineralisation predicted by the new model (especially in close proximity to the potential underground development identified in the pre-feasibility study completed earlier this year), as well as infill drilling to increase the confidence in the Resource Estimate.

This drilling has resulted in several extensions of the mineralisation at depth and in close proximity to the current optimised pit shells, which is expected to have a positive impact on the economics of the project.

Significant (>100ppm eU₃O₈) gamma probe intersections have been returned (detailed in the 11th October 2011 ASX release) from most holes some of the better intersections include:

- *27.0m @ 0.21% eU₃O₈ from 47.8m in BRC11045*
inc 6.90m @ 0.39% eU₃O₈ from 49.15m, and
4.35m @ 0.62% eU₃O₈ from 61.85m
- *15.2m @ 0.32% eU₃O₈ from 49m in BRC11077*
inc 6.65m @ 0.70% eU₃O₈ from 54.8m
- *13.55m @ 0.26% eU₃O₈ from 121.1m in BRC11047*
inc 12.45m @ 0.28% eU₃O₈ from 121.6m
- *8.15m @ 0.34% eU₃O₈ from 79.25m in BRC11049*
inc 3.7m @ 0.73% eU₃O₈ from 83.3m
- *5.65m @ 0.50% eU₃O₈ from 136m in BRC11081*
inc 5.1m @ 0.55% eU₃O₈ from 136.2m

Samples from the anomalous intervals have been dispatched for chemical analysis to confirm the Uranium values returned from gamma probe estimates and to determine the Vanadium content of the holes.

RC and Diamond drill rigs are currently conducting drilling activities within the BJV, targeting extensions of the known mineralisation and resources, drilling infill holes aiming to upgrade the resource and obtain bulk samples for further metallurgical testwork and domain modelling within the current optimised pit shells.

Drilling is expected to continue with two drill rigs on site for the majority of the December quarter.”

Further information on the Bigrlyi Uranium Joint Venture Project may be obtained from the website of the Operator, Energy Metals Ltd (EME) - www.energymetals.net.

URANIUM - MKUJU RIVER - TANZANIA (7% with notice to increase to 25%)

During the quarter, Southern Cross gave notice under the acquisition agreement that it would increase its interest in five uranium exploration licences in Tanzania from 7% to 25% by the issue of 3 million shares.

The Company is entitled to acquire a further 83% interest from the vendor (a private Tanzanian company) by expending approximately \$4 million on exploration in tranches over four years.

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

The Southern Cross option areas are located immediately north of Mantra Resources Ltd's 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 June 2011, ARMZ, a wholly owned subsidiary of the Russian State Atomic Energy Corp., acquired all of the issued shares in Mantra for A\$ 6.87 cash plus an unfranked dividend of A\$ 0.15. This transaction imputes a value of A\$ 9.00 per pound U₃O₈ for the Mkuju River uranium resources.

Uranex Limited, an 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. Uranex is continuing to drill and to report additional intersections of uranium mineralisation.

Approximately 300km to the west, in the neighbouring country of Malawi, the Kayelekera Uranium Mine of Paladin Energy Ltd is also hosted by Karoo Group sandstones. The Kayelekera Mine has reported mineral resources of 26.2 Mt @780 ppm U₃O₈ containing 46.4M pounds of U₃O₈.

Southern Cross considers its Mkuju River option areas 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.

COAL - NEW SOUTH WALES

On 27 October, Southern Cross advised that it had agreed to acquire a sixty five percent (65%) interest in Coal Exploration Licence -E.L. 7115 - located approximately 15 km southeast of Dubbo in central New South Wales. The Company is seeking to acquire accurate data on previous exploration activities in this area and will advise the market as soon as further information becomes available.

Drilling will be commenced as soon as practicable after consultant coal geologists have provided an appropriate programme.

GOLD - GOLD CROSS PROJECT (20%) - PHILIPPINES

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. The vendor has recently advised that steps have been taken to progress the applications by removing areas of overlap and conflict with other agencies, as recommended by the PMGB.

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 - BATANGAS PROJECT (10%) - PHILIPPINES (10%)

In June 2011, Southern Cross announced it had exercised an option to acquire an initial 5% in the Batangas Gold Project, located in the Province of Batangas, some 110 km south of Manila, Island of Luzon, in the Philippines. On 1 September 2011, Southern Cross acquired a further 5% of the project upon the issue of 6 million shares. The Company has the right to progressively increase its interest to 100% over the three year period from May 2011.

The Company's wholly-owned subsidiary Northern Star Investments (Qld) Pty Ltd is the holding company for the group's interest in the Batangas Gold Project. The Philippines Mines & Geoscience Bureau (PMGB) has been notified that Southern Cross will be the Project Operator.

The Batangas Gold Project consists of an MPSA and an EP Application covering an area of approximately 3,300 ha (*see figure attached*). The Company has recently been advised that the Director of PMGB is about to direct the Regional Director (Batangas) to complete the final documentation required for approval of EPA 115, and also that PMGB evaluation of the MPSA Application is being prioritised.

The Batangas Gold property 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. It has however, 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 lies 6 km northeast of the Batangas tenements. It was acquired in 2010 by Crazy Horse Resources Inc, a Vancouver-based and TSX-listed exploration company, which reported in early 2011 a favourable scoping study (based on NI 43-101 resource estimates) for the production of 3.1 billion pounds Cu and 1.5 million oz Au over a 24 year mine life. The company has recently reported increases in mineral resources to 4.6 billion pounds of copper, 2.5M oz gold, 20.43M oz silver and 18.8M tonnes magnetite. Mineralisation of the Batangas epithermal gold province may be associated with emplacement of the Taysan porphyry intrusions.

Mindoro Resources Ltd (listed on TSX-V) controls an area of some 29,000 ha which is located between 10 and 20 km to southeast of Batangas and which has similar geology. Adjacent to the old Lobo Gold Mine, a high grade mineral resource (66,920 oz Au grading ~6 g/t Au) has been defined. At Kay Tanda, close to the coast, initial heap leachable mineral resources of 387,000 oz Au grading ~0.75 g/t Au are reported. In 2009, Gold Fields commenced earning an interest in parts of the Mindoro property that are prospective for porphyry copper-gold deposits

The geology of the Batangas property is considered a highly prospective, 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.

MAGNESITE (10%) - IRAN

The company maintains its 10% interest in two companies based in Iran which hold 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

Oil and gas exploration opportunities in Australia and overseas have continued to be evaluated, with a view to direct participation.

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.

Southern Cross is participating in the promotion of an Oil and Gas Exploration and Investment company, Offshore Oil Ltd which proposes to acquire equity interests in Australian and overseas oil companies and to participate in oil and gas and energy joint ventures.

GENERAL

Southern Cross continues to seek prospective exploration and/or mining projects in Australia and overseas, which could be joint ventured with larger entities. Several offerings that were considered during the quarter were rejected as not meeting the Company's criteria.

EXPENDITURE

Expenditure for the quarter amounted to \$153,000.

For and on behalf of

Southern Cross Exploration N L

E Goh
Secretary

-ks/956.108

The information pertaining to the technical content of this announcement has been compiled by Robert (Bob) Adamson, B.Sc., M.Sc. (Hons Geol), MAusIMM, CP (Geo). Mr Adamson is the principal of Robert G Adamson Consultants and a director of Southern Cross Exploration NL and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (The JORC Code). Mr. Adamson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

GOLD - BATANGAS PROJECT (37%) - PHILIPPINES

