

SOUTHERN CROSS EXPLORATION NL

HALF-YEAR REPORT

For the period ended

31 December 2017



SOUTHERN CROSS EXPLORATION NL

A.B.N. 70 000 716 012

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Your Directors present their Report on the consolidated entity ("the Group"), which consists of Southern Cross Exploration NL ("the Company") and the entities it controlled for the half-year ended 31 December 2017.

1. REVIEW AND RESULTS OF OPERATIONS

Announcements made by the Company to the Australian Stock Exchange (ASX) during the period, providing information on the Company's activities, are accessible on the Company's website: www.sxxgroup.com and also via the ASX website, at www.asx.com.au.

The Company's operations during the half-year ended 31 December 2017 were principally examining possible participation in a number of new projects and maintaining and reviewing the group's gold and mineral exploration projects and investments.

The total comprehensive loss for the period was \$1,181,000 (2016: \$1,862,197) and operating loss was \$1,181,000 (2016: \$1,862,197).

2. URANIUM

2.1 NORTHERN TERRITORY - BIGRLYI URANIUM JOINT VENTURE

Southern Cross has been a participant in this joint venture project since the early 1980s and holds a 5% interest.

Energy Metals Limited (EME) holds 53.3% and is the Operator. The joint venture also includes Uranium Africa Ltd, which holds 41.7%.

EME is controlled by China General Nuclear Power Holding Company (CGNPC), which is one of the two largest nuclear power generating companies in China. It is a multi-billion dollar company which currently has 8 operating nuclear power plants, with a further 14 under construction.

The Company's investment in the Bigrlyi Uranium Joint Venture was written down to \$0 as at 31 December 2016, based upon the Director's best estimate of the joint venture and the likelihood of generating future revenues.

For detailed information on the Bigrlyi project, log onto the website of EME at www.energymetals.net.

SOUTHERN CROSS EXPLORATION NL (Directors Report Continued)

3. GOLD - PHILIPPINES

3.1 BATANGAS GOLD PROJECT (10%)

Tenement applications - EPA IVA-115 and PMPSA IV-110

The Batangas Gold Project is located in the Province of Batangas, about 2 hours from Manila. The project consists of an EP Application and an PMPSA, which are yet to be granted. After exercising options, a 10% interest was acquired by the Company's wholly-owned subsidiary Northern Star Investments (Qld) Pty Ltd.

Given the current political climate in the Philippines and the fact that the JV partners have not been able to advance the application, the company is considering abandoning its interest in the application.

3.2 Gold Cross Project - (20%) - Municipalities of Norzagaray & Dona Remedios Trinidad, Province of Bulacan - Island of Luzon

Tenement applications - MA-P-III-02-04, MA-P-III-05-04, MA-P-III-06-04, MA-P-III-07-04

Southern Cross holds a 20% interest in the Gold Cross Gold Project in the Philippines. The project area is located in the Province of Bulacan about 100 kms north-east of Manila. 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.

As with Batangas Gold project, given the current political climate in the Philippines and the fact that the JV partners have not been able to advance the application, the company is considering abandoning its interest in the application.

4. MAGNESITE - IRAN

The Company has been unable to make contact with the administrators of this company for the past 18 months and have written the value of the investment down to zero. Due to the potential high costs and difficulty of ascertaining the worth or likely progress of this interest, the Company has decided to abandon any interest it may have had in the project.

5. OIL & GAS & ENERGY

There were no acquisitions or disposals of any interests in any of the Company's projects during the period.

Oil and gas exploration opportunities in Australia and overseas continue to be examined, with a view to direct participation by SXX.

6. WAILOALOA DEVELOPMENTS LIMITED – 49%

The Company holds a minority interest (49%) in a Fijian Company (Wailoaloa Developments Limited – 'WDL'). WDL owns 40 acres of freehold land in Nadi, Fiji's tourism gateway which WDL is subdividing into 111 lots.

WDL has informed Southern Cross that the Office of the Registrar of Titles in Fiji has issued the Certificates of Title for Stage One of the development. Certificates of Title for Stages Two, Three and Four are expected to be issued shortly.

7. DATELINE RESOURCES LIMITED.

On 9 August, 2017 SXX increased its investment in Dateline Resources Limited (ASX: DTR) by a further \$1,600,100 via the taking up of the Company's full entitlement in the 1 for 2 non-renounceable rights issue conducted by DTR. SXX is committed to its investment in DTR, in which it presently holds a 34.75% stake, and believes there is considerable value to be unlocked from DTR's future development of the Gold Links project in Colorado along with its Udu project in Fiji.

8. 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>
Stephen Baghdadi	February 2013
Andrew Phillips	August 2013
Craig Coleman	February 2014

9. SIGNIFICANT MATTERS AFTER BALANCE DATE

- On 15 January 2018, SXX received a loan from Mr. Mark Johnson of \$1.1 million (interest rate of 10% per annum with a repayment date of 7 August 2018). This loan is secured by a first charge over all present and future property of the company. SXX then advanced a short term loan of \$1.1 million to associate Dateline Resources Limited (interest rate of 10% per annum with a repayment date of 7 August 2018).
- On 22 February 2018, the company's 49% owned associate Wailoaloa Developments Ltd (WDL), informed SXX that the Office of the Registrar of Titles in Fiji had issued the Certificates of Title for Stage One of the development of its 40 acres of freehold land in Nadi. The Company's share of the profit from the settlement of Stage One is estimated to be \$2 million (FJ\$3.25million).

10. 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 16th day of March 2018.



S Baghdadi
Director

SOUTHERN CROSS EXPLORATION NL

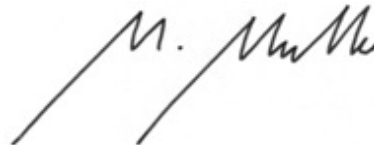
ABN 70 000 716 012

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Southern Cross Exploration NL for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

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



**Sydney, NSW
16 March 2018**

**M D Muller
Partner**

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SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	<u>Note</u>	Consolidated 31 December 2017 \$	31 December 2016 \$
Revenue from continuing operations	2	30,399	539,198
Share of loss of associate	8	(632,934)	-
Administration expenses		(433,365)	(440,143)
Depreciation	9	(4,939)	(4,331)
Finance Costs		(83,333)	-
Occupancy Costs		(56,828)	(64,648)
Impairment of investment in JV	6	-	(1,786,497)
Other income/(expenses)	3	-	(105,776)
Loss from continuing operations before income tax		(1,181,000)	(1,862,197)
Income tax expense		-	-
Loss from continuing operations		(1,181,000)	(1,862,197)
Other comprehensive income:			
Items that may be classified to profit or loss		-	-
Total comprehensive loss for the period		<u>(1,181,000)</u>	<u>(1,862,197)</u>
Basic and diluted loss per share	14	(\$0.0011)	(\$0.0017)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income
should be read in conjunction with the accompanying Notes.

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2017

	<u>Note</u>	Consolidated 31 December 2017 \$	30 June 2017 \$
CURRENT ASSETS			
Cash and cash equivalents		242,661	233,814
Available for sale financial assets	4	43,227	592,310
Receivables	5	<u>546,020</u>	<u>247,050</u>
TOTAL CURRENT ASSETS		<u>831,908</u>	<u>1,073,174</u>
NON-CURRENT ASSETS			
Investment in Joint Venture	6	-	-
Available for sale financial assets	7	81,698	170,643
Investments accounted for using the Equity Method	8	1,890,144	922,978
Plant and Equipment	9	<u>22,295</u>	<u>27,234</u>
TOTAL NON-CURRENT ASSETS		<u>1,994,137</u>	<u>1,120,855</u>
TOTAL ASSETS		<u>2,826,045</u>	<u>2,194,029</u>
CURRENT LIABILITIES			
Trade and other payables	10	380,161	650,478
Financial liabilities	11	<u>2,093,333</u>	<u>10,000</u>
TOTAL CURRENT LIABILITIES		<u>2,473,494</u>	<u>660,478</u>
TOTAL LIABILITIES		<u>2,473,494</u>	<u>660,478</u>
NET ASSETS		<u>352,551</u>	<u>1,533,551</u>
EQUITY			
Share capital	12	22,863,391	22,863,391
Accumulated losses	13	<u>(22,510,840)</u>	<u>(21,329,840)</u>
TOTAL EQUITY		<u>352,551</u>	<u>1,533,551</u>

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

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Share Capital \$	Other Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2017	22,863,391	-	(21,329,840)	1,533,551
Net Loss for the period	-	-	(1,181,000)	(1,181,000)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss)	-	-	(1,181,000)	(1,181,000)
Balance as at 31 December 2017	22,863,391	-	(22,510,840)	352,551
Balance as at 1 July 2016	22,863,391	-	(18,073,045)	4,790,346
Net Loss for the period	-	-	(1,862,197)	(1,862,197)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss)	-	-	(1,862,197)	(1,862,197)
Balance as at 31 December 2016	22,863,391	-	(19,935,242)	2,928,149

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

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Consolidated 31 December 2017 \$	31 December 2016 \$
Cash flows from Operating Activities		
Interest received	4,346	133,285
Other operating receipts	-	73,527
Other operating payments	<u>(799,287)</u>	<u>(737,492)</u>
Net cash flows used in Operating Activities	<u>(794,941)</u>	<u>(530,680)</u>
Cash flows from Investing Activities		
Payment for available for sale financial assets	(11,055)	(459,595)
Loan advance to associate	(260,193)	
Proceeds from sale of available for sale financial assets	675,136	-
Payment for investment in associate	<u>(1,600,100)</u>	<u>(561,599)</u>
Net cash flows used in Investing Activities	<u>(1,196,212)</u>	<u>(1,021,194)</u>
Cash flows from Financing Activities		
Proceeds from borrowings	<u>2,000,000</u>	<u>-</u>
Net cash flows from financing activities	<u>2,000,000</u>	<u>-</u>
Net (decrease)/increase in cash held	8,847	(1,551,874)
Cash at the beginning of the period	<u>233,814</u>	<u>2,187,180</u>
Cash at the end of the period	<u>242,661</u>	<u>635,306</u>

The Consolidated Statement of Cash Flows
should be read in conjunction with the accompanying Notes.

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

NOTE SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of preparation

This half-year financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting*, Australian Accounting Standards (including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board) 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 30 June 2017 and any public announcements made during the half-year reporting period in accordance with the continuous disclosure obligations of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

1.2. Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

During the period, the consolidated entity incurred a comprehensive loss of \$1,181,000 (2016: \$1,862,197 loss) a net cash inflow of \$8,847 (2016: \$1,551,874) and net cash out flow from operations of \$794,941 (2016: \$530,680). As at 31 December 2017, the consolidated entity also had a net deficit working capital of (\$1,641,586) (2016: working capital \$412,696) and cash assets of \$242,661 (2016: \$233,814).

The ability of the consolidated group to continue as a going concern is dependent upon the group being able to generate sufficient funds to repay the loan provided to the Company of \$2,200,000 on 8 August 2017 and \$1,100,000 on 15 January 2018. The directors' opinion is reinforced by the expected cash inflow that is expected to be received in the coming year from the Company's 49% share in Fijian property development company, Wailoaloa Developments Ltd. The directors are in the process of taking the following measures which have been designed to ensure that the going concern assumption remains appropriate and that the group is able to settle liabilities and commitments as and when they are due:

- Seeking other funding opportunities through various transactions including future fundraising including mergers or joint ventures;
- By issuing equity to settle future liabilities, if appropriate; and
- Adopting all appropriate measures to ensure that the cashflows remain sufficient to ensure that it remains a going concern.

The directors believe that the going concern basis for the preparation of the financial report of the Group is appropriate. The directors note that should the Group be unsuccessful in implementing the above mentioned measures, there is material uncertainty that the Group may be able to realise its assets or discharge its liabilities in the normal ordinary course of business and at the amounts stated in the financial report.

Accordingly, there is a material uncertainty that may cast doubt on the Group's ability to continue as a going concern. No adjustments have been made in relation to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

	Consolidated	
	31 December 2017	31 December 2016
	\$	\$
NOTE REVENUE		
2		
Interest revenue	4,346	133,285
Realised Gain on listed investments	26,053	-
Unrealised Gain on listed investments	-	73,527
Other revenue - related party	-	332,386
	<u>30,399</u>	<u>539,198</u>

Other revenue - related party relates to reimbursement of expenditure from an associate of the Group, Dateline Resources Limited, during the previous period

NOTE OTHER INCOME/(EXPENSES)

3		
Bad debts recorded/(written off)	-	(105,776)
	<u>-</u>	<u>(105,776)</u>

	Consolidated	
	31 December 2017	30 June 2017
	\$	\$
NOTE AVAILABLE FOR SALE FINANCIAL ASSETS		
4 CURRENT		
Listed securities (Level 1)	<u>43,227</u>	<u>592,310</u>

NOTE RECEIVABLES

5 CURRENT		
Debtors and loans- related parties	288,777	6,229
Debtors and other receivables	97,997	114,976
Goods and Services Tax	<u>159,246</u>	<u>125,845</u>
	<u>546,020</u>	<u>247,050</u>

Loan- related party relates to a loan due from an associate of the Group, Dateline Resources Limited.

The loan is unsecured. Interest is charged at 7% per annum on the balance of the loan.

The Directors expect to recover this loan in full within 12 months of period end.

All other debtors are unsecured and non-interest bearing.

NOTE INVESTMENT IN JOINT VENTURE

6 NON-CURRENT		
Bigirlyi Joint Venture - at cost	2,149,677	2,149,677
Bigirlyi Joint Venture - impairment provision	<u>(2,149,677)</u>	<u>(2,149,677)</u>
	<u>-</u>	<u>-</u>

Southern Cross Exploration NL has a 5% interest in the Bigirlyi uranium project located in the Ngalia Basin in the Northern Territory. As the Company does not have joint control, it accounts for its interest in the Joint Venture as an investor at fair value. During the year ended June 30, 2017 the Directors decided to fully impair this investment.

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

Consolidated
31 December **30 June**
2017 **2017**
\$ **\$**

NOTE AVAILABLE FOR SALE FINANCIAL ASSETS

7 NON-CURRENT

Listed securities (Level 1)	4,854	4,854
Shares in corporations not listed on ASX (Level 3) - at cost	76,844	165,789
	<u>81,698</u>	<u>170,643</u>

NOTE INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

8 NON-CURRENT

Set out below are the associates of the group at 31 December 2017

Associate	Country of Incorporation	Place of Business	Nature of Relationship	Ownership Interest
Wailoaloa Developments Ltd (WDL)	Fiji	Fiji	Associate	49.0%
Dateline Resources Ltd (ASX : DTR)	Australia	Australia	Associate	38.1%

WDL is a Fijian property development company. DTR is an exploration company listed on the ASX.

There is no quoted value for the Group's investment in WDL as this is a private entity.

The quoted fair market value of the Group's investment in DTR at 31 December 2017 is \$6,480,405.

No dividend has been received from either WDL or DTR for the period ended 31 December 2017.

The Group shares in no contingent liabilities of either WDL or DTR.

(a) Movement in Carrying Value

	Consolidated Group			
	WDL	DTR	31 December 2017	30 June 2017
	\$	\$	\$	\$
Carrying value at the beginning of the period	75,950	847,028	922,978	75,950
Investment during the period	-	1,600,100	1,600,100	1,482,386
Share of loss after income tax	-	(632,934)	(632,934)	(627,373)
Share of other comprehensive income	-	-	-	(7,985)
Carrying value at the end of the period	<u>75,950</u>	<u>1,814,194</u>	<u>1,890,144</u>	<u>922,978</u>

(b) Summarised financial information of associates

The following table summarises the balance sheets and statements of comprehensive income for the associates. The information disclosed reflects the amounts presented in the financial statements of the associates mentioned above and not the Group's share of those amounts.

Summarised Balance Sheets	WDL		DTR	
	31 December 2017	30 June 2017	31 December 2017	30 June 2017
	\$	\$	\$	\$
Total current assets	1,538,672	1,278,172	1,094,609	330,188
Total non-current assets	27,106,929	16,926,854	15,111,429	9,063,309
Total current liabilities	(28,487,976)	(18,089,788)	(4,676,205)	(328,547)
Total non-current liabilities	-	-	(1,958,270)	(3,437,404)
Net Assets	<u>157,625</u>	<u>115,238</u>	<u>9,571,563</u>	<u>5,627,546</u>
Summarised statements of comprehensive income				
Total Revenue	-	-	474	327,616
Profit/(Loss) from continuing operations	-	-	(1,554,279)	(1,751,762)
Other Comprehensive Income/(Loss)	-	-	24,660	(25,484)
Total Comprehensive Income	<u>-</u>	<u>-</u>	<u>(1,529,619)</u>	<u>(1,777,246)</u>

		Consolidated d	
		31 December	30 June
		2017	2017
		\$	\$
NOTE	PLANT & EQUIPMENT		
9			
	Carrying amount of plant and equipment	22,295	27,234
(a)	Motor Vehicles		
	At cost	34,948	34,948
	Less accumulated Depreciation	(16,602)	(12,271)
	Total Motor Vehicles	18,346	22,677
	Movement during the period		
	Balance at the beginning of the period	22,677	31,339
	Additions	-	-
	Depreciation Expense	(4,331)	(8,662)
	Balance at the end of the period	18,346	22,677
(b)	Furniture		
	At cost	4,557	4,557
	Less accumulated Depreciation	(608)	-
	Total Motor Vehicles	3,949	4,557
	Movement during the period		
	Balance at the beginning of the period	4,557	-
	Additions	-	4,557
	Depreciation Expense	(608)	-
	Balance at the end of the period	3,949	4,557
NOTE	TRADE AND OTHER PAYABLES		
10	CURRENT		
	Trade and other payables	62,758	299,395
	Trade and other payables - Related parties	317,403	351,083
		380,161	650,478
NOTE	FINANCIAL LIABILITIES		
11	CURRENT		
	Loans - other (Secured)	2,093,333	10,000
	This loan is secured by a first charge over all present and future property of the company.		
NOTE	SHARE CAPITAL		
12	Issued		
	1,077,243,200 ordinary shares, fully paid	22,863,391	22,863,391
	(June 2016 - 1,077,243,200)		

Ordinary shares are fully paid, rank pari passu, have no par value and carry one vote per share.

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

NOTE ACCUMULATED LOSSES

13

Accumulated losses at beginning of period
Total comprehensive income (loss) for the period
Accumulated losses at end of period

Consolidated	
Six Months ended	Six Months ended
31 December 2017	31 December 2016
\$	\$
(21,329,840)	(18,073,045)
<u>(1,181,000)</u>	<u>(1,862,197)</u>
<u><u>(22,510,840)</u></u>	<u><u>(19,935,242)</u></u>

NOTE EARNINGS PER SHARE

14

Basic and diluted loss per share
Net loss used to calculate earnings loss per share
Weighted average number of ordinary shares on issue used in the calculation of earnings per share

Consolidated	
Six Months ended	Six Months ended
31 December 2017	31 December 2016
(\$0.0011)	(\$0.0017)
(1,181,000)	(1,862,197)
1,077,243,200	1,077,243,200

**NOTE PARTICULARS OF COMPANIES INCLUDED
15 IN COMPANY ACCOUNTS**

Northern Star Investment Pty Ltd
Northern Star Investment (Qld) Pty Ltd
Pacifice Island Properties Pty Ltd

Parent Entity Investment Equity Holding	
31 December 2017	30 June 2017
%	%
100	100
100	100
100	100

There has been no change in the equity holdings of subsidiary companies since June 2017

SOUTHERN CROSS EXPLORATION NL AND CONTROLLED ENTITIES

NOTE 16 SEGMENT INFORMATION

Business Segment

The segment in which the company operates predominantly is the exploration industry, exploring for metals and other minerals and primarily for oil, gas and other energy resources, either directly and/or through equity investments in exploration companies. The "Other" segment predominantly relates an investment with a related company involved in the development of property, and other loans made to related and other companies

	Total Dec 2017 \$	Exploration Dec 2017 \$	Other Dec 2017 \$	Total June 2017 \$	Exploration June 2017 \$	Other June 2017 \$
Segment Assets						
Australia	2,731,750	2,144,830	586,920	2,095,402	1,509,981	585,421
Fiji (non-current)	94,296	-	94,296	98,627	-	98,627
Total	2,826,046	2,144,830	681,216	2,194,029	1,509,981	684,048
Segment Liabilities						
Australia	2,473,494	2,473,494	-	660,478	660,478	-
Segment Revenues						
	Dec 2017	Dec 2016				
Australia - Other	30,399	433,422				
Fiji - Other	-	105,776				
Total	30,399	539,198				
There were no inter-segment revenues						
Segment Results						
Profit/(Loss)						
Australia - Other	30,399	433,422				
Australia - Exploration	(1,211,399)	(2,295,619)				
Total Profit / (Loss)	(1,181,000)	(1,862,197)				

NOTE 17 CONTINGENT LIABILITY

During the year ended 30 June 2017, the Directors agreed to a bonus payable to Mr. Baghdadi in relation to the real estate development project by Wailoaloa Developments Ltd. Mr. Baghdadi will be paid an amount equivalent to 3% of the gross sales of the project subject to the gross sales being more than F\$65,000,000 and that the gross profit from the project be at least F\$30,000,000. The project must be finalised by 30 June 2018 for Mr. Baghdadi to receive the bonus.

NOTE 18 SIGNIFICANT MATTERS AFTER BALANCE DATE

- On 15 January 2018, SXX received a loan from Mr. Mark Johnson of \$1.1 million (interest rate of 10% per annum with a repayment date of 7 August 2018). This loan is secured by a first charge over all present and future property of the company. SXX then advanced a short term loan of \$1.1 million to associate Dateline Resources Limited (interest rate of 10% per annum with a repayment date of 7 August 2018).
- On 22 February 2018, the company's 49% owned associate Wailoaloa Developments Ltd (WDL), informed SXX that the Office of the Registrar of Titles in Fiji had issued the Certificates of Title for Stage One of the development of WDL's 40 acres of freehold land in Nadi. The Company's share of the profit from the settlement of Stage One is estimated to be \$2 million (FJ\$3.25million).

SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

In the Directors' opinion:

- (a) the consolidated financial statements and notes, set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standards, the *Corporations Regulation 2001*, and other mandatory professional reporting requirements, and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



S Baghdadi
Director

Sydney, NSW
16 March 2018

SOUTHERN CROSS EXPLORATION NL**ABN 70 000 716 012****INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Southern Cross Exploration NL:

We have reviewed the accompanying half-year financial report of Southern Cross Exploration NL ("the company") which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 half-year 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 31 December 2017 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 auditor of the Company, 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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SOUTHERN CROSS EXPLORATION NL**ABN 70 000 716 012****INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)****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 NL is not in accordance with the *Corporations Act 2001* including:

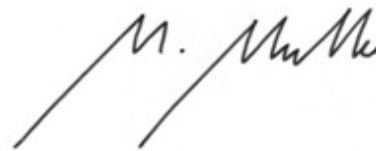
- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Going Concern

Without modifying our opinion, we draw attention to Note 1.2 Going concern basis, which indicates that the company's ability to continue as a going concern is dependent on it raising sufficient capital. This condition, along with other matters set forth in Note 1.2, indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

HLB Mann Judd
Chartered Accountants

Sydney, NSW
16 March 2018



M D Muller
Partner