



Southern Cross Exploration N.L.

A.C.N. 000 716 012

Annual Report for the year ended 30 June 2018

**SOUTHERN CROSS EXPLORATION N L
AND CONTROLLED ENTITIES**

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CORPORATE INFORMATION

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Sydney NSW 2000
Ph : +61 (02) 9513 2300

SHARE REGISTRY

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Grosvenor Place
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Sydney NSW 2000
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SECURITIES EXCHANGE

Australian Securities Exchange Limited ("ASX")
Home Exchange - Sydney
ASX Symbols - SXX (Ordinary Shares)

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement
can be found on the Company's website
www.sxxgroup.com

*The Financial Report was authorised by the Directors on 28 September 2018.
The Company has the power to amend and re-issue the financial report.*



DIRECTORS' REPORT - STATUTORY
FOR THE PERIOD ENDING 30 JUNE 2018

Your Directors present their report on the consolidated entity ("the Group"), which consists of Southern Cross NL ("the Company") and the entities it controlled during the financial period ended 30 June 2018.

1. Review of operations

The operations of the Group for the period were managing the Group's existing exploration projects and investments, as well as examining acquisitions of new projects for exploration and investment.

2. Results of operations

The operations of the consolidated entity during the period resulted in a comprehensive loss of \$1,505,666 (2017: loss of \$3,256,795).

3. Significant changes

There were no significant changes impacting on the consolidated entity during the financial year.

4. Principal activities

The Group's principal objectives have remained fairly constant, viz. exploration for uranium, gold and other minerals as well as examining projects for possible acquisition.

The Group has interests in the Batangas Gold Project (10%) and the Gold Cross Gold Project (20%) in the Philippines, a uranium project in Tanzania (7%) and an investment in the Bigryi Uranium Joint Venture (5%), which is located in the Ngalia Basin, Northern Territory. It also has share investments and interests in other financial transactions, including the shareholding in Dateline Resources Limited and a 49% share in Wailoaloa Developments Limited, a Fijian property development company.

5. Significant matters after balance date

On 13 August 2018, the Group announced that it has successfully finalised its participation in the Wailoaloa Development Project by accelerating the disposal of its remaining interest in the project.

The Group's interest in the Wailoaloa Development Project was held via a 49% equity stake in Wailoaloa Developments Limited ("WDL"), a Fijian property development company, which owned 40 acres of freehold land in Nadi, Fiji's tourism gateway.

This parcel of land had been subdivided and was in the process of being sold in individual lots. As an alternative to selling down each of the remaining subdivided lots, the Group has entered into a binding agreement by which it will sell its 49% equity stake in WDL to its Fijian joint venture partner for gross proceeds of A\$7.94 million.

On 24 September 2018, the Group announced that it had received the net proceeds for the above transaction. After the payment of Fijian expenses associated with the transaction and Fijian Capital Gains Tax, the amount received was A\$7,128,000.

No other matter or event has arisen since 30 June 2018 that would be likely to materially affect the operations of the Company, or the state of affairs of the Company not otherwise as disclosed in the Group's financial report

6. Likely developments in operations and expected results

Likely developments in the operations of the consolidated entity and the expected results cannot be accurately predicted, as they will depend on the successful development of the Group's exploration and property development projects or realisation of its investments.

7. Environmental regulations

The Group is not aware of any particular environmental regulations in respect of which it would have to report on its performance.

8. Dividends

No dividends have been paid or declared since the commencement of the financial period and no dividends have been recommended.



9. Information on Directors and Secretaries

The name of each person who has been a Director of the Company at any time during or since the end of the year is as follows.

Mr Craig Coleman – Non-Executive Director and Chairman - Appointed 20 February 2014

Mr Coleman has more than 16 years of experience in private and Government sectors. He holds a number of directorships of private companies. He is a graduate of the Harvard Business School Advanced Management Program and the AICD Company Directors Program.

During the past three years, Mr Coleman held the following directorships in other ASX listed companies: NIL

Stephen Baghdadi – Executive Director- Appointed 26 February 2013

Since 1993 Mr. Baghdadi has acted as an executive director for numerous ASX listed companies including the Horizon group of companies, Afro-West, Alamain Investments, Marino as well as privately held controlling interests in manufacturing, software development and property concerns. Mr. Baghdadi has completed several transactions in Australia, South East Asia, Europe and North America and brings to the table the ability to identify an undervalued asset or opportunity that has the potential to yield high returns

During the past three years, Mr Baghdadi held the following directorships in other ASX listed companies:

- Executive Director of Dateline Resources Limited (Current).

Mr Andrew Phillips, BBS - Non-Executive Director- Appointed 30 August 2013

Mr Phillips has over 25 years' international commercial experience previously working in senior financial and commercial management positions with a number of public and multinational companies in Australia and New Zealand with extensive networks throughout Asia. He has served as a director and/or company secretary for a number of ASX listed Companies. He also currently serves as a director of a number of Australian proprietary registered companies along with acting for a number of overseas entities as their local director or public officer.

During the past three years, Mr Phillips held the following directorships in other ASX listed companies:

- Non-Executive Director of Longreach Oil Limited (Current).
- Executive Director of Lithium Power International Limited (Current).
- Non-Executive Director of Richfield International Limited (Resigned 15 April 2016).
- Non-Executive Director of Crestal Petroleum Limited (Resigned 15 April 2016).

Company Secretary

John Smith - Appointed 10 November 2014.

10. Directors' meetings

The following table sets out the number of meetings of Directors held during the period ended 30 June 2018 and the number of meetings attended by each Director:

Director	Number of Meetings	
	Eligible to Attend	Attended
Craig Coleman	6	6
Andrew Phillips	6	6
Stephen Baghdadi	6	6



11. Remuneration Report (Audited)

Disclosure of Remuneration Policy – (Southern Cross Exploration NL).

The Board of Southern Cross Exploration NL is responsible for determining and reviewing the remuneration of the Directors of the Company, within parameters approved by shareholders. No performance hurdles have been imposed so far, due to the size of the Company and the structure of the remuneration in respect of the non-executive Directors. Remuneration of non-executive Directors is not related to the Company's financial performance.

Accounting and administration services were provided by consultants at reasonable commercial rates.

The Company's Key Management Personnel comprise all of the Directors and the Company Secretary J Smith.

Remuneration of executives and consultants, whenever appointed, is determined by market conditions and is not linked to the Company's performance with the exception of Mr. Baghdadi. During the year 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 bonus is strictly contingent upon SXX receiving A\$2 million from Wailoaloa, after receiving clearance from all Fijian Government agencies, before 31 December 2018. It is acknowledged that the required clearance from Fijian Government is not assured within the above time frame. No bonus amounts were payable to Mr. Baghdadi during the year ended 30 June 2018. The performance condition for Mr Baghdadi was chosen to ensure that he was remunerated in line with the enormous challenges that the project presented.

There are no service agreements in place relating to Directors' fees paid. No equity based payments or other benefits were paid to Directors or consultants during the year under review; no shares or options were issued by way of remuneration.

Details of remuneration of the KMP of Southern Cross Exploration NL are shown below:

Director	Position	2018 (\$)	2017 (\$)
S. Baghdadi	Consultant	525,000	500,000
S. Baghdadi	Director	-	-
A. Phillips	Director	24,000	24,000
C. Coleman	Director	24,000	24,000
J. Smith	Company Secretary	60,000	57,000
Total		633,000	605,000

Southern Cross Exploration NL, as an ASX listed company, has produced the Remuneration Report in accordance with Section 300A of the Corporations Act 2001.

End of audited Remuneration Report

12. Results - last five financial years

The following table shows the results of Southern Cross Exploration NL for the last five financial years:

	2014* \$	2015 \$	2016 \$	2017 \$	2018 \$
Revenue from continuing operations	743,258	835,687	271,006	580,081	1,482,041
Total comprehensive profit / (loss)	(2,067,321)	389,333	(1,023,038)	(3,248,810)	(1,505,666)
Net Assets	4,919,960	5,813,384	4,790,346	1,541,536	27,885
Share price at year end	\$0.003	\$0.002	\$0.003	\$0.009	\$0.008

**Note –The accounts for 2014 are for the 18 month period to 30 June 2014. This is as a result of adopting a change in balance date from 31 December to 30 June as a consequence of the previous consolidation of Southern Cross into Longreach Oil.*



13. Non-Audit Services

During the year HLB Mann Judd provided taxation services to Southern Cross Exploration NL in addition to their statutory audit duties. Fees of \$9,835 were paid for the provision of taxation services. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in APES110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board. Refer note 19.

14. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 6.

15. Indemnification of Officers and Auditors

During the financial year no premium was paid to insure Directors against claims while acting as a Director. No indemnity has been granted to the Auditor of the Company.

This Report is made and signed in accordance with a Resolution of the Directors.

A handwritten signature in blue ink, appearing to read 'Stephen Baghdadi', with a long horizontal flourish extending to the right.

Stephen Baghdadi
Director

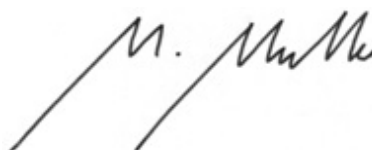
28 September 2018

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Southern Cross Exploration N.L for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in relation to Southern Cross Exploration N.L and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'M. Muller', written over a light blue horizontal line.

Sydney, NSW
28 September 2018

M D Muller
Partner



CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE 12 MONTHS ENDED 30 JUNE 2018

	<u>Note</u>	30 June 2018 \$	30 June 2017 \$
Revenue from continuing operations	2	1,482,041	580,081
Share of loss of associate		(1,485,033)	(627,373)
Administration expenses		(948,481)	(1,016,223)
Finance costs	3	(243,500)	-
Depreciation	9	(4,940)	(8,662)
Loss before significant items and income tax		(1,199,913)	(1,072,177)
Significant items	4	(135,960)	(2,176,633)
Loss from continuing operations before income tax		(1,335,873)	(3,248,810)
Income tax expense		-	-
Loss from continuing operations		(1,335,873)	(3,248,810)
Other comprehensive income:			
Items that may be classified to profit or loss			
Share of associates foreign current translation reserve		(169,793)	(7,985)
Total comprehensive loss for the period		(1,505,666)	(3,256,795)
Basic and diluted (loss)/ earnings per share-cents	16	(\$0.12)	(\$0.30)

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



CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2018

	<u>Note</u>	30 June 2018 \$	30 June 2017 \$
CURRENT ASSETS			
Cash and cash equivalents	5	327,491	233,814
Available for sale financial assets	6	2,227	592,310
Receivables	7	3,912,061	247,050
TOTAL CURRENT ASSETS		4,241,779	1,073,174
NON-CURRENT ASSETS			
Investment in joint venture	8	-	-
Plant and equipment	9	22,294	27,234
Available for sale financial assets	10	4,854	170,643
Investments accounted for using the Equity Method	11	868,252	922,978
TOTAL NON-CURRENT ASSETS		895,400	1,120,855
TOTAL ASSETS		5,137,179	2,194,029
CURRENT LIABILITIES			
Trade and other payables	12	1,177,794	650,478
Financial liabilities	13	3,931,500	10,000
TOTAL CURRENT LIABILITIES		5,109,294	660,478
TOTAL LIABILITIES		5,109,294	660,478
NET ASSETS		27,885	1,533,551
EQUITY			
Share capital	14	22,863,391	22,863,391
Accumulated losses	15	(22,835,506)	(21,329,840)
TOTAL EQUITY		27,885	1,533,551

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 12 MONTHS ENDED 30 JUNE 2018

	Share Capital \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2017	<u>22,863,391</u>	<u>(21,329,840)</u>	<u>1,533,551</u>
Net loss for the period	-	(1,335,873)	(1,335,873)
Other comprehensive income / (loss)	<u>-</u>	<u>(169,793)</u>	<u>(169,793)</u>
Total comprehensive income / (loss)	<u>-</u>	<u>(1,505,666)</u>	<u>(1,505,666)</u>
Balance as at 30 June 2018	<u><u>22,863,391</u></u>	<u><u>(22,835,506)</u></u>	<u><u>27,885</u></u>
Balance as at 1 July 2016	<u>22,863,391</u>	<u>(18,073,045)</u>	<u>4,790,346</u>
Net loss for the period	-	(3,248,810)	(3,248,810)
Other comprehensive income / (loss)	<u>-</u>	<u>(7,985)</u>	<u>(7,985)</u>
Total comprehensive income / (loss)	<u>-</u>	<u>(3,256,795)</u>	<u>(3,256,795)</u>
Balance as at 30 June 2017	<u><u>22,863,391</u></u>	<u><u>(21,329,840)</u></u>	<u><u>1,533,551</u></u>

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



CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 12 MONTHS ENDED 30 JUNE 2018

	<u>Note</u>	30 June 2018 \$	30 June 2017 \$
Cash flows from Operating Activities			
Interest received		11,611	31,841
Operating expenses		<u>(1,090,990)</u>	<u>(1,393,781)</u>
Net cash flows used in Operating Activities	27	<u>(1,079,379)</u>	<u>(1,361,940)</u>
Cash flows from Investing Activities			
Proceeds from sale of available for sale financial assets		783,415	1,057,147
Payment for available for sale financial assets		-	(864,064)
Payment for property plant and equipment		-	(4,557)
Payment for investment in associate		(1,600,100)	(481,778)
Payments for exploration expenditure		-	(393,806)
Deposits and loans made		<u>(2,270,850)</u>	<u>-</u>
Net cash flows used in Investing Activities		<u>(3,087,535)</u>	<u>(687,058)</u>
Cash flows from Financing Activities			
Proceeds from loans		3,678,000	-
Proceeds from loans from related parties		582,591	-
Repayment of borrowings		<u>-</u>	<u>95,632</u>
Net cash flows from financing activities		<u>4,260,591</u>	<u>95,632</u>
Net (decrease)/increase in cash held		93,677	(1,953,366)
Cash at the beginning of the year		<u>233,814</u>	<u>2,187,180</u>
Cash at the end of the year	5	<u><u>327,491</u></u>	<u><u>233,814</u></u>

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report comprises the consolidated entity consisting of Southern Cross Exploration NL and its subsidiaries.

1.1. Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board) and the Corporations Act 2001.

These consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets and the investment in the joint venture that have been measured at fair value. Unless otherwise indicated the accounting policies have been applied consistently in all periods presented in these financial statements.

1.2. Statement of compliance

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and the International Financial Reporting Standards as issued by the International Accounting Standards Board.

1.3. 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 year, the consolidated entity incurred a comprehensive loss of \$1,505,666 (2017: \$3,256,795 loss) a net cash inflow of \$93,677 (2017: net outflow \$1,953,366) and net cash out flow from operations of \$1,079,379 (2017: \$1,361,940). As at 30 June 2018, the consolidated entity also had a working capital deficiency of \$867,515 (2017: Surplus \$412,696) and cash assets of \$327,491 (2017: \$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 loans provided to the Company of \$3,931,500 during the year ended 30 June 2018 (note 13) and to satisfy working capital requirements. The directors' opinion is reinforced by the cash inflow that has been received since the year end from the sale of the Company's 49% share in Fijian property development company, Wailoaloa Developments Ltd (note 28). 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.

1.4. Principles of Consolidation

Subsidiaries

The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provided evidence of the impairment



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.5. Parent Entity Financial Information

The financial information for the parent entity Southern Cross Exploration N L has been prepared on the same basis as the consolidated financial statements.

1.6. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1.7. Investments and other financial assets

Available-for-sale financial assets

Available-for-sale financial assets comprising holdings in equity securities quoted on Stock Exchanges and non-listed companies are included in non-current assets unless they are intended to be disposed of within 12 months of the balance date.

Listed investments are initially recognised at fair value plus transaction costs. The investments are subsequently measured at their fair values. Unrealised gains and losses arising from changes in the fair value are recognised through profit or loss.

Unlisted investments are initially recognised at cost where the fair value cannot be measured reliably. Where unlisted investments are subsequently revalued, the fair values are determined after considering the underlying net asset values of the companies and estimated values based on their strategic holdings.

Considerations such as a significant or prolonged decline in the fair value of investments below their cost are used in determining whether investments are impaired. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities.

1.8. Fair value measurements and disclosures

AASB 13: Fair Value Measurement was adopted from 1 July 2013 when it first became applicable to the Group. AASB 13 sets out a framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value. AASB 13 does not significantly impact the fair value amounts reported in the financial statements.

Some of assets and liabilities are measured at fair value on either a recurring or non-recurring basis depending on the requirements of the applicable Accounting Standard.

Fair Value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly transaction between independent, knowledgeable and willing market participants at the measurement date.

The fair value of financial instruments is measured in accordance with the following levels:

Level 1	Quoted prices (unadjusted) in active markets for identical assets;
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices) ; and
Level 3	Inputs for the asset that are not based on observable market data (unobservable inputs).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

Note 1. Summary of significant accounting policies (continued)

1.9. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments and are included in current assets, except for maturities greater than 12 months after the balance sheet date which are included in non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment is established for amounts due that are not likely to be collected according to the original terms of the receivables. The amount of the provision is recognised in profit or loss.

1.10. Joint ventures

Interests in joint ventures in which the group has joint control are accounted for by recognising its share of assets classified according to their nature, share of liabilities and income and expenses. Where the group does not have joint control, it accounts for its interest as an investor in Joint Ventures at fair value.

1.11. Exploration and evaluation assets

Exploration costs are accounted for under the "Area of Interest" method, whereby costs are carried forward provided that rights to tenure of the area of interest are current and either there is a reasonable probability of recoupment through successful development and exploitation or by their sale, or exploration activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable mineral reserves and active and significant operations in, or in relation to, the area are continuing. The ultimate recoupment of costs carried forward in respect of areas of interest still in the exploration or evaluation phases is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. Exploration & Evaluation Assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

1.12. Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.13. Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being paid on normal commercial terms

1.14. Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under these leases are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

1.15. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

1.16. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Borrowings are classified as current liabilities unless the settlement is not required for at least 12 months after the balance sheet date.

1.17. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and that it can be reliably measured.

Dividends

Dividends are recognised on receipt.

Interest

Interest is recognised as it accrues.

Sale of Financial Assets

The net gains (losses) on sales are included as revenue (expenses) at the date control passes to the buyer, usually when an unconditional contract of sale is signed. The net gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

1.18. Segment Information

The group has two reportable segments, namely "Exploration" and "Other". 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 to an investment with a company involved in the development of property, and other loans made to related companies.

1.19. Accounting estimates and judgement

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying nature of assets are as follows:

- (i) Estimated fair values of unlisted investments, investments in mining projects and the investment in Joint Venture.

The group carries some unlisted investments at cost, and some at fair value. Cost is sometimes determined by an evaluation of the value of shares issued by the group to acquire the investments. The Directors update their assessment of the fair value and the recoverable amount of unlisted investments at least annually. The group carries its investments in mining projects at cost, subject to annual review for impairment.

The investment in joint ventures is valued by the Directors supported by valuations performed by independent external and qualified valuers at least every 3 years. These valuations consider future expected uranium prices, returns and estimated uranium deposits.

1.20. Income tax

Deferred income tax is provided on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and the carry forward of unused tax losses can be utilised. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

Note 1. Summary of significant accounting policies (continued)

1.21. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash Flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

1.22. New Accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods. The Group has elected not to early adopt these standards and interpretations. The following standard and interpretation is considered applicable to the Group:

AASB 9: Financial Instruments and associated Amending Standards (effective for annual reporting periods beginning on or after 1 January 2018).

The standards will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition requirements for financial instruments and simplified requirements for hedge accounting.

It is anticipated that the application of this standard will not have a material effect on the Group's results or financial reports in future periods.

	2018	2017
	\$	\$
NOTE REVENUE		
2		
Other Revenue - related party	1,266,463	332,386
Interest revenue	<u>215,578</u>	<u>247,695</u>
	<u>1,482,041</u>	<u>580,081</u>

Other Revenue - related party 2018 \$1,266,463 relates to the recovery of the Group's costs expended on behalf of an associate of the Group, Dateline Resources Limited.

Other Revenue - related party 2017 \$332,386 relates to fees and options received for introducing an investment to an associate of the Group, Dateline Resources Limited, during the year.

NOTE FINANCE COSTS

3

Interest and finance charges - non related parties	<u>243,500</u>	<u>-</u>
	<u>243,500</u>	<u>-</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

		2018 \$	2017 \$
NOTE	SIGNIFICANT ITEMS		
4	Bad debts (recovered) written off	-	215,854
	Realised and unrealised loss/(gain) on investments-listed equity investments (Level 1)	(27,543)	(262,876)
	Legal costs expense	78,746	437,158
	Impairment other	65,790	-
	Impairment of investment in JV (note 8)	18,967	1,786,497
		<u>135,960</u>	<u>2,176,633</u>

NOTE CASH AND CASH EQUIVALENTS

5	Cash held in banks	<u>327,491</u>	<u>233,814</u>
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These accounts have floating interest rates between 0% and 1% (2017 : 0% and 1.1%)

NOTE AVAILABLE FOR SALE FINANCIAL ASSETS

6 CURRENT

	Listed equity securities (Level 1)	<u>2,227</u>	<u>592,310</u>
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NOTE RECEIVABLES

7 CURRENT

	Debtors and Loans-related parties	3,747,509	6,229
	Debtors and other receivables	98,077	114,976
	Goods and Services Tax	66,475	125,845
		<u>3,912,061</u>	<u>247,050</u>

Debtors and Loans-related parties for the year ended 30.6.18 related to loans and capitalised interest to an associate of the group, Dateline Resources Limited of \$2,416,967 (refer table below for details of loans made which are unsecured and repayable on demand), and expenses paid on behalf of Dateline Resources Ltd of \$1,330,542 (unsecured).

Debtors and Loans- related party 2017 \$6,229 relates to a loan due from an associate of the Group, Dateline Resources Ltd. It has since been paid.

All other debtors are unsecured and non-interest bearing. The balance of the amounts in debtors is expected to be received according to commercial arrangements.

Loans to Dateline Resources Ltd as at 30.6.18				Interest Rate		
Date of Advance	Principal	Loan Charges	Repayment Amount	Up to 4 May 18	From 4 May 18	Line Fee
15-12-17	250,000	25,092	275,092	7.00%	15.06%	5.0%
15-01-18	1,100,000	113,720	1,213,720	10.00%	15.06%	5.0%
16-03-18	364,000	31,647	395,647	10.00%	15.06%	5.0%
13-04-18	214,000	16,964	230,964	10.00%	15.06%	5.0%
29-05-18	95,000	6,004	101,004	N/A	15.06%	5.0%
12-06-18	100,000	5,743	105,743	N/A	15.06%	5.0%
22-06-18	90,000	4,797	94,797	N/A	15.06%	5.0%
TOTAL	2,213,000	203,967	2,416,967			



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

		2018 \$	2017 \$
NOTE	INVESTMENT IN JOINT VENTURE		
8	NON-CURRENT		
	Bigrlyi Joint Venture - at cost	1,942,019	1,923,052
	Bigrlyi Joint Venture - impairment provision (Note 4)	<u>(1,942,019)</u>	<u>(1,923,052)</u>
		<u>-</u>	<u>-</u>
<p>Southern Cross NL owns a 5 % interest in the Bigrlyi Uranium project in the Northern Territory which has been accounted for in line with AASB 13 Fair Value Measurement, and as the Company does not have joint control, it accounts for its interest in the Joint Venture as an investor at fair value. The Directors have decided to fully impair this investment, based upon the Directors' best estimate of the value of the joint venture and the likelihood of generating future revenues.</p>			
NOTE	PLANT & EQUIPMENT	2018	2017
9		\$	\$
	Carrying amount of plant and equipment	<u>22,294</u>	<u>27,234</u>
(a)	Motor Vehicles		
	At cost	34,948	34,948
	Less accumulated Depreciation	<u>(16,603)</u>	<u>(12,271)</u>
	Total Motor Vehicles	<u>18,345</u>	<u>22,677</u>
	Movement during the year		
	Balance at the beginning of the year	22,677	31,339
	Additions	-	-
	Depreciation Expense	<u>(4,332)</u>	<u>(8,662)</u>
	Balance at the end of the year	<u>18,345</u>	<u>22,677</u>
(b)	Furniture		
	At cost	4,557	4,557
	Less accumulated Depreciation	<u>(608)</u>	<u>-</u>
	Total Furniture	<u>3,949</u>	<u>4,557</u>
	Movement during the year		
	Balance at the beginning of the year	4,557	-
	Additions	-	4,557
	Depreciation Expense	<u>(608)</u>	<u>-</u>
	Balance at the end of the year	<u>3,949</u>	<u>4,557</u>
NOTE	AVAILABLE FOR SALE FINANCIAL ASSETS		
10	NON-CURRENT		
	Listed securities (Level 1)	4,854	4,854
	Shares in corporations not listed on ASX (Level 3) - at cost	<u>-</u>	<u>165,789</u>
		<u>4,854</u>	<u>170,643</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

NOTE INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

11 NON-CURRENT

Set out below are the associates of the group at 30 June 2018

Associate	Ownership Interest
Wailoaloa Developments Ltd (WDL). Incorporated and operates in Fiji.	49.00%
Dateline Resources Ltd (ASX : DTR). Incorporated and operates in Australia.	33.41%
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 30 June 2018 is \$5,760,360.	
No dividend has been received from either WDL or DTR for the year ended 30 June 2018.	
The Group shares in no contingent liabilities of either WDL or DTR.	

(a) Movement in Carrying Value

	Consolidated Group			
	WDL	DTR	30 June 2018	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	(75,950)	(1,409,083)	(1,485,033)	(627,373)
Share of other comprehensive income	-	(169,793)	(169,793)	(7,985)
Carrying value at the end of the period	<u>-</u>	<u>868,252</u>	<u>868,252</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.

	WDL		DTR	
Summarised Balance Sheets as at :	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$	\$
Total current assets	1,327,600	1,278,172	408,302	330,188
Total non-current assets	17,415,551	16,926,854	18,732,096	9,063,309
Total current liabilities	(20,582,117)	(18,089,788)	(5,570,504)	(328,547)
Total non-current liabilities	-	-	(4,406,128)	(3,437,404)
Net Assets / (Liabilities)	<u>(1,838,966)</u>	<u>115,238</u>	<u>9,163,766</u>	<u>5,627,546</u>
Summarised statements of comprehensive income				
Total Revenue	10,284,392	-	702,096	327,616
Profit/(Loss) from continuing operations	(1,954,204)	-	(3,622,952)	(1,751,762)
Other Comprehensive Income/(Loss)	-	-	(436,562)	(25,484)
Total Comprehensive Income	<u>(1,954,204)</u>	<u>-</u>	<u>(4,059,514)</u>	<u>(1,777,246)</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

		2018 \$	2017 \$
NOTE	TRADE AND OTHER PAYABLES		
12	CURRENT		
	Trade and other payables	75,993	299,395
	Trade and other payables - Related parties	1,101,801	351,083
		<u>1,177,794</u>	<u>650,478</u>
NOTE	FINANCIAL LIABILITIES		
13	CURRENT		
	Loans - unsecured	10,000	10,000
	Loans - secured	3,921,500	-
		<u>3,931,500</u>	<u>10,000</u>

The Company has entered into a loan agreement with Mr. Mark Johnson, a Director of Dateline Resources Limited. During the year there were several advances made as detailed in the table below. The security for the loans is a registered first charge over the current and future assets of the Company.

Loans from Mr. Mark Johnson as at 30.6.18

Date of Advance	Principal	Loan Charges	Loan Balance	Interest Rate	Line Fee
08-08-17	2,000,000	178,630	2,178,630	0.0%	10.0%
16-01-18	1,100,000	49,726	1,149,726	10.0%	
16-03-18	364,000	10,571	374,571	10.0%	
13-04-18	214,000	4,573	218,573	10.0%	
TOTAL	<u>3,678,000</u>	<u>243,500</u>	<u>3,921,500</u>		

			2018 \$	2017 \$
NOTE	SHARE CAPITAL			
14	Issued			
	1,077,243,200 ordinary shares, fully paid (June 2017 - 1,077,243,200)		<u>22,863,391</u>	<u>22,863,391</u>
		30 June 2018	30 June 2017	30 June 2018
	Movement in Issued Capital	Number of Shares	\$	Number of Shares
	Balance at beginning of period	1,077,243,200	22,863,391	1,077,243,200
	Balance at end of period	<u>1,077,243,200</u>	<u>22,863,391</u>	<u>1,077,243,200</u>

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

		2018 \$	2017 \$
NOTE	ACCUMULATED LOSSES		
15			
	Accumulated losses at beginning of period	(21,329,840)	(18,073,045)
	Total comprehensive income (loss) for the period	(1,505,666)	(3,256,795)
	Accumulated losses at end of period	<u>(22,835,506)</u>	<u>(21,329,840)</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

NOTE	EARNINGS PER SHARE	2018	2017
		\$	\$
16	Basic and diluted loss per share (cents)	(\$0.12)	(\$0.30)
	Net loss used to calculate earnings loss per share	(1,335,873)	(3,248,810)
	Weighted average number of ordinary shares on issue used in the calculation of earnings per share	1,077,243,200	1,077,243,200

NOTE SEGMENT INFORMATION

17 The segment in which the company operates predominately 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 predominately relates to an investment with a related company involved in the development of property, and other loans made to related and other companies.

	Total	Exploration	Other	Total	Exploration	Other
	2018	2018	2018	2017	2017	2017
	\$	\$	\$	\$	\$	\$
Segment Assets						
Geographical						
Australia	5,118,834	-	5,118,834	2,095,402	1,509,981	585,421
Fiji (non-current)	18,345	-	18,345	98,627	-	98,627
Total	5,137,179	-	5,137,179	2,194,029	1,509,981	684,048
Segment Revenues						
Australia	1,482,041	1,482,041	-	397,284	332,386	64,898
Fiji	-	-	-	182,797	-	182,797
Total	1,482,041	1,482,041	-	580,081	332,386	247,695
There were no inter-segment revenues						
Segment Liabilities						
Australia	1,055,291	604,843	450,448	660,478	660,478	-
Segment Results						
Profit/(Loss)						
Australia	(1,259,923)	(69,292)	(1,190,631)	(3,248,810)	(1,818,608)	(1,430,202)
Fiji	(75,950)	-	(75,950)	-	-	-
Total Profit / (Loss)	(1,335,873)	(69,292)	(1,266,581)	(3,248,810)	(1,818,608)	(1,430,202)
Total segment loss included :						
Australia						
Interest revenue	215,578	215,578	-	31,841	-	31,841
Interest and Financial expenses	243,500	-	243,500	-	-	-
Material non-cash items :						
Impairment losses	(84,757)	-	(84,757)	(1,786,497)	-	(1,786,497)
Profit/(Loss) on Investments	27,543	27,543	-	262,876	-	262,876
Bad debts recovered/(expensed)	-	-	-	(215,854)	-	(215,854)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

	2018 %	2017 %
NOTE 18. EXPLORATION AND EVALUATION ASSETS		
Southern Cross Exploration N L held the following interests in exploration projects:		
<u>OVERSEAS</u>		
TANZANIA - Mkuju River (URANIUM)		
Interest in several Exploration Licences	7	7
PHILIPPINES (GOLD)		
Batangas Gold Project (approx. 100km south of Manila)		
Interest in MPSA and EPA 115 (3,300 ha)	10	10
Gold Cross Project - Province of Bulacan		
- Island of Luzon (8,000 ha)		
MA-P-111-02-04; MA-P-111-05-04;	20	20
MA-P-111-06-04; MA-P-111-07-04		
(The issue of the MPSAs is still pending)		
IRAN - Boma Abad et al (MAGNESITE)		
Southern Cross has an interest in two companies which hold several exploration tenements.		
At 30 June 2018 the Group has impaired all carried forward capitalised exploration assets in line with Australian Accounting Standards.		

	2018 \$	2017 \$
NOTE 19. AUDITOR'S REMUNERATION		
Audit and review of financial reports – HLB Mann Judd	36,190	44,000
Taxation services – HLB Mann Judd	9,835	7,000
Total	46,020	51,000



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

	2018 \$	2017 \$
NOTE 20. SUMMARY OF PARENT ENTITY FINANCIAL INFORMATION		
Current Assets	4,235,576	1,065,976
Non Current Assets	890,546	1,040,578
Total Assets	5,126,122	2,106,554
Current Liabilities	6,287,562	1,838,746
Non Current Liabilities	-	-
Total Liabilities	6,287,562	1,838,746
Net Assets	(1,161,440)	267,808
Share Capital	22,863,391	22,863,391
Reserves	-	-
Accumulated losses	(24,024,831)	(22,595,583)
Total Equity	(1,161,440)	267,808
Profit / (Loss) for the year	(1,429,248)	(3,270,686)

Southern Cross Exploration NL has not provided any guarantees in relation to any of its controlled entities.

Contingent liabilities – refer Note 23.

There were no commitments for the acquisition of property plant and equipment.

NOTE 21. PARTICULARS RELATING TO CONTROLLED ENTITIES

Controlled Entities	Place of Incorporation	Class of Shares	Parent Entity's Investment	
			2018 %	2016 %
Northern Star Investments Pty Ltd	NSW	Ordinary	100	100
Northern Star Investments (QLD) Pty Ltd	QLD	Ordinary	100	100
Pacific Island Properties Pty Ltd	NSW	Ordinary	100	100



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

NOTE 22. NET FAIR VALUE OF FINANCIAL INSTRUMENTS

The net fair values of financial assets and liabilities recorded are determined on the following basis:

Financial instruments

Listed Investments included in Available for Sale Financial Assets are valued at their quoted market bid price. Unlisted Investments are at cost, which approximates their fair values. The fair values of unlisted investments are based on the estimated values of the investments and in view of their strategic holdings.

The carrying values of all other financial assets and liabilities are stated at their approximate fair value.

The following table presents the assets and liabilities measured and recognised at fair value as at 30 June 2018:

As at 30 June 2018 Recurring fair value measurements	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Listed investments	7,081	-	-	7,081
Unlisted investment	-	-	-	-
As at 30 June 2017 Recurring fair value measurements	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Listed investments	597,164	-	-	597,164
Unlisted investment	-	-	165,789	165,789

Valuation process of the Group in determining level 3 fair values

For the purpose of financial reporting the Board performs assessments of individual asset values, including level 3 fair values and engages external, independent and qualified valuers to determine the fair values of assets at least every three years. The Board discusses the valuation process, results and reasons for the fair value movements, in line with the half-yearly and yearly financial statement reporting timelines. A description of the key valuation policies and sensitivity of significant unobservable inputs of level 3 fair values is detailed below:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

NOTE 23. 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. Originally, the project had to be finalised by 30 June 2018 for Mr. Baghdadi to receive the bonus. During the year ended 30 June 2018, the terms of this bonus were amended as noted below:

- The gross sales are based upon the sales value of land sold plus the market value of unsold land; and
- The project no longer needs to be finalised by 30 June 2018 but instead the bonus is strictly contingent upon SXX receiving A\$2 million from Wailoaloa Developments Ltd, after receiving clearance from all Fijian Government agencies, before 31 December 2018. It is acknowledged that the required clearance from Fijian Government is not assured within the above time frame.

The amount of the bonus payable should the above conditions be met is estimated to be \$1,458,875.

Subsequent to balance date this liability is no longer contingent due to the above conditions being met. Refer to note 28.

NOTE 24. INCOME TAX

The prima facie income tax (expense)/benefit on the pre-tax accounting loss reconciles to the income tax expense in the accounts as follows:

	2018	2017
	\$	\$
Profit / (Loss) from ordinary activities	<u>(1,335,873)</u>	<u>(3,248,810)</u>
Prima facie income tax expense/(benefit) calculated at 30% (2017 30%) on the Loss from ordinary activities	(400,762)	(974,643)
Amounts non deductible	470,937	726,557
Future tax benefit / (liability) not brought to account	<u>(70,175)</u>	<u>248,087</u>
Income Tax expense relating to ordinary activities	<u>-</u>	<u>-</u>

Deferred tax assets estimated in excess of \$3,000,000 have not been brought to account. The deferred tax assets will only be utilised if:

- (a) the consolidated entity derives future assessable income of a nature and of sufficient amount to enable the deferred tax assets to be realised;
- (b) the consolidated entity continues to comply with the conditions for deductibility imposed by law; and
- (c) legislation will not change in a manner which would adversely affect the consolidated entity's ability to realise the deferred tax assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

NOTE 25. RISK

- (a) Market risk: The group's investments in available for sale financial assets are subject to fluctuations in market conditions. No material reduction in value is anticipated.
- (b) Interest rate risk: The group is exposed to interest rate risk relating to balances held in cash.

Should interest rates be increased or decreased by 100 basis points the loss of the Group would increase or decrease by \$3,274 (2017: \$2,338).
- (c) Credit risk: The carrying amounts of Receivables net of any provisions and cash balances represent the maximum exposure to credit risk. Management requires that all surplus funds are only invested with financial institutions with a Standard and Poor's rating of at least AA-. All bank balances of the Group at 30 June 2018 were held with a bank with this rating.
- (d) Liquidity risk: The Directors are responsible for management of the short, medium and long term liquidity requirements.
- (e) Exploration risk: The exploration industry is inherently risky. Such risk is carefully assessed on a case by case basis.
- (f) Capital risk: The Directors' objectives when managing capital are to safeguard the group's ability to continue as a going concern and in due course to increase the value of its shares and returns to its shareholders. The group has adequate assets and ability to raise equity capital to maintain its normal operations. Acquisition of exploration projects and other associated expenditure can often be satisfied by the issue of equity securities. The group's gearing has remained quite low in accordance with the Board's policy and it is not proposed to make any changes in that respect.
- (g) Currency risk: The Group has no payables or receivables in foreign currency.

NOTE 26. DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

The following were key management personnel of the consolidated entity during the year ended 30 June 2018.

S Baghdadi, appointed 26 February 2013

A Phillips, appointed 30 August 2013

C Coleman, appointed 20 February 2014

J Smith, appointed 10 November 2014

26.1 Directors' remuneration

Name	Position	Remuneration	2018 \$	2017 \$
S Baghdadi	Executive Director	Consulting fees	525,000	500,000
A Phillips	Director	Directors' fees	24,000	24,000
C Coleman	Director	Directors' fees	24,000	24,000
J Smith	Company Secretary	Company Secretary fees	60,000	57,000
Total remuneration			<u>633,000</u>	<u>605,000</u>

No Director received or was entitled to receive any shares or options as part of remuneration during the year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

**NOTE 26. DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL AND RELATED PARTIES
(continued)**

26.2 Shareholdings of key management personnel in Southern Cross Exploration N L

Name	Balance 30 June 2018 Number	Change Number	Director Resignation Number	Balance 30 June 2017 Number
S Baghdadi	265,373,570	-	-	265,373,570
A Phillips	9,800,000	-	-	9,800,000
C Coleman	200,000	-	-	200,000
J Smith	-	-	-	-
	<u>275,373,570</u>	<u>-</u>	<u>-</u>	<u>275,373,570</u>

Name	Balance 30 June 2017 Number	Change Number	Director Resignation Number	Balance 30 June 2016 Number
S Baghdadi	265,373,570	112,491	-	265,261,079
A Phillips	9,800,000	-	-	9,800,000
C Coleman	200,000	-	-	200,000
J Smith	-	-	-	-
	<u>275,373,570</u>	<u>112,491</u>	<u>-</u>	<u>275,261,079</u>

26.3 Directors and related party transactions and balances

	2018 \$	2017 \$
Aggregate payables and borrowings at balance date		
Accrued Directors' Fees		
A.Vieira	-	60,666
C.Coleman	12,000	-
A.Phillips	24,000	-
	<u>36,000</u>	<u>60,666</u>

26.4 Other Director related party transactions

The following are disclosures of transactions and balance during the year with related parties and the relationship of the Directors to those entities whilst they were related parties of the Group.

Consulting fees and other expenses of \$334,091 (2016: \$166,287) were payable to S Baghdadi as at 30 June 2018. These amounts are exclusive of GST.

During the year ended 30 June 2018 the following related party transaction occurred:

- An unsecured and interest free loan of \$582,951 was advanced to the Group by Mr. Stephen Baghdadi, a Director of the group. This loan was repaid on 18 July 2018.
- The Company acquired 80,005,001 fully paid ordinary shares on Dateline Resources Limited at \$0.02 per share.
- The Company recharged costs of \$1,266,463 relating to costs incurred by the Group on behalf of Dateline Resources Limited (Note 2)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

26.4 Other Director related party transactions (continued)

During the year ended 30 June 2017 the following related party transaction occurred:

- The Company acquired 100,000,000 fully paid ordinary shares in Dateline Resources Limited at \$0.01 per share. \$1,000,000 was paid by the Company as full payment for these shares.
- The Company acquired 40,000,000 fully paid ordinary shares in Dateline Resources Limited at \$0.01 per share. Consideration for this was the repayment of the majority of the current loan account between the Company and Dateline Resources Limited.
- The Company sold 100% of the issued capital of Gunnison Gold Pty Ltd (GGP) and its 100% owned subsidiaries CRG Mining LLC (which owns the permitted Gold Links mine in Colorado USA) and SLV Minerals LLC (which owns a 50 tonnes per day ore processing mill located on 15 acres of freehold land in Colorado USA) to Dateline Resources Ltd.

The total purchase consideration was \$4,220,040 which included 25,000,000 unlisted options and 25,000,000 fully paid ordinary shares in Dateline Resources valued at \$83,453 and \$250,000 respectively, as consideration for introducing the sale to Dateline Resources Ltd.

During the year ended 30 June 2016 Wailoaloa Developments Ltd, a company which is an associate of the Group, provided a loan of FJ\$ 1.8 million to Stephen Baghdadi, a director of the Group. The loan was repayable by 16 October 2017 with interest payable at 5% per annum. As at 30 June 2018 the amount outstanding of this loan including interest was A\$1,297,130 (2017 : AU\$1,238,569). During the year ended 30 June 2016, Stephen Baghdadi provided a personal guarantee (of up to F\$28 million) to The Australian and New Zealand Banking Group Ltd over debt provided by the bank to Wailoaloa Developments Ltd, an associate investment of the Group.

During the year ended 30 June 2016 the Group incurred consultant expense on behalf of Wailoaloa Developments Ltd of \$69,580 all of which were outstanding at 30 June 2017 and 30 June 2018.

NOTE 27. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2018	2017
	\$	\$
Profit / (Loss) for the financial year	(1,335,873)	(3,248,810)
Non-cash items		
Depreciation of property, plant and equipment	4,939	8,662
Realised and unrealised (gain)/write down on investment	(27,543)	(262,876)
Write-down of investment in joint venture	-	1,786,497
Share of loss of associates	1,654,826	627,373
Income settled by issue of equity	-	(332,386)
Change in Assets and Liabilities		
Change in trade and other receivables	(1,563,953)	(91,315)
Change in borrowings	243,500	-
Change in trade and other payables	(55,275)	150,915
Net cash flows used in operating activities	<u>(1,079,379)</u>	<u>(1,361,940)</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2018

NOTE 28. EVENTS SUBSEQUENT TO REPORTING DATE

On 13 August 2018, the Group announced that it has successfully finalised its participation in the Wailoaloa Development Project by accelerating the disposal of its remaining interest in the project.

The Group's interest in the Wailoaloa Development Project was held via a 49% equity stake in Wailoaloa Developments Limited ("WDL"), a Fijian property development company, which owned 40 acres of freehold land in Nadi, Fiji's tourism gateway.

This parcel of land had been subdivided and was in the process of being sold in individual lots. As an alternative to selling down each of the remaining subdivided lots, the Group has entered into a binding agreement by which it will sell its 49% equity stake in WDL to its Fijian joint venture partner for gross proceeds of A\$7.94 million.

On 24 September 2018, the Group announced that it had received the net proceeds for the above transaction. After the payment of Fijian expenses associated with the transaction and Fijian Capital Gains Tax, the amount received was A\$7,128,000.

No other matter or event has arisen since 30 June 2018 that would be likely to materially affect the operations of the Company, or the state of affairs of the Company not otherwise as disclosed in the Group's financial report



DIRECTORS' DECLARATION

FOR THE 12 MONTHS ENDED 30 JUNE 2018

1. In the Directors' opinion:
 - (a) the financial statements and notes set out on pages 7 to 28 are in accordance with the Corporations Act 2001, including:
 - (i) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and its performance for period ended on that date;
 - (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. The Notes to the financial statements include a statement of compliance with International Reporting Standards.

The Directors have been given the declarations by the Equivalent Chief Executive Officer and the Equivalent Chief Financial Officer required by Section 295A of the Corporations Act 2001.

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

A handwritten signature in blue ink, appearing to read 'Stephen Baghdadi'.

Stephen Baghdadi
Director

28 September 2018

SOUTHERN CROSS EXPLORATION N L**ACN 000 716 012****INDEPENDENT AUDITOR'S REPORT**

To the Members of Southern Cross Exploration N.L

REPORT ON THE AUDIT OF THE FINANCIAL REPORT**Opinion**

We have audited the financial report of Southern Cross Exploration N.L ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

No Key Audit Matters were identified.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

SOUTHERN CROSS EXPLORATION N L

ACN 000 716 012

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Information Other than the Financial Report and Auditor's Report Thereon (continued)

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

SOUTHERN CROSS EXPLORATION N L

ACN 000 716 012

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report (continued)

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in page 4 of the directors' report for the year ended 30 June 2018.

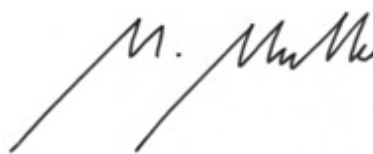
In our opinion, the Remuneration Report of Southern Cross Exploration N.L for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

A handwritten signature in black ink that appears to read 'M. Muller'.

**M D Muller
Partner**

**Sydney, NSW
28 September 2018**



The following additional information was applicable as at 18 September 2018

1. Number of Holders of each class of equity security and the voting rights attached:

Class of Security	No. of Holders	Voting Rights Attached
Ordinary Shares	921	Each shareholder is entitled to one vote per share held
Unlisted Options	0	N/A

There are a total of 1,077,243,200 ordinary fully paid shares on issue. There are no shares subject to voluntary escrow.

2. Distribution schedule of the number of holders of fully paid ordinary shares is as follows:

Distribution of Holders	Number of Fully Paid Ordinary Shareholders
1 - 1,000	199
1,001 - 5,000	236
5,001 - 10,000	110
10,001 - 100,000	202
100,001 and above	174

3. Holders of non-marketable parcels

Holders of non-marketable parcels are deemed to be those who shareholding is valued at less than \$500.

- There are 663 shareholders who hold less than a marketable parcel of shares.
- The number of fully paid ordinary shareholdings held in less than marketable parcels is 4,341,029.

4. Substantial shareholders

As at report date there are four substantial shareholders.

5. Share buy-backs

There is no current on-market buy-back scheme.

6. Top 20 Shareholders

The top 20 largest fully paid ordinary shareholders together held 87.26% of the securities in this class and are listed below:

Holder Name	Qty	%
CLEVAMAN PTY LTD <BAGHDADI FAMILY A/C>	265,373,570	24.63%
NOBLE INVESTMENTS SUPERANNUATION FUND PTY LTD <NOBLE INV S/F TOL LTC A/C>	86,484,978	8.03%
NOBLE INVESTMENTS SUPERANNUATION FUND PTY LTD <NOBLE INVESTMENTS S/F A/C>	75,506,084	7.01%
RED STAR DEVELOPMENTS PTE LTD	70,000,000	6.50%
MR MARK JOHNSON	60,000,000	5.57%
MR PETER DAVID COOPER	52,688,000	4.89%
HANIAN INVESTMENTS PTY LTD <DELTA GAMMA A/C>	50,958,136	4.73%
MR MAKSYM SHTEYSEL	50,000,000	4.64%
HUGONAM PTY LTD	45,000,000	4.18%
MR ANDREW PATTERSON	41,022,968	3.81%
GLENEAGLE SECURITIES (AUST) PTY LTD <HOUSE PROP A/C>	30,000,000	2.78%
SUNVEST CORPORATION LIMITED	28,250,000	2.62%
GLENEAGLE SECURITIES (AUST) PTY LTD	22,620,000	2.10%
MONARCH ASSET MANAGEMENT P/L <PRICE SUPER>	15,700,000	1.46%
MR EFIMIY SHTEISEL	11,000,000	1.02%
MR RAYMOND NOEL SKELTON & MS HELEN KERR	10,217,743	0.95%
MR MARK ANDREW TKOCZ & MS SUSAN ELIZABETH EVANS <TKOCZ SUPER FUND A/C>	10,000,000	0.93%
MR ANDREW PHILLIPS	9,800,000	0.91%
GOTHA STREET CAPITAL PTY LTD <BLUE SKY NO 2 A/C>	8,500,000	0.79%
MR ROBERT GERARD ADAMSON	8,333,508	0.77%
Top 20 Total	951,454,987	88.32%



7. Schedule of Exploration Interests

LOCATION	LICENCE NUMBERS	TOTAL AREA	NET INTEREST
AUSTRALIA			
Uranium and Vanadium			
Bigrlyi Uranium Joint Venture			
- Northern Territory			
(Investment in Joint Venture)			
Bigrlyi Area, Ngalia Basin	ERL's 46 to 45	1,214 ha	5%
Ten exploration Retention Licences and several applications			
OVERSEAS			
Uranium			
TANZANIA - Mkuju River			
Interest in several Exploration Licences			7%
GOLD			
PHILLIPINES			
- Batamgas Gold Project			
Tenement applications - EPA IVA-115 and PMPSA IV-110		3,300 ha	10%
(Interest held by subsidiary - Northern Star Investments (Qld) Pty Ltd)			
- Gold Cross Project - Province of Bulacan			
MA-P-III-02-04; MA-P-III-05-04;		8,000 ha	20%
MA-P-III-06-04; MA-P-III-07-04.			
The issue of the MPSAs is still pending			
IRAN - Borna Abad et al - MAGNESITE			
Southern Cross has an interest in a private group based in Dubai and Teheran holding several exploration tenements			10%