

# **SOUTHERN CROSS EXPLORATION NL**

## **HALF-YEAR REPORT**

**For the period ended**

**31 December 2019**



## **SOUTHERN CROSS EXPLORATION NL**

A.B.N. 70 000 716 012

### **DIRECTORS' REPORT**

#### **FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

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 2019.

### **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](http://www.sxxgroup.com) and also via the ASX website, at [www.asx.com.au](http://www.asx.com.au).

The Company's operations during the half-year ended 31 December 2019 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 \$728,867 (2018: profit of \$4,601,193) and operating loss was \$722,145 (2018: profit of \$4,601,193).

### **2. DATELINE RESOURCES LIMITED (ASX: DTR)– 32.16%**

As previously disclosed, the company has made loans to DTR and is DTR's largest shareholder.

The assets acquired by DTR include ~1700+ acres of freehold land, an operating and fully commissioned mill. The assets have been independently valued at USD14.4 million.

SXX is committed to its investment in Dateline Resources Limited and believes there is considerable value to be unlocked from DTR's future development of the Gold Links project in Colorado.

### **3. URANIUM**

#### **2.1 NORTHERN TERRITORY - BIGRLYI URANIUM JOINT VENTURE**

Energy Metals Limited (ASX : EME) holds 72.39% and is the Operator.

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 has been written down to \$0, 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](http://www.energymetals.net).

## **SOUTHERN CROSS EXPLORATION NL (Directors Report Continued)**

### **6. 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

### **7. SIGNIFICANT MATTERS AFTER BALANCE DATE**

There were no significant matters to report after the balance date of 31 December 2019.

### **8. 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 3.

Signed in accordance with a resolution of the Directors.

DATED at Sydney this 13th day of March 2020.



**S Baghdadi**  
**Director**

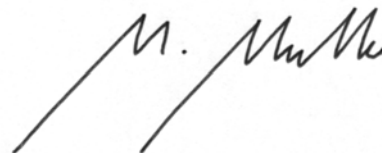
### **Auditor's Independence Declaration**

To the directors of Southern Cross Exploration NL:

As lead auditor for the review of the financial report of Southern Cross Exploration NL for the half-year ended 31 December 2019, 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**  
**13 March 2020**

**M D Muller**  
**Partner**

**SOUTHERN CROSS EXPLORATION NL**  
**AND CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	<b><u>Note</u></b>	<b>Consolidated 31 December 2019 \$</b>	<b>31 December 2018 \$</b>
Revenue from continuing operations	<b>2</b>	167,454	543,001
Profit on sale of investment in Wailoaloa Developments Ltd	<b>17</b>	-	6,547,056
Bonus to Director on sale of Wailoaloa Developments Ltd	<b>3</b>	-	(1,488,762)
Share of profit/(loss) of associate	<b>9</b>	(569,625)	718,845
Administration expenses		(226,585)	(716,221)
Depreciation		(3,842)	(1,215)
Finance costs		(54,144)	(127,016)
Occupancy costs		(35,403)	(66,833)
Impairment of investment in JV	<b>7</b>	-	(23,367)
Profit/(Loss) from continuing operations before income tax		(722,145)	5,385,488
Income tax expense	<b>4</b>	-	(784,295)
Profit/(Loss) from continuing operations after income tax		(722,145)	4,601,193
Other comprehensive income:			
Items that may be classified to profit or loss		-	-
Share of associates foreign currency translation reserve	<b>9</b>	(6,722)	-
Total comprehensive Income/(Loss) for the period		<u>(728,867)</u>	<u>4,601,193</u>
Basic and diluted Earnings/(Loss) per share	<b>14</b>	(\$0.0007)	\$0.0043

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 2019**

	<b><u>Note</u></b>	<b>Consolidated 31 December 2019 \$</b>	<b>30 June 2019 \$</b>
CURRENT ASSETS			
Cash and cash equivalents		109,070	92,303
Available for sale financial assets	<b>5</b>	2,227	2,227
Receivables	<b>6</b>	<u>1,033,800</u>	<u>1,222,657</u>
TOTAL CURRENT ASSETS		<u>1,145,097</u>	<u>1,317,187</u>
NON-CURRENT ASSETS			
Investment in Joint Venture	<b>7</b>	-	-
Plant and Equipment		24,119	27,961
Available for sale financial assets	<b>8</b>	4,854	4,854
Investments accounted for using the Equity Method	<b>9</b>	<u>3,726,871</u>	<u>4,303,218</u>
TOTAL NON-CURRENT ASSETS		<u>3,755,844</u>	<u>4,336,033</u>
TOTAL ASSETS		<u>4,900,941</u>	<u>5,653,220</u>
CURRENT LIABILITIES			
Trade and other payables	<b>10</b>	703,711	771,267
Financial liabilities	<b>11</b>	<u>1,227,864</u>	<u>1,183,720</u>
TOTAL CURRENT LIABILITIES		<u>1,931,575</u>	<u>1,954,987</u>
TOTAL LIABILITIES		<u>1,931,575</u>	<u>1,954,987</u>
NET ASSETS		<u>2,969,366</u>	<u>3,698,233</u>
EQUITY			
Share capital	<b>12</b>	22,863,391	22,863,391
Accumulated losses	<b>13</b>	<u>(19,894,025)</u>	<u>(19,165,158)</u>
TOTAL EQUITY		<u>2,969,366</u>	<u>3,698,233</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 2019**

	<b>Share Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
Balance as at 1 July 2019	22,863,391	(19,165,158)	3,698,233
Net Loss for the period	-	(722,145)	(722,145)
Other comprehensive income	-	(6,722)	(6,722)
Total comprehensive income / (loss)	-	(728,867)	(728,867)
Balance as at 31 December 2019	22,863,391	(19,894,025)	2,969,366
Balance as at 1 July 2018	22,863,391	(22,835,506)	27,885
Net Profit for the period	-	4,601,193	4,601,193
Other comprehensive income	-	-	-
Total comprehensive income / (loss)	-	4,601,193	4,601,193
Balance as at 31 December 2018	22,863,391	(18,234,313)	4,629,078

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 2019**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from Operating Activities</b>		
Interest paid	-	(324,623)
Other operating payments	(251,457)	(2,754,706)
	<u>(251,457)</u>	<u>(2,754,706)</u>
<b>Net cash flows used in Operating Activities</b>	<u>(251,457)</u>	<u>(3,079,329)</u>
<b>Cash flows from Investing Activities</b>		
Payment for available for sale financial assets	-	(196,395)
Loan (advance to)/repaid by associate	268,224	(1,149,000)
Proceeds from sale of investments	-	7,127,920
Payment for fixed assets	-	(12,890)
Payment for investment in associate	-	-
	<u>268,224</u>	<u>5,769,635</u>
<b>Net cash flows from/(used in) in Investing Activities</b>	<u>268,224</u>	<u>5,769,635</u>
<b>Cash flows from Financing Activities</b>		
Proceeds from borrowings	-	1,050,000
Repayment of loans	-	(3,678,030)
	<u>-</u>	<u>(2,628,030)</u>
<b>Net cash flows from financing activities</b>	<u>-</u>	<u>(2,628,030)</u>
Net (decrease)/increase in cash held	16,767	62,276
Cash at the beginning of the period	92,303	327,491
Cash at the end of the period	<u>109,070</u>	<u>389,767</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 2019**

**NOTE 1 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 2019 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.

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement and AASB 15 Revenue from Contracts with Customers replaces AASB 119 Revenue and AASB 111 Construction Contracts. These new standards are effective for the Company from 1 July 2018. The Company has performed an assessment and concluded that no transitional adjustments were required as a result of complying with the new requirements.

There are no other new accounting standards and interpretations that have been published and have been early adopted for the 31 December 2019 reporting period that are material to the financial statements

**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 total comprehensive loss of \$728,867 (2018: \$4,601,193 profit) a net cash inflow of \$16,767 (2018: \$62,276) and net cash outflow from operations of \$251,457 (2018: \$3,079,329). As at 31 December 2019, the consolidated entity also had net deficit working capital of \$786,478 (2018: \$1,077,966) and cash assets of \$109,070 (2018: \$389,767).

The ability of the consolidated group to continue as a going concern is dependent upon the group being able to generate sufficient funds to satisfy working capital requirements and to repay loans. Discussions with the lenders are advanced and the Directors are confident that the loan will be rolled over for at least a further 2 years under the same terms and conditions of the loan. 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;
- Adopting all appropriate measures to ensure that the cashflows remain sufficient to ensure that it remains a going concern;
- Deferral of loans due as noted above; and
- Realise investments as and when required.

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 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 financials report.

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

**1.3. New or amended Accounting Standards and Interpretations adopted**

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**SOUTHERN CROSS EXPLORATION NL  
AND CONTROLLED ENTITIES**

<b>Consolidated</b>	
<b>31 December</b>	<b>31 December</b>
<b>2019</b>	<b>2018</b>
<b>\$</b>	<b>\$</b>

**NOTE REVENUE**

**2**

Interest revenue	-	835
Interest revenue-related party (note 6)	48,724	278,855
Other revenue - related party (note 6)	118,730	263,311
	<u>167,454</u>	<u>543,001</u>

Other revenue - related party relates to reimbursement of expenses incurred by the Group on behalf of Dateline Resources Limited.

**NOTE BONUS TO DIRECTOR ON SALE OF WAILOALOA DEVELOPMENTS**

**3**

Bonus payable	<u>-</u>	<u>1,488,762</u>
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Following the receipt of the proceeds from the sale of the Group's interests in Wailoaloa Developments Limited (in the prior period), a bonus of \$1,488,762 was payable to Executive Director Mr Stephen Baghdadi as all conditions of the bonus had been met.

**NOTE INCOME TAX EXPENSE**

**4**

Capital Gains Tax	<u>-</u>	<u>784,295</u>
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An expense incurred upon the disposal of the Group's interests in Wailoaloa developments was an assessment of Capital Gains Tax by the Fijian Taxation Authority. This amounted to \$784,295.

<b>Consolidated</b>	
<b>31 December</b>	<b>30 June</b>
<b>2019</b>	<b>2019</b>
<b>\$</b>	<b>\$</b>

**NOTE AVAILABLE FOR SALE FINANCIAL ASSETS**

**5 CURRENT**

Listed securities (Level 1)	<u>2,227</u>	<u>2,227</u>
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**NOTE RECEIVABLES**

**6 CURRENT**

Debtors and loans- related parties	1,032,282	1,133,052
Debtors and other receivables	17,143	17,144
Goods and Services Tax	(15,625)	72,461
	<u>1,033,800</u>	<u>1,222,657</u>

The amount owed by Dateline Resources Limited of \$1,032,282 is made up of:

- \$348,747 (June 2019 \$398,242) which are expenses paid by the Company for and on behalf of Dateline Resources Limited. This amount is unsecured and interest free. An amount of \$118,730 was charged to Dateline Resources Limited for the period.
- \$783,535 (June 2019 \$734,810) which represents unsecured loans including interest. Refer to the table on the following page for details of loans made which are unsecured and repayable on demand. Interest for the period was \$48,724.

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.

**SOUTHERN CROSS EXPLORATION NL  
AND CONTROLLED ENTITIES**

Loans to Dateline Resources Ltd as at : 31 Dec 2019				Interest	Line
Loan Date	Principal	Interest	O/S	Rate	Fee
18-09-18	\$67,798	\$9,315	\$77,113	15.06%	5.00%
19-09-18	\$110,529	\$13,740	\$124,269	15.06%	5.00%
24-09-18	\$55,161	\$6,870	\$62,031	15.06%	5.00%
10-10-18	\$108,566	\$13,602	\$122,168	15.06%	5.00%
12-10-18	\$104,101	\$13,053	\$117,154	15.06%	5.00%
29-10-18	\$54,439	\$6,870	\$61,309	15.06%	5.00%
14-11-18	\$108,218	\$13,740	\$121,958	15.06%	5.00%
15-11-18	\$86,542	\$10,992	\$97,533	15.06%	5.00%
<b>TOTAL</b>	<b>\$695,354</b>	<b>\$88,181</b>	<b>\$783,535</b>		

Interest for the period was \$48,724

Consolidated	
31 December 2019	30 June 2019
\$	\$

**NOTE INVESTMENT IN JOINT VENTURE**

**7 NON-CURRENT**

Bigirlyi Joint Venture - at cost	1,965,386	1,965,386
Bigirlyi Joint Venture - impairment provision	(1,965,386)	(1,965,386)
	<u>-</u>	<u>-</u>

Southern Cross NL owns a 6.79% interest in the Bigirlyi 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.

**SOUTHERN CROSS EXPLORATION NL  
AND CONTROLLED ENTITIES**

**Consolidated**  
**31 December**      **30 June**  
**2019**              **2019**  
**\$**                      **\$**

**NOTE AVAILABLE FOR SALE FINANCIAL ASSETS**

**8 NON-CURRENT**

Listed securities (Level 1)	4,854	4,854
	<u>4,854</u>	<u>4,854</u>

**NOTE INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

**9 NON-CURRENT**

Set out below are the associates of the group at 31 December 2019

<b>Associate</b>	<b>Country of Incorporation</b>	<b>Place of Business</b>	<b>Nature of Relationship</b>	<b>Ownership Interest</b>
Dateline Resources Ltd (ASX : DTR)	Australia	Australia	Associate	32.2%
The quoted fair market value of the Group's investment in DTR at 31 December 2019 is \$7,920,495.				
No dividend has been received from DTR for the period ended 31 December 2019.				
The Group shares in no contingent liabilities of DTR.				

**(a) Movement in Carrying Value**

	<b>WDL</b>	<b>DTR</b>	<b>Consolidated Group 31 December 2019</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Carrying value at the beginning of the period	-	4,303,218	4,303,218	868,252
Investment during the period	-	-	-	4,800,300
Share of profit/(loss) after income tax	-	(569,625)	(569,625)	(12,151)
Value of investment on disposal	-	-	-	(1,353,183)
Share of other comprehensive income	-	(6,722)	(6,722)	-
Carrying value at the end of the period	<u>-</u>	<u>3,726,871</u>	<u>3,726,871</u>	<u>4,303,218</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 these amounts.

**Summarised Balance Sheets**

	<b>WDL</b>		<b>DTR</b>	
	<b>31 December 2019</b>	<b>30 June 2019</b>	<b>31 December 2019</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total current assets	-	-	1,599,866	5,037,526
Total non-current assets	-	-	25,043,181	22,891,026
Total current liabilities	-	-	(2,636,260)	(2,567,247)
Total non-current liabilities	-	-	(5,368,816)	(5,092,570)
Net Assets	<u>N/A</u>	<u>-</u>	<u>18,637,971</u>	<u>20,268,735</u>

**Summarised statements of comprehensive income**

Total Revenue	-	-	17,480	67,761
Profit/(Loss) from continuing operations	-	-	(1,759,250)	(3,204,281)
Other Comprehensive Income/(Loss)	-	-	(20,762)	(595,338)
Total Comprehensive Income	<u>-</u>	<u>-</u>	<u>(1,780,012)</u>	<u>(3,799,619)</u>

**SOUTHERN CROSS EXPLORATION NL  
AND CONTROLLED ENTITIES**

		<b>Consolidated</b>	
		<b>31 December 2019</b>	<b>30 June 2019</b>
		<b>\$</b>	<b>\$</b>
<b>NOTE TRADE AND OTHER PAYABLES</b>			
<b>10 CURRENT</b>			
Trade and other payables		135,686	134,730
Trade and other payables - Related parties		568,025	636,537
		<u>703,711</u>	<u>771,267</u>
<b>NOTE FINANCIAL LIABILITIES</b>			
<b>11 CURRENT</b>			
Loans - other (Unsecured)		-	10,000
Loans - other (Secured)		1,227,864	1,173,720
		<u>1,227,864</u>	<u>1,183,720</u>

The Company has entered into a loan agreement with Mr. Mark Johnson, a Director of Dateline Resources Limited. This detailed in the table below. The security for the loans is a registered first charge over the current and future assets of the Company. Interest of \$54,144 was incurred in the period.

<b>Loans from Mark Johnson as at :</b>				<b>31 Dec 2019</b>	<b>Interest</b>
<b>Loan Date</b>	<b>Principal</b>	<b>Interest</b>	<b>O/S</b>		<b>Rate</b>
18-07-18	\$750,000	\$109,110	\$859,110		10.00%
10-08-18	\$300,000	\$41,753	\$341,753		10.00%
09-10-19	\$24,049	\$2,952	\$27,001		10.00%
<b>TOTAL</b>	<b>\$1,074,049</b>	<b>\$153,815</b>	<b>\$1,227,864</b>		

**NOTE SHARE CAPITAL**

**12 Issued**

1,077,243,200 ordinary shares, fully paid (June 2019 - 1,077,243,200)	<u>22,863,391</u>	<u>22,863,391</u>
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	<b>31 December 2019</b>	<b>31 December 2019</b>	<b>30 June 2019</b>	<b>30 June 2019</b>
<b>Movement in Issued Capital</b>	<b>Number of Shares</b>	<b>\$</b>	<b>Number of Shares</b>	<b>\$</b>
Balance at beginning of period	1,077,243,200	22,863,391	1,077,243,200	22,863,391
Balance at end of period	<u>1,077,243,200</u>	<u>22,863,391</u>	<u>1,077,243,200</u>	<u>22,863,391</u>

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

		<b>31 December 2019</b>	<b>31 December 2018</b>
		<b>\$</b>	<b>\$</b>
<b>NOTE ACCUMULATED LOSSES</b>			
<b>13</b>			
Accumulated losses at beginning of period		(19,165,158)	(22,835,506)
Total comprehensive income (loss) for the period		(728,867)	4,601,193
Accumulated losses at end of period		<u>(19,894,025)</u>	<u>(18,234,313)</u>

**NOTE EARNINGS PER SHARE**

**14**

Basic and diluted Earnings/(Loss) per share	(\$0.0007)	\$0.0043
Net income/(loss) used to calculate earnings/(loss) per share	(728,867)	\$4,601,193
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	1,077,243,200	1,077,243,200

**SOUTHERN CROSS EXPLORATION NL  
AND CONTROLLED ENTITIES**

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

	<b>Parent Entity Investment Equity Holding</b>	
	<b>31 December 2019</b>	<b>30 June 2019</b>
Northern Star Investment Pty Ltd	100%	100%
Northern Star Investment (Qld) Pty Ltd	100%	100%
Pacific Island Properties Pty Ltd	100%	100%

There has been no change in the equity holdings of subsidiary companies since June 2019.

**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 or loans provided to 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.

	<b>Total Dec 2019 \$</b>	<b>Exploration Dec 2019 \$</b>	<b>Other Dec 2019 \$</b>	<b>Total June 2019 \$</b>	<b>Exploration June 2019 \$</b>	<b>Other June 2019 \$</b>
<b>Segment Assets</b>						
Australia	4,900,941	4,900,941	-	5,653,218	5,440,870	212,348
Fiji (non-current)	-	-	-	-	-	-
<b>Total</b>	<u>4,900,941</u>	<u>4,900,941</u>	<u>-</u>	<u>5,653,218</u>	<u>5,440,870</u>	<u>212,348</u>
<b>Segment Liabilities</b>						
Australia	<u>1,941,575</u>	<u>1,941,575</u>	<u>-</u>	<u>1,954,987</u>	<u>1,954,987</u>	<u>-</u>
<b>Segment Revenues</b>	<b>Dec 2019 \$</b>	<b>Dec 2018 \$</b>				
Australia - Other	-	-				
Australia - Exploration	167,454	543,001				
Fiji - Other	-	-				
<b>Total</b>	<u>167,454</u>	<u>543,001</u>				

There were no inter-segment revenues

**Segment Results**

**Profit/(Loss)**

Australia - Other	(722,145)	-
Australia - Exploration	-	(2,514,751)
Fiji - Other	-	7,115,944
<b>Total Profit / (Loss)</b>	<u>(722,145)</u>	<u>4,601,193</u>

	<b>Consolidated 31 December 2019 \$</b>	<b>31 December 2018 \$</b>
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**NOTE PROFIT ON SALE OF INVESTMENT IN WAILOALOA DEVELOPMENTS**

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Proceeds from sale of investment	-	7,940,000
Accounting and Legal Fees	-	(27,785)
Loss on disposal of Fixed Assets	-	(18,345)
Gain on write off of Loans	-	6,369
Carrying value of investment at date of disposal (Note 9)	<u>-</u>	<u>(1,353,183)</u>
	<u>-</u>	<u>6,547,056</u>

**SOUTHERN CROSS EXPLORATION NL  
AND CONTROLLED ENTITIES**

**NOTE 18 CONTINGENT LIABILITY**

There are no contingent liabilities as at 31 December 2019.

There are no contingent liabilities as at 30 June 2019.

**NOTE 19 SIGNIFICANT MATTERS AFTER BALANCE DATE**

There were no significant matters to report after the balance date of 31 December 2019.

**SOUTHERN CROSS EXPLORATION NL**  
**AND CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

In the Directors' opinion:

- (a) the consolidated financial statements and notes, set out on pages 4 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 2019 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  
13 March 2020



## **Independent auditor's review report to the members of Southern Cross Exploration NL:**

### **Report on the Half-Year Financial Report**

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 2019, 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.

### **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 2019 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 Related to Going Concern**

Without modifying our opinion, we draw attention to Note 1.2, which indicates that the company's ability to continue as a going concern is dependent on it raising sufficient capital or disposing of part of its investment in its associate. These conditions, 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.

### **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 2019 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.

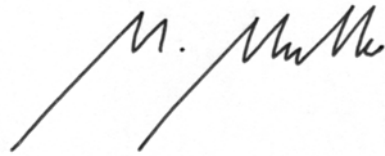
**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.



**HLB Mann Judd**  
**Chartered Accountants**

**Sydney, NSW**  
**13 March 2020**



**M D Muller**  
**Partner**