



Southern Cross Exploration N.L.

A.C.N. 000 716 012

Annual Report for the year ended 30 June 2020

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

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CORPORATE INFORMATION

REGISTERED OFFICE

Level 29
2 Chifley Square
Sydney NSW 2000
Ph : +61 (02) 9375 2332
Email : mail @ sxxgroup.com.au
ACN : 000 716 012

AUDITORS

HLB Mann Judd
Level 19
207 Kent Street
Sydney NSW 2000
Ph : +61 (02) 9020 4000
Website : www.hlb.com.au

LAWYERS

K&L Gates
Level 31
1 O'Connell Street
Sydney NSW 2000
Ph : +61 (02) 9513 2300

SHARE REGISTRY

Boardroom Limited
Grosvenor Place
Level 12, 255 George Street
Sydney NSW 2000
Ph : +61 (02) 9290 9600

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 2 November 2020.
The Company has the power to amend and re-issue the financial report.*



DIRECTORS' REPORT - STATUTORY
FOR THE PERIOD ENDING 30 JUNE 2020

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 during the financial year ended 30 June 2020.

1. Review and Results of Operations

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

The Company's operations during the year ended 30 June 2020 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 operations of the consolidated entity during the year resulted in a comprehensive loss of \$1,522,640 (2019: income of \$3,670,348).

On March 25, 2019, the Company's securities were suspended from quotation under listing rule 17.3. ASX determined that "SXX's operations were not adequate to warrant the continued quotation of its securities and therefore it is in breach of Listing rule 12.1". The Directors of SXX continue to pursue investment opportunities that will enable SXX to have this suspension lifted.

2. DATELINE RESOURCES LIMITED (ASX: DTR)– 31.88%

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, and 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. Northern Territory – Bigrlyi Uranium Joint Venture

On 7 May 2020, the Company disposed of this fully written down investment in order to avoid further working capital drawdowns and related expenditure.

4. Significant changes

Other than the matters discussed above, there were no significant changes impacting on the consolidated entity during the financial year.

5. Significant matters after balance date

No matter or event has arisen since 30 June 2020 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 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 year 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 Donaco International Ltd (Current).
- Executive Director of Lithium Power International Limited (Current).

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 year ended 30 June 2020 and the number of meetings attended by each Director:

Director	Number of Meetings	
	Eligible to Attend	Attended
Craig Coleman	8	8
Andrew Phillips	8	8
Stephen Baghdadi	8	8



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 Mr. 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.

Mr Baghdadi is entitled to an annual fee of \$131,250 (2019 : \$525,000). Dateline Resources Ltd has agreed that it will reimburse SXX \$105,000 (2019 : \$420,000) of Mr Baghdadi's annual fee, resulting in Mr. Baghdadi's net cost to SXX being \$26,250 (2019 : \$105,000). This reimbursement is accounted for in SXX's accounts as revenue from operations (Note 2).

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	2020 (\$)	2019 (\$)
S. Baghdadi	Consultant	131,250	2,013,762
S. Baghdadi	Director	-	-
A. Phillips	Director	24,000	24,000
C. Coleman	Director	24,000	24,000
J. Smith	Company Secretary	60,000	60,000
	Total	239,250	633,000

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:

	2016	2017	2018	2019	2020
	\$	\$	\$	\$	\$
Revenue from continuing operations	271,006	580,081	1,482,041	862,929	215,649
Total comprehensive profit / (loss)	(1,023,038)	(3,248,810)	(1,505,666)	3,670,348	(1,522,640)
Net Assets	4,790,346	1,541,536	27,885	3,698,233	2,175,593
Share price at year end	\$0.003	\$0.009	\$0.008	\$0.005	\$0.005



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 \$4,300 (2019 : \$2,800) 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 20.

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', written over a horizontal line.

Stephen Baghdadi
Director

2 November 2020

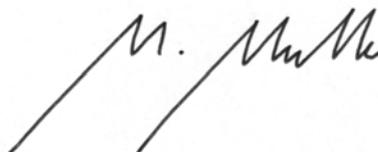
Auditor's Independence Declaration

To the directors of Southern Cross Exploration N.L:

As lead auditor for the audit of the consolidated financial report of Southern Cross Exploration N.L. for the year ended 30 June 2020, 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.



Sydney, NSW
2 November 2020

M D Muller
Partner



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

FOR THE 12 MONTHS ENDED 30 JUNE 2020

	<u>Note</u>	30 June 2020 \$	30 June 2019 \$
Revenue from continuing operations	2	215,649	862,929
Profit on sale of investment in Wailoaloa Developments Ltd	17	-	6,547,056
Bonus to Director on sale of Wailoaloa Developments Ltd		-	(1,488,762)
Share of profit/(loss) of associate		(1,246,954)	201,774
Administration expenses		(373,288)	(1,107,019)
Finance costs	3	(107,699)	(204,873)
Depreciation	9	(7,684)	(2,168)
		<hr/>	<hr/>
Profit/(Loss) from continuing operations before income tax		(1,519,976)	4,808,937
Significant items	4	-	(140,369)
		<hr/>	<hr/>
Profit/(Loss) from continuing operations before income tax		(1,519,976)	4,668,568
Income tax expense		-	(784,295)
		<hr/>	<hr/>
Profit/(Loss) from continuing operations after income tax		(1,519,976)	3,884,273
Other comprehensive income:			
Items that may be reclassified to profit or loss		-	-
Share of associates foreign currency translation reserve		(2,664)	(213,925)
		<hr/>	<hr/>
Total comprehensive Income/(Loss) for the year		<u>(1,522,640)</u>	<u>3,670,348</u>
Basic and diluted (loss)/ earnings per share-cents	16	(\$0.14)	\$0.36

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 2020

	<u>Note</u>	30 June 2020 \$	30 June 2019 \$
CURRENT ASSETS			
Cash and cash equivalents	5	5,305	92,303
Financial assets at fair value through profit or loss	6	2,227	2,227
Receivables	7	<u>1,124,232</u>	<u>1,222,657</u>
TOTAL CURRENT ASSETS		<u>1,131,764</u>	<u>1,317,187</u>
NON-CURRENT ASSETS			
Investment in joint venture	8	-	-
Plant and equipment	9	20,277	27,961
Financial assets at fair value through profit or loss	10	4,854	4,854
Investments accounted for using the Equity Method	11	<u>3,053,600</u>	<u>4,303,218</u>
TOTAL NON-CURRENT ASSETS		<u>3,078,731</u>	<u>4,336,033</u>
TOTAL ASSETS		<u>4,210,495</u>	<u>5,653,220</u>
CURRENT LIABILITIES			
Trade and other payables	12	753,483	771,267
Financial liabilities	13	<u>-</u>	<u>1,183,720</u>
TOTAL CURRENT LIABILITIES		<u>753,483</u>	<u>1,954,987</u>
NON-CURRENT LIABILITIES			
Financial liabilities	13	<u>1,281,419</u>	<u>-</u>
TOTAL NON-CURRENT LIABILITIES		<u>1,281,419</u>	<u>-</u>
TOTAL LIABILITIES		<u>2,034,902</u>	<u>1,954,987</u>
NET ASSETS		<u>2,175,593</u>	<u>3,698,233</u>
EQUITY			
Share capital	14	22,863,391	22,863,391
Accumulated losses	15	<u>(20,687,798)</u>	<u>(19,165,158)</u>
TOTAL EQUITY		<u>2,175,593</u>	<u>3,698,233</u>

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 2020

	Share Capital	Accumulated Losses	Total Equity
	\$	\$	\$
Balance as at 1 July 2019	<u>22,863,391</u>	<u>(19,165,158)</u>	<u>3,698,233</u>
Net loss for the period	-	(1,519,976)	(1,519,976)
Other comprehensive income / (loss)	-	(2,664)	(2,664)
Total comprehensive income / (loss)	-	(1,522,640)	(1,522,640)
Balance as at 30 June 2020	<u>22,863,391</u>	<u>(20,687,798)</u>	<u>2,175,593</u>
Balance as at 1 July 2018	<u>22,863,391</u>	<u>(22,835,506)</u>	<u>27,885</u>
Net loss for the period	-	3,884,273	3,884,273
Other comprehensive income / (loss)	-	(213,925)	(213,925)
Total comprehensive income / (loss)	-	3,670,348	3,670,348
Balance as at 30 June 2019	<u>22,863,391</u>	<u>(19,165,158)</u>	<u>3,698,233</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 2020

	<u>Note</u>	30 June 2020	30 June 2019
		\$	\$
Cash flows from Operating Activities			
Interest received		191,191	-
Interest paid		-	(324,623)
Operating expenses		<u>(401,071)</u>	<u>(2,677,875)</u>
Net cash flows used in Operating Activities	28	<u>(209,880)</u>	<u>(3,002,498)</u>
Cash flows from Investing Activities			
Proceeds from sale of financial assets at fair value through profit or loss		-	101,302
Payment for financial assets at fair value through profit or loss		-	(196,395)
Proceeds from sale of investments		-	7,127,919
Payment for property plant and equipment		-	(26,180)
Payment for investment in associate		<u>-</u>	<u>(1,148,154)</u>
Net cash flows used in Investing Activities		<u>-</u>	<u>5,858,492</u>
Cash flows from Financing Activities			
Proceeds from loans		-	1,050,000
Loan proceeds from (repayments to) related parties		122,882	(463,152)
Repayment of borrowings		<u>-</u>	<u>(3,678,030)</u>
Net cash flows from financing activities		<u>122,882</u>	<u>(3,091,182)</u>
Net (decrease)/increase in cash held		(86,998)	235,188
Cash at the beginning of the year		<u>92,303</u>	<u>327,491</u>
Cash at the end of the year	5	<u><u>5,305</u></u>	<u><u>92,303</u></u>

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 30 JUNE 2020

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. Revenue recognition

Revenue from Contracts with Customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Sale of goods is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

1.3. 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2020

1.4. 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 earned comprehensive loss of \$1,522,640 (2019: \$3,670,348 income) a net cash outflow of \$86,998 (2019: a net cash outflow of \$235,188) and net cash out flow from operations of \$209,880 (2019: \$3,002,498). As at 30 June 2020, the consolidated entity also had a working capital surplus of \$378,281 (2019: Deficiency of \$637,800) and cash assets of \$5,305 (2019: \$92,303).

The ability of the consolidated entity 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. 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; 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.

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

1.6. 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.

1.7. 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2020

1.8. Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

1.9. 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 2020

1.10. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

1.11. 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.

1.12. 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.

1.13. 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.

1.14. 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.

1.15. New accounting standards and interpretations

The Group has applied all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. These and together with other amending Accounting Standards and Interpretations commencing from 1 July 2019 did not result in any material adjustments to the amounts recognised or disclosures in the financial report.

1.16. 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 2020

1.17. 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.

1.18. 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

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2020

1.22. New Accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the half-year reporting period. The Director's assessment of the impact of these new standards and interpretations (to the extent relevant to the Group) is that they will have no material impact.

		2020	2019
		\$	\$
NOTE	REVENUE		
2	Other Revenue - related party	118,730	500,770
	Interest revenue – related party	<u>96,919</u>	<u>362,159</u>
		<u>215,649</u>	<u>862,929</u>

Other Revenue - related party 2020 \$118,730 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 2019 \$500,770 relates to the recovery of the Group's costs expended on behalf of an associate of the Group, Dateline Resources Limited.

NOTE	FINANCE COSTS		
3	Interest and finance charges - non related parties	<u>107,699</u>	<u>204,873</u>
		<u>107,699</u>	<u>204,873</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2020

		2020	2019
		\$	\$
NOTE SIGNIFICANT ITEMS			
4	Realised and unrealised loss/(gain) on investments-listed equity investments (Level 1)	-	95,093
	Legal costs expense	-	21,909
	Impairment of investment in JV (note 8)	-	23,367
		<u>-</u>	<u>140,369</u>
NOTE CASH AND CASH EQUIVALENTS			
5	Cash held in banks	<u>5,305</u>	<u>92,903</u>
	These accounts have floating interest rates between 0% and 1% (2019 : 0% and 1.1%)		
NOTE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
6	CURRENT Listed equity securities (Level 1)	<u>2,227</u>	<u>2,227</u>
NOTE RECEIVABLES			
7	CURRENT Debtors and Loans-related parties	1,107,089	1,133,052
	Debtors and other receivables	17,143	17,144
	Goods and Services Tax	-	72,461
		<u>1,124,232</u>	<u>1,222,657</u>

Debtors and Loans-related parties for the year ended 30.6.20 relate to loans and interest to Dateline Resources Limited (“DTR”) of \$831,730 (refer table below for details of loans made which are unsecured and repayable on demand), and expenses paid on behalf of DTR of \$275,359 (unsecured).

Interest and loan charges by the Company to DTR for the year ended 30 June 2020 were \$96,919 (2019: \$361,313).

Debtors and Loans-related parties for the year ended 30.6.19 related to loans and interest to Dateline Resources Limited of \$734,810 and expenses paid on behalf of Dateline Resources Ltd of \$398,242 (unsecured).

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 June 2020

<u>Date of Advance</u>	<u>Principal</u>	<u>Loan Charges</u>	<u>Repayment Amount</u>	<u>Interest Rate</u>	<u>Line Fee</u>
18 Sep 18	67,798	14,406	82,204	15.06%	5.00%
19 Sep 18	110,529	21,249	131,778	15.06%	5.00%
24 Sep 18	55,161	10,625	65,786	15.06%	5.00%
10 Oct 18	108,566	21,037	129,602	15.06%	5.00%
12 Oct 18	104,101	20,187	124,287	15.06%	5.00%
29 Oct 18	54,439	10,625	65,064	15.06%	5.00%
14 Nov 18	108,218	21,249	129,467	15.06%	5.00%
15 Nov 18	86,542	16,998	103,540	15.06%	5.00%
TOTAL	<u>\$695,354</u>	<u>\$136,376</u>	<u>\$831,730</u>		



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE INVESTMENT IN JOINT VENTURE		
8 NON-CURRENT		
Bigryli Joint Venture - at cost	-	1,965,386
Bigryli Joint Venture - impairment provision (Note 4)	-	(1,965,386)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<p>On 7 May 2020, the Company disposed of this fully written down investment in order to avoid further working capital drawdowns and related expenditure.</p>		
NOTE PLANT & EQUIPMENT		
9		
Carrying amount of plant and equipment	<u>20,277</u>	<u>27,961</u>
(a) Motor Vehicles		
At cost	-	-
Less Disposed of	-	-
Less accumulated Depreciation	-	-
Total Motor Vehicles	<u>-</u>	<u>-</u>
Movement during the year		
Balance at the beginning of the year	-	18,345
Disposals	-	(18,345)
Depreciation Expense	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>
(b) Furniture		
At cost	30,737	30,737
Less accumulated Depreciation	(10,460)	(2,776)
Total Furniture	<u>20,277</u>	<u>27,961</u>
Movement during the year		
Balance at the beginning of the year	27,961	3,949
Additions	-	26,180
Depreciation Expense	(7,684)	(2,168)
Balance at the end of the year	<u>20,277</u>	<u>27,961</u>
NOTE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT		
10 OR LOSS		
NON-CURRENT		
Listed securities (Level 1)	<u>4,854</u>	<u>4,854</u>
	<u>4,854</u>	<u>4,854</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2020

NOTE INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

11 NON-CURRENT

Set out below are the associates of the group at 30 June 2020

Associate	Ownership Interest
Dateline Resources Ltd (ASX : DTR). Incorporated and operates in Australia. DTR is an exploration company listed on the ASX.	31.88%
The quoted fair market value of the Group's investment in DTR at 30 June 2020 is \$5,280,330.	
No dividend has been received from DTR for the year ended 30 June 2020.	
The Group shares in no contingent liabilities of DTR.	

(a) Movement in Carrying Value

	Consolidated Group	
	30 June 2020	30 June 2019
	\$	\$
Carrying value at the beginning of the period	4,303,218	868,252
Investment during the period	-	4,800,300
Share of profit/(loss) after income tax	(1,246,954)	201,774
Value of investment on disposal	-	(1,353,183)
Share of other comprehensive income	(2,664)	(213,925)
Carrying value at the end of the period	<u>3,053,600</u>	<u>4,303,218</u>

(b) Summarised financial information of associates

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

	DTR	
	30 June 2020	30 June 2019
	\$	\$
Summarised Balance Sheets as at :		
Total current assets	369,845	5,037,526
Total non-current assets	25,052,275	22,891,026
Total current liabilities	(1,445,521)	(2,567,247)
Total non-current liabilities	<u>(7,416,253)</u>	<u>(5,092,570)</u>
Net Assets / (Liabilities)	<u>16,560,346</u>	<u>20,268,735</u>
Summarised statements of comprehensive income		
Total Revenue	38,972	67,761
Profit/(Loss) from continuing operations	(3,841,916)	(3,204,281)
Other Comprehensive Income/(Loss)	<u>(15,721)</u>	<u>(595,338)</u>
Total Comprehensive Income/(Loss)	<u>(3,857,637)</u>	<u>(3,799,619)</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE TRADE AND OTHER PAYABLES		
12 CURRENT		
Trade and other payables	156,830	134,730
Trade and other payables - Related parties	596,653	636,537
	<u>753,483</u>	<u>771,267</u>
NOTE FINANCIAL LIABILITIES		
13 CURRENT		
Loans - unsecured	-	10,000
Loans - secured	-	1,173,720
	<u>-</u>	<u>1,183,720</u>
NON-CURRENT		
Loans - secured	1,281,419	-
	<u>1,281,419</u>	<u>-</u>

The Company has entered into a loan agreement with Mr. Mark Johnson, a Director of Dateline Resources Limited. There have been 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. Total interest expense for the year was \$107,699 (2019 : \$204,873). During the year the repayment date was extended to 31 March 2022 and then will be on call for a further 31 Days.

<u>Loans from Mark Johnson as at 30 June 2020</u>				
Date of Advance	Principal	Loan Charges	Repayment Amount	Interest Rate
18 Jul 18	750,000	146,507	896,507	10.00%
10 Aug 18	300,000	56,712	356,712	10.00%
09 Oct 18	24,050	4,151	28,201	10.00%
TOTAL	<u>\$1,074,050</u>	<u>\$207,370</u>	<u>\$1,281,420</u>	

	2020	2019
	\$	\$
NOTE SHARE CAPITAL		
14 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>
	30 June 2020	30 June 2020
	Number of Shares	\$
	30 June 2019	30 June 2019
	Number of Shares	\$
Movement in Issued Capital		
Balance at beginning of year	<u>1,077,243,200</u>	<u>22,863,391</u>
Balance at end of year	<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.

Each share entitles holder to proportionate dividends and proceeds on winding up of Company

	2020	2019
	\$	\$
NOTE ACCUMULATED LOSSES		
15		
Accumulated losses at beginning of year	(19,165,158)	(22,835,506)
Total comprehensive income (loss) for the year	(1,522,640)	3,670,348
Accumulated losses at end of year	<u>(20,687,798)</u>	<u>(19,165,158)</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE EARNINGS PER SHARE		
16 Basic and diluted profit/(loss) per share (cents)	(\$0.14)	\$0.36
Net profit/(loss) used to calculate earnings loss per share	(1,519,976)	3,884,273
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 PROFIT ON SALE OF INVESTMENT IN WAILOALOA DEVELOPMENTS		
17		
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 11)	-	(1,353,183)
	<u>-</u>	<u>6,547,056</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2020

NOTE SEGMENT INFORMATION

18 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.

	Total 2020 \$	Exploration 2020 \$	Other 2020 \$	Total 2019 \$	Exploration 2019 \$	Other 2019 \$
Segment Assets						
Geographical						
Australia	4,210,495	4,165,290	45,205	5,653,218	5,440,870	212,348
Fiji (non-current)	-	-	-	-	-	-
Total	4,210,495	4,165,290	45,205	5,653,218	5,440,870	212,348
Segment Revenues						
Australia	215,649	215,649	-	862,929	862,929	-
Fiji	-	-	-	-	-	-
Total	215,649	215,649	-	862,929	862,929	-
There were no inter-segment revenues						
Segment Liabilities						
Australia	2,034,902	2,034,902	-	1,929,196	1,929,196	-
Segment Results						
Profit/(Loss)						
Australia	(1,519,976)	(1,519,976)	-	(1,742,909)	(23,367)	(1,719,542)
Fiji	-	-	-	5,627,182	-	5,627,182
Total Profit / (Loss)	(1,519,976)	(1,519,976)	-	3,884,273	(23,367)	3,907,640
Total segment loss included :						
Australia						
Interest revenue	96,919	96,919	-	362,159	362,159	-
Interest and Financial expenses	107,699	107,699	-	204,873	-	204,873
Material non-cash items :						
Inpairment losses	-	-	-	(23,367)	-	(23,367)
Profit/(Loss) on Investments	-	-	-	(95,093)	(95,093)	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2020

		2020	2019
		%	%
NOTE	EXPLORATION AND EVALUATION ASSETS		
19			
	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 2019 and 2020 the Group has impaired all carried forward capitalised exploration assets in line with Australian Accounting Standards.		
		2020	2019
		\$	\$
NOTE	AUDITOR REMUNERATION		
20	Audit and review of financial reports - HLB Mann Judd	46,501	44,500
	Taxation Services - HLB Mann Judd	4,300	2,800
		50,801	47,300



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE SUMMARY OF PARENT ENTITY FINANCIAL INFORMATION		
21 Current Assets	1,116,561	1,310,456
Non Current Assets	<u>3,074,404</u>	<u>4,331,706</u>
Total Assets	<u>4,190,965</u>	<u>5,642,162</u>
Current Liabilities	1,999,226	3,209,202
Non Current Liabilities	<u>1,281,419</u>	<u>-</u>
Total Liabilities	<u>3,280,645</u>	<u>3,209,202</u>
Net Assets	<u>910,320</u>	<u>2,432,960</u>
Share capital	22,863,391	22,863,391
Accumulated Losses	<u>(21,953,071)</u>	<u>(20,430,431)</u>
Total Equity	<u>910,320</u>	<u>2,432,960</u>
Profit / (Loss) for the Year	<u>(1,522,640)</u>	<u>3,594,400</u>

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

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

NOTE PARTICULARS RELATING TO CONTROLLED ENTITIES

22

Controlled Entity	Place of Incorporation	Class of Shares	Parent Entity's Investment	
			2020	2019
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 2020

NOTE NET FAIR VALUE OF FINANCIAL INSTRUMENTS

23

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

Financial instruments

Listed Investments included in Financial Assets at Fair Value Through Profit or Loss 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 2020:

As at 30 June 2020	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	\$	\$	\$	\$
Listed investments	7,081	-	-	7,081
Unlisted investment	-	-	-	-
As at 30 June 2019	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	\$	\$	\$	\$
Listed investments	7,081	-	-	7,081
Unlisted investment	-	-	-	-

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 2020

NOTE CONTINGENT LIABILITY

24

There are no contingent liabilities as at 30 June 2020 (2019: Nil).

NOTE INCOME TAX

25

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

	2020	2019
	\$	\$
Profit / (Loss) from ordinary activities	<u>(1,519,976)</u>	<u>4,668,568</u>
Prima facie income tax expense/(benefit) calculated at 27.5% (2019 30%) on the Loss from ordinary activities	(417,993)	1,400,570
Capital profits not subject to tax	-	(1,179,822)
Future tax benefit / (liability) not brought to account	<u>417,993</u>	<u>563,546</u>
Income Tax expense relating to ordinary activities	<u>-</u>	<u>784,295</u>

Deferred tax assets comprised primarily of unused tax losses 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 2020

NOTE RISK

26

- (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 \$5 (2019: \$923).
- (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 2020 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 DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL
27 AND RELATED PARTIES**

The following were key management personnel of the consolidated entity during the year ended 30 June 2020.

S Baghdadi, appointed 26 February 2013
A Phillips, appointed 30 August 2013
C Coleman, appointed 20 February 2014
J Smith, appointed 10 November 2014

27.1 Directors' remuneration

Name	Position	Remuneration	2020 \$	2019 \$
S Baghdadi	Executive Director	Consulting fees	131,250	2,013,762
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	60,000
Total remuneration			<u>239,250</u>	<u>2,121,762</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 2020

**NOTE 27. DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL AND RELATED PARTIES
(continued)**

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

	Balance 30 June 2020 Number	Change Number	Director Resignation Number	Balance 30 June 2019 Number
S. Baghdadi	268,388,513	-	-	268,388,513
A. Phillips	9,800,000	-	-	9,800,000
C. Coleman	200,000	-	-	200,000
J. Smith	-	-	-	-
TOTAL	<u>278,388,513</u>	<u>-</u>	<u>-</u>	<u>278,388,513</u>

	Balance 30 June 2019 Number	Change Number	Director Resignation Number	Balance 30 June 2018 Number
S. Baghdadi	268,388,513	3,014,943	-	265,373,570
A. Phillips	9,800,000	-	-	9,800,000
C. Coleman	200,000	-	-	200,000
J. Smith	-	-	-	-
TOTAL	<u>278,388,513</u>	<u>3,014,943</u>	<u>-</u>	<u>275,373,570</u>

27.3 Directors and related party transactions and balances

	2020 \$	2019 \$
Aggregate payables and borrowings at balance date		
Accrued Directors' Fees		
A. Phillips	36,000	12,000
C. Coleman	24,000	-
	<u>60,000</u>	<u>12,000</u>

27.4 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 \$131,250 (2019: \$608,487) were payable to S Baghdadi as at 30 June 2020. These amounts are exclusive of GST.

During the year ended 30 June 2020 the following related party transactions occurred:

- The Company recharged costs of \$118,730 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 2020

27.4 Other Director related party transactions (continued)

During the year ended 30 June 2019 the following related party transaction occurred:

- An unsecured and interest free loan of \$119,439 was advanced to the Group by Mr. Stephen Baghdadi, a Director of the group. This loan was outstanding as at 30 June 2019.
- The Company acquired 2,400,150,000 fully paid ordinary shares on Dateline Resources Limited at \$0.002 per share. This was financed by converting loans advanced to Dateline Resources Limited of \$4,800,300 to equity.
- The Company recharged costs of \$500,700 relating to costs incurred by the Group on behalf of Dateline Resources Limited (Note 2)

NOTE RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

28

	2020 \$	2019 \$
Profit / (Loss) for the financial year	(1,519,976)	3,884,273
Non-cash items		
Depreciation of property, plant and equipment	7,684	2,168
Realised and unrealised (gain)/write down on investment		-
Share of loss / (profit)of associates	1,246,954	(201,774)
Profit on disposal of investment		(5,762,761)
Change in Assets and Liabilities		
Change in trade and other receivables	72,462	(861,275)
Change in borrowings		(119,750)
Change in trade and other payables	(17,004)	56,621
Net cash flows used in operating activities	<u>(209,880)</u>	<u>(3,002,498)</u>

NOTE EVENTS SUBSEQUENT TO REPORTING DATE

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No matter or event has arisen since 30 June 2020 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 2020

1. In the Directors' opinion:
 - (a) the financial statements and notes set out on pages 7 to 29 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 2020 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.

Stephen Baghdadi
Director

2 November 2020

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 2020, 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 2020 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.

Material Uncertainty Regarding Going Concern

Without modifying our opinion, we draw attention to Note 1.4, 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 1.4, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Recoverability of loan advanced to Dateline Resources Limited (“DTR”) Note 7 in the financial statements	
The loan due from DTR is a material asset held by Southern Cross Exploration N.L. The recoverability of this loan is subject to management’s judgement.	Reviewed management’s assessment which showed that DTR had sufficient net tangible assets to repay this loan. Agreed DTR’s net tangible assets in management’s assessment to DTR’s audited accounts for the year ended 30 June 2020. Reviewed independent third party information supporting asset values in DTR.
Impairment Assessment of investment in DTR Note 11 in the financial statements	
The investment in DTR is a material asset held by Southern Cross Exploration N.L.. The impairment assessment of the carrying value of the investment is subject to management’s judgement.	Reviewed management’s assessment which showed that DTR had sufficient net tangible assets to support the carrying value of this investment. Agreed DTR’s net tangible assets in management’s assessment to DTR’s audited accounts from the year ended 30 June 2020. Reviewed independent third party information supporting asset values in DTR. Considered the market value of the investment based upon ASX published prices.

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 2020, 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.

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.
- 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 2020.

In our opinion, the Remuneration Report of Southern Cross Exploration N.L for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

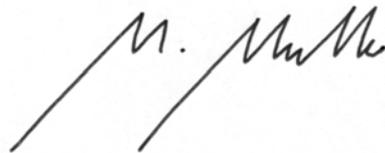
Responsibilities

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.



**HLB Mann Judd
Chartered Accountants**

**Sydney, NSW
2 November 2020**



**M D Muller
Partner**



The following additional information was applicable as at 21 September 2020

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	906	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	198
1,001 - 5,000	235
5,001 - 10,000	111
10,001 - 100,000	191
100,001 and above	171

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 714 shareholders who hold less than a marketable parcel of shares.
- The number of fully paid ordinary shareholdings held in less than marketable parcels is 7,703,924.

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 88.3% of the securities in this class and are listed below:

Holder Name	Qty	%
CLEVAMAN PTY LTD <BAGHDADI FAMILY A/C>	265,373,570	24.64%
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%
SPINITE PTY 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	2.79%
STARLIGHT HOLDINGS 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 ANDREW PHILLIPS	9,800,000	0.91%
MR MARK ANDREW TKOCZ	8,991,009	0.83%
GOTHA STREET CAPITAL PTY LTD <BLUE SKY NO 2 A/C>	8,900,000	0.83%
MR ROBERT GERARD ADAMSON	8,333,508	0.77%
Top 20 Total	950,845,996	88.30%



7. Schedule of Exploration Interests

LOCATION	LICENCE NUMBERS	TOTAL AREA	NET INTEREST
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 <i>(Interest held by subsidiary - Northern Star Investments (Qld) Pty Ltd)</i>	3,300 ha	10%
- Gold Cross Project - Province of Bulacan			
	MA-P-III-02-04; MA-P-III-05-04; MA-P-III-06-04; MA-P-III-07-04. The issue of the MPSAs is still pending	8,000 ha	20%
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%