



Southern Cross Exploration N.L.

A.C.N. 000 716 012

LEVEL 29, 2 CHIFLEY SQUARE SYDNEY NSW 2000
e-mail: **sxx@sxxgroup.com**

TELEPHONE: (61-2) 9375 2337
www.sxxgroup.com

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|--|
| PLEASE ADDRESS ALL CORRESPONDENCE TO GPO BOX 4246 SYDNEY NSW 2001 |
|--|

22 August 2014

**e-lodgement
FOR PUBLIC RELEASE**

Manager - Market Announcements
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Dear Madam

Attached are a Notice of Meeting, Explanatory Memorandum and Proxy Form sent to shareholders today in respect of an Extraordinary General Meeting of the Company to be held on Tuesday 23 September 2014.

For and on behalf of
Southern Cross Exploration NL

Andrew Phillips
Secretary



SOUTHERN CROSS EXPLORATION NL

ACN 000 716 012

-
- **Notice of Extraordinary General Meeting to be held on Tuesday 23 September 2014**
 - **Explanatory Memorandum for the Notice of Extraordinary General Meeting**
 - **Proxy Form**
-

THIS IS AN IMPORTANT DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY

If you are in doubt as to what to do with this document please contact your legal, financial or other professional advisor immediately

**NOTICE OF EXTRAORDINARY GENERAL MEETING
TO BE HELD AT
THE OFFICES OF KL GATES
LEVEL 31, 1 O'CONNELL STREET, SYDNEY
ON TUESDAY 23 SEPTEMBER 2014 AT 4.00 PM**

**TO BE VALID, PROXY FORMS FOR USE
AT THE EXTRAORDINARY GENERAL MEETING
MUST BE COMPLETED AND RETURNED TO THE COMPANY
BY NO LATER THAN 4.00 PM ON 21 SEPTEMBER 2014**

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SOUTHERN CROSS EXPLORATION NL

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PLEASE ADDRESS ALL CORRESPONDENCE TO GPO BOX 4246 SYDNEY NSW 2001

Part A: Letter to Shareholders

20 August 2014

Dear Shareholder

Attached is the Southern Cross Exploration NL ("the Company") Notice of Extraordinary General Meeting (EGM) to be held on Tuesday 23 September 2014 and accompanying Explanatory Memorandum and Proxy Form.

The purpose of the meeting is that the Company seeks shareholder approval for:

- removal of auditor; and
- appointment of auditor.

Full details of the above resolutions are provided in the accompanying Explanatory Memorandum.

Please consider carefully the contents of this Notice of Meeting, including, without limitation, the Explanatory Memorandum. If you are in any doubt as to any matter, please consult your legal, financial or other professional adviser.

For and on behalf of

Southern Cross Exploration NL

Andrew Phillips
Company Secretary

Part B: Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of the Members of Southern Cross Exploration NL ("the Company") will be held at the offices of KL Gates, Level 31, 1 O'Connell Street, Sydney on **Tuesday 23 September 2014 at 4:00pm EST**.

If you are unable to attend the meeting please complete and return the enclosed Proxy Form. **The completed Proxy Form must be received by the Company before 4:00pm on 21 September 2014.** The details for lodgement of Proxy Forms are shown in Note 2 below and are also set out in the enclosed Proxy Form.

The enclosed Explanatory Memorandum accompanies and forms part of this Notice of Meeting. Members are advised to read these documents in full as important background information is included.

The Chairman will be casting undirected proxy votes held by him in favour of the Resolutions.

BUSINESS

Proposed Resolutions:

1. Removal of Auditor; and
2. Appointment of Auditor.

PROPOSED RESOLUTIONS

Resolution 1: Removal of Auditor - as an ordinary resolution

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That DFK Laurence Varnay, the current auditor of the Company, be removed as the auditor of the Company effective from the date of the Meeting."

Short Explanation: The Company is seeking the approval of shareholders to remove DFK Laurence Varnay as the Company's auditor.

Resolution 2: Appointment of Auditor - as a special resolution

To consider and, if thought fit, with or without amendment, to pass the following resolution as a **special resolution**:

"That, subject to the passing of Resolution 1, HLB Mann Judd, being qualified to act as auditor of the Company and having consented to act as auditor of the Company, be appointed as the Company's auditor in accordance with the Corporations Act effective from the date of the Meeting and the Directors be authorised to agree the remuneration."

Short Explanation: In the event Shareholders consent to the removal of DFK Laurence Varnay as auditor, a new auditor needs to be appointed. HLB Mann Judd has consented to be appointed as auditor subject to the approval of Shareholders.

By order of the Board

Southern Cross Exploration N L



Andrew Phillips
Company Secretary

Dated this 20th day of August 2014

NOTES:

1. Further details of the Resolutions in this Notice of Meeting are contained in the Explanatory Memorandum accompanying this Notice of Meeting. The Explanatory Memorandum should be read together with, and forms part of, this Notice of Meeting.
2. Shareholders unable to attend the Meeting can complete the Proxy Form which accompanies this Notice of Meeting. Proxies may be lodged at the Company's Registered Office - Level 29, 2 Chifley Square, Sydney NSW; may be sent via mail to GPO Box 4246, Sydney NSW 2001; may be transmitted by facsimile to FAX number (02) 9233 6022) or may be sent via e-mail to sxx@sxxgroup.com - and must be received by the Company no later than forty-eight hours before the scheduled start of the meeting **(i.e. by 4.00 p.m. on 21 September 2014)**.
3. In accordance with the Corporations Act, a person's entitlement to vote at the Extraordinary General Meeting will be determined by reference to the number of fully paid ordinary shares registered in the name of that person (reflected in the Register of Members) as at 5.00pm on 21 September 2014. Members that do not hold shares at this time will be ineligible to vote at the meeting.
4. Shareholders unable to attend the Meeting are urged to complete the attached Proxy Form and return it to the Company in accordance with Note 2 above. A member entitled to attend and vote at the meeting is entitled to appoint a proxy. A proxy need not be a member of the Company. A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, then in accordance with section 249X(3) of the Corporations Act 2001, each proxy may exercise half of the votes.

VOTING IN PERSON

5. Shareholders who plan to attend the Meeting are asked to arrive at the venue 30 minutes prior to the time designated for the Meeting, if possible, so that we may check the shareholding against the Share Register and note attendances.
6. In order to vote in person at the Meeting, a corporation that is a shareholder or a proxy may appoint an individual to act as its representative. The appointment must comply with the requirements of Section 250D of the Corporations Act. The representative should bring to the Meeting evidence of their appointment, including any authority under which it is signed.

Part C: Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of shareholders in connection with the business to be conducted at a meeting of the Company to be held at the offices of KL Gates, Level 31, 1 O'Connell St, Sydney on Tuesday 23 September 2014, commencing at 4.00 pm (EST).

This Explanatory Memorandum forms part of the Notice of Meeting and must be read together with that Notice. The purpose of this Explanatory Memorandum is to provide Shareholders with an explanation of the business of the Meeting and of the Resolutions to be proposed and considered at the Meeting and to assist Shareholders in determining how they wish to vote on each of the Resolutions.

Resolutions 1 and 2 – Removal and Appointment of Auditor

Under section 329 of the Corporations Act, an auditor of a Company may be removed from office by resolution at a general meeting of which 2 months notice of intention to move the resolution has been given. The notice of intention to remove DFK Laurence Varnay is provided to shareholders with this Notice of Meeting.

It should be noted that, under this section, if a company calls a meeting after the notice of intention has been given, the meeting may pass the resolution even though the meeting is held less than 2 months after the notice of intention is given.

The Company provides the notice of intention to shareholders at Appendix A to this Notice and seeks the approval to remove the auditor even though the meeting will be held less than 2 months after the notice of intention is given.

The Company has been reviewing its operations as part of a strategy to reduce its current expenses without reducing the level of service the Company receives. In May 2013 it was determined by the directors of Longreach Oil Limited (LGO) that as a consequence of LGO's significant shareholding in the Company, the debt owed to LGO and the majority of directors also serving as directors of LGO, Southern Cross Exploration NL (SXX) had become a subsidiary entity of LGO. HLB Mann Judd, the Auditor of LGO, agreed that LGO controlled SXX in accordance with AASB 10. On this basis, it was considered that the accounts for SXX should be consolidated with LGO for reporting purposes from that time.

The Board also considered it prudent to align the balance dates of LGO and SXX and consolidate the Audit process to reduce cost and minimise duplication. On this basis, it requested proposals from the SXX auditor and the LGO auditor to tender for the audit business of both companies.

The decision to change auditors was postponed until after the December 2013 half year review of both companies was completed. DFK Laurence Varnay completed the review of the Company's accounts, without qualification.

Having considered the quality of the proposals tendered and having regard to what Directors considered to be the unsatisfactory level of service being received from DFK Laurence Varnay, the Board then resolved to seek the resignation of the SXX auditor and to appoint HLB Mann Judd as the Company's auditors.

However, the SXX auditor has not agreed to resign as Auditor of the Company. Invoices for fees have been submitted that are over double what had previously been agreed. The amount claimed is double what was charged for the previous half year review. The Auditor's invoices have been paid in full except for the amounts charged for the most recent half year review, where there exists a genuine dispute in respect of the amounts charged.

To expand on the unsatisfactory level of service provided by DFK Laurence Varnay, shareholders should be advised that once it became clear that our preference was to appoint HLB Mann Judd as the Company's auditors, Carl Dumbrell, the audit partner at DFK Laurence Varnay, failed to respond to numerous attempts to contact him since June 2014 until August 2014, when the Company sent a strongly worded email advising of our intent to call this meeting to seek shareholder approval to remove the Company's auditor.

It should be noted that as part of the audit of the consolidated LGO accounts for June 2013 and the review for the December 2013 period, HLB Mann Judd had to perform audit work on SXX and therefore it is not a major extension for that firm to complete a full audit of SXX for statutory purposes for the period ended 30 June 2014 within the time limits for lodging those accounts.

Under Section 327D of the Corporations Act, the Company in a general meeting may appoint an auditor to replace an auditor under Section 329 of the Corporations Act.

If DFK Laurence Varnay is removed under Resolution 1, the Directors propose that HLB Mann Judd be appointed as the Company's auditor effective from the close of this Extraordinary General Meeting.

The Notice of Intention to remove DFK Laurence Varnay as auditor of the Company is provided to Shareholders in Annexure "A" to this Notice of Extraordinary General Meeting. The Nomination of HLB Mann Judd as auditor of the Company is provided to Shareholders in Annexure "B" to this Notice of Extraordinary General Meeting. HLB Mann Judd has given written consent to act as the Company's auditor in accordance with Section 328A(1) of the Corporations Act.


A letter to the Company dated 15 August 2014 from DFK Laurence Varnay (Carl Dumbrell, Partner) under s329(3) of the Corporations Act 2001, which has been requested be sent to shareholders of the Company, is provided to Shareholders in Annexure "C" to this Notice of Extraordinary General Meeting.

If Resolutions 1 and 2 are passed, the appointment of HLB Mann Judd as the Company's auditor will take effect at the close of this Extraordinary General Meeting.

The Directors of the Company unanimously recommend to all Members that they vote IN FAVOUR of these Resolutions.

Shareholders are encouraged to contact Mr Andrew Phillips, Director and Company Secretary, or Mr Stephen Baghdadi, Director, on 02 9375 2353 if they have any queries in respect of matters set out in these documents.

For and on behalf of
Southern Cross Exploration NL



Mr Craig Coleman
Chairman

ANNEXURE "A"

10 August 2014

The Board of Directors

Dear Sirs

NOTICE FOR THE REMOVAL OF THE COMPANY AUDITORS

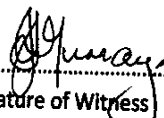
I, Craig Harold Coleman, being a shareholder of Southern Cross Exploration NL request an extraordinary general meeting of the Company at a date to be set but more than two months from the giving of this notice and not more than three months to consider, and if thought fit to pass resolutions that:

1. Removes Carl Dumbrell as the Auditor of Southern Cross Exploration NL; and
2. Appoints HLB Mann Judd as the new auditor for the Company.

Furthermore for the purposes of Section 329 of the Corporations Act 2001 (Cth), I hereby give notice of the removing of Carl Dumbrell of DFK Laurence Varney, Sydney, NSW as auditor for the Company.

SIGNED by
CRAIG HAROLD COLEMAN
In the presence of:

}
}
}
}
(Signature)


.....
Signature of Witness

JENNIFER MURRAY
.....
Full Name

LAUNCESTON TAS
.....
Address

PUBLIC SERVANT
.....
Occupation

ANNEXURE "B"

10 August 2014

The Board of Directors

Dear Sirs

Nomination of Company Auditor

I, Craig Harold Coleman, being a Director of Southern Cross Exploration NL(SXX) hereby nominate HLB Mann Judd for appointment as Auditor of SXX as required by Section 328B(3) of the Corporations Act 2001 (Cth).

SIGNED by

CRAIG HAROLD COLEMAN

In the presence of:

}

}

}

(Signature)

Signature of Witness

JESSICA ISAAC

Full Name

HOBART TASMANIA

Address

REGISTERED NURSE

Occupation



15 August 2014

The Company Secretary
Southern Cross Exploration NL
Level 29
2 Chifley Square
SYDNEY NSW 2000
Email: sxx@sxxgroup.com

Dear Sir,

RE: REPRESENTATION UNDER S329(3) OF THE CORPORATIONS ACT 2001

DFK Laurence Varnay (DFK LV) is willing and able to perform the annual audit of Southern Cross Exploration NL for the year ended 30 June 2014.

I draw to shareholders attention that the company's audited financial statements are due for lodgment with the Australian Securities Exchange (ASX) on 30 September 2014. Failure to lodge the audited financial statements by this date will result in the shares of the company being suspended from trade on the ASX.

The directors have an obligation to meet ASX lodgment deadlines and should proceed with the audit of the financial statements with the current auditor in an attempt to meet the lodgment deadline.

A number of serious issues arose during the review of Southern Cross Exploration Limited's accounts for the period ended 31 December 2013 and these were reflected in my audit opinion published in the half year report for the period 31 December 2013.

My Review Completion Memorandum – half year ending 31 December 2013 was issued to the board of directors on 1 April 2014. I have outlined the unresolved matters from the review in this document and asked that the directors resolve these matters and provide evidence to me that such matters have been resolved. I have not received any response from the board in relation to the matters raised to date.

I also note that I have not yet been paid for the work performed for the review of the financial statements for the six months ended 31 December 2013 and have serious concerns on the company's ability to meet the going concern principles.

The board has advised me that they wish to change auditors to a firm in with which they have a 'long association with'. Shareholders should seriously consider if the existence of the long relationship with an audit firm is a threat to audit independence.

I request that a copy of this representation be sent by the company (at its expense) to every member to whom notice of the meeting is sent and also that the representation be read out at the meeting.

We make it happen!



A member firm of DFK International a worldwide association of independent accounting firms and business advisers

Liability Limited by a scheme approved under Professional Standards Legislation

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Yours faithfully
DFK LAURENCE VARNAY



Carl Dumbrell
Partner

CC. Australian Securities Exchange (ASX)
Australian Securities & Investments Commission (ASIC)

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SOUTHERN CROSS EXPLORATION NL

ABN 000 716 012

PROXY FORM

Registered Office:
Southern Cross Exploration NL
Level 29, 2 Chifley Square
Sydney, NSW Australia 2000

Postal Address:
GPO Box 4246
Sydney NSW 2001
Fax: (61 2) 9233 6475
e-mail: sxx@sxxgroup.com

I/We _____

of _____

being a shareholder/(s) of Southern Cross Exploration NL, entitled to attend and vote, hereby appoint

of _____

or failing him/her _____

of _____

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Southern Cross Exploration NL **to be held at 4.00 pm on Tuesday 23 September 2014** at the offices of KL Gates, Level 31, 1 O'Connell Street, Sydney NSW and at any adjournment or postponement of that Meeting in respect of []% of my/our shares or, failing any number being specified, ALL of my/our shares in the Company. If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is []%. (An additional proxy form will be supplied by the Company on request.)

Important Notes:

Proxies may be lodged at the Company's Registered Office - Level 29, 2 Chifley Square, Sydney NSW; may be sent via mail to GPO Box 4246, Sydney NSW 2001; may be transmitted by facsimile to FAX number (02) 9233 6022) or may be sent via e-mail to sxx@sxxgroup.com - and must be received by the Company no later than forty-eight hours before the scheduled start of the meeting (i.e. by 4.00 p.m. on 21 September 2014).

If you wish to indicate how your proxy is to vote, please tick the appropriate places below.
If no indication is given on a Resolution, the proxy may abstain or vote at his or her discretion.

I/We direct my/our proxy to vote as indicated below:

| <u>Number</u> | <u>Resolution</u> | <u>FOR</u> | <u>AGAINST</u> | <u>ABSTAIN</u> |
|---------------|------------------------|--------------------------|--------------------------|--------------------------|
| 1 | Removal of Auditor | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | Appointment of Auditor | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Proxies given by a natural person must be signed by each appointing shareholder or the shareholder's attorney duly authorised in writing. Proxies given by companies must be executed in accordance with section 127 of the Corporations Act or signed by the appointor's attorney duly authorised in writing. The Chairman intends to vote all undirected proxies in favour of each Resolution.

If you do not wish to direct your proxy how to vote, please place a mark in this box. ☐

As witness my/our hand/s this _____ day of _____ 2014

If a natural person:

SIGNED by:

Signature

Signature (if joint holder)

If a company:

Executed in accordance with section 127 of the Corporations Act

Signature of Director/Sole Director

Signature of Director / Secretary

Contact name

Contact Number and/or e-mail address