



Southern Cross Exploration N.L.

A.C.N. 000 716 012

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12 September 2014

Companies Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Notice under Section 708AA of the Corporations Act 2001 (Cth)

Southern Cross Exploration N.L. ACN 000 716 012 (**Southern Cross or the Company**) (ASX: SXX) today announced a non-renounceable rights issue to 'Eligible Shareholders' on the basis of 1 fully paid ordinary share (**New Share**) for every 1 fully paid ordinary share held, at an issue price of \$0.001 per New Share to raise a maximum of \$538,421.60 (before costs) (**Rights Issue**).

Eligible shareholders are those shareholders who are, as at 5.00pm Sydney time on the Record Date, registered with a registered address situated in Australia and New Zealand, or outside Australia and New Zealand to the extent that the offer and issue of Shares under the Rights Issue to such shareholder is lawful and permitted without the requirement for the Company to issue or lodge a prospectus or offer document or obtain regulatory approvals or licences in the jurisdiction in which they have their registered address.

In accordance with section 708AA(2)(f) of the *Corporations Act 2001 (Cth)* (**the Act**), the Company hereby gives notice that:

- (a) The New Shares will be offered for issue without disclosure to investors under Part 6D.2 of the Act;
- (b) This notice is given by the Company under section 708AA(2)(f) of the Act;
- (c) As at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act;
- (d) As at the date of this notice, there is no information:
 - (i) that has been excluded from a continuous disclosure notice in accordance with the Listing Rules of ASX; and

- (ii) that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (B) the rights and liabilities attaching to the New Shares.
- (e) The issue of the New Shares may affect the control of the Company.

As the Rights Issue is not underwritten, the potential effect of the Rights Issue on the control of the Company is as follows:

- (1) If all Eligible Shareholders take up their Entitlements under the Offer, then the Offer will have no significant effect on the control of the Company.
- (2) If some Eligible Shareholders do not take up all of their Entitlements under the Offer, then the interests of those Eligible Shareholders will be diluted.
- (3) All Directors intend to fully take up their Entitlements under the Offer and their respective interests will increase if no other Eligible Shareholders participate in the Offer and the Directors do not issue any of the Shortfall within 3 months of the Closing Date.
- (4) Stephen Baghdadi, Executive Director holds 19.934% of the issued capital of the Company as at the date of this letter of offer and assuming the maximum number of the New Shares are issued under the Offer and under any Shortfall, he will continue to hold 19.934% of the expanded share capital. However, if the Offer is not fully subscribed by the Closing Date and there is a Shortfall, then the voting power of Stephen Baghdadi after issue of the New Shares but prior to any placement of the Shortfall may increase above 20%.
- (5) The following table sets out the number of Shares and approximate percentage shareholding of Stephen Baghdadi, Director after completion of the Rights Issue, assuming Stephen Baghdadi takes up his full Entitlement and assuming different levels of acceptances by other Eligible Shareholders and prior to the placement of any Shortfall.

25% of Entitlements taken up	50% of Entitlements taken up	75% Entitlements taken up
Stephen Baghdadi will hold 214,662,762 Shares, being approximately 31.90% of the Shares on issue.	Stephen Baghdadi will hold 214,662,762 Shares, being approximately 26.58% of the Shares on issue.	Stephen Baghdadi will hold 214,662,762 Shares, being approximately 22.78% of the Shares on issue.

- (6) If no Eligible Shareholders other than the Directors (who in aggregate hold approximately 21% of the capital before the Offer) take up their Entitlements under the Offer and the Company issues all of the Shortfall within 3 months after the Closing Date to only a limited number of new investors, this may result in new investors having a substantial interest (between 1% and 5%) in the Company and may potentially result in up to two new investors having a substantial interest of up to 19.99% each in the Company.

The above calculations in (e)(5) assume that 538,421,600 New Shares are issued under the Offer. However, the exact number of New Shares to be issued pursuant to the Offer cannot be calculated until entitlements have been determined following the Record Date.

Yours faithfully



Andrew Phillips

Company Secretary