



# Southern Cross Exploration N.L.

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12 September 2014

Dear Shareholder

## LETTER OF OFFER: NON RENOUNCEABLE RIGHTS ISSUE

The board of directors (**Directors**) of Southern Cross Exploration N.L. ACN 000 716 012 (**the Company**) (ASX: SXX) is pleased to offer you the opportunity to participate in a 1 for 1 pro-rata non-renounceable rights issue, as set out in this letter of offer.

The offer is available to all eligible shareholders who are, as at 5.00pm Sydney time on Thursday 18 September 2014 (**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 (**Eligible Shareholders**).

## 1. Introduction

### 1.1 Key Details

The Company invites Eligible Shareholders to participate in a pro-rata non-renounceable non-underwritten rights issue on the basis of 1 fully paid ordinary share in the Company (**Share**) for every 1 Share held at an issue price of \$0.001 per Share (**Issue Price**). The rights issue will result in the issue of a maximum of 538,421,600 new Shares (**New Shares**) to raise a maximum of \$538,421.60 (**Rights Issue**). As the Offer is not underwritten, there is a risk that all New Shares will not be issued.

The Issue Price of \$0.001 per New Share represents a discount of 66% to the volume weighted average share price for the Shares on the Australian Securities Exchange (**ASX**) over the 14 day period ending 11 September 2014 (being the last day of trading before the announcement of the Rights Issue on 12 September 2014).

Any New Shares offered under the Rights Issue that are not applied for by Eligible Shareholders by the Closing Date under their entitlement will form part of the shortfall (**Shortfall**). The Directors reserve the right, subject to the Corporations Act 2001 (Cth) and the Listing Rules, to place any further Shortfall (other than to Directors and related parties of the Company) at their discretion within 3 months after the Closing Date (at a price not less than the Issue Price of \$0.001 per New Share).

It is proposed that the funds raised under the Rights Issue will be used to raise funds for the Company's subscription of its second tranche of shares in Dateline Resources Limited ACN 152 582 217 (**Dateline**), for working capital to meet expenses required to manage a sale, joint venture or re-financing of the Company's mortgage over freehold land in Fiji and to fund the Company's general working capital requirements.

The pro-forma consolidated balance sheet in Section 2.4 illustrates the effect of the Rights Issue on the Company.

## 1.2 Rights Issue pursuant to section 708AA of the Corporations Act

The Rights Issue is made pursuant to section 708AA of the *Corporations Act 2001* (Cth) (**Act**), as modified by ASIC Class Order 08/35, without the issue of a prospectus or disclosure document under Chapter 6D of the Act. This letter of offer is not a prospectus, disclosure document or other offering document under the Corporations Act (or any other Australian or foreign law) and has not been lodged with ASIC.

The Company is a disclosing entity for the purpose of section 111AC of the Act and as such it is subject to regular reporting and disclosure obligations under section 674 of the Act and the ASX Listing Rules (**Listing Rules**). These obligations require the Company to notify ASX of information about specified events and matters as they arise for the purpose of ASX making that information available to the securities exchange conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions) to notify ASX immediately once it is or becomes aware of any information concerning the Company which a reasonable person would expect to have a material effect on the price or value of Shares issued by the Company.

For the Company to rely on the disclosure exemption in section 708AA of the Corporations Act, the Company is required to lodge a "cleansing notice" under section 708AA(2)(f) of the Corporations Act. That notice is required to:

- (a) set out any information that has been excluded from a continuous disclosure notice in accordance with the Listing Rules and 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:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
  - (ii) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on the control of the Company and the consequences of that effect.

The Company has lodged a cleansing notice in respect of the Offer with ASX on Friday, 12 September 2014.

## 1.3 Timetable

The Rights Issue is being conducted in accordance with the following timetable:

Announcement of Rights Issue, lodgement of Appendix 3B and section 708AA(2)(f) cleansing notice	12 September 2014
"Ex" Date (date from which securities commence trading without the entitlement to participate in the Rights Issue)	16 September 2014
<b>Record Date</b> (date for determining entitlements to participate in the Rights Issue)	18 September 2014
<b>Opening Date</b> Despatch of Rights Issue letter of offer and personalised Entitlement and Acceptance Form to Eligible Shareholders	23 September 2014

<b>Closing Date</b> for acceptances (5pm Sydney time)	2 October 2014
Securities quoted on a deferred settlement basis	3 October 2014
Notification to ASX of under subscriptions	8 October 2014
Allotment of New Shares	9 October 2014
Despatch date/deferred settlement trading ends	9 October 2014
Trading of New Shares expected to commence on ASX	10 October 2014
Issuer statements/CHESS notices sent to Eligible Shareholders to confirm allotment of New Shares	On or before 20 October 2014

This timetable is indicative only and subject to change. The Company reserves the right to change the dates, including the Closing Date without prior notice, subject to the Listing Rules. Any extension of the Closing Date will have a consequential effect on the anticipated date for the allotment and issue of the New Shares.

## 2. Details of the Rights Issue

### 2.1 The Offer

The Company is making a pro rata non-renounceable non-underwritten offer of New Shares to Eligible Shareholders to subscribe for 1 New Share for every 1 Share held at the Record Date at the Issue Price of \$0.001 per New Share (the **Offer**). Fractional entitlements to New Shares will be rounded down to the nearest whole New Share.

Your entitlement to New Shares under the Rights Issue (**Entitlement**) is shown on the accompanying Entitlement and Acceptance Form. Details on how to accept the Offer are set out in section 3.

### 2.2 Size of the Offer

The total number of New Shares to be issued under the Offer (and any placement of the Shortfall) will be approximately 538,421,600 (the exact number depends on the rounding up of individual holdings).

The table below sets out, for illustrative purposes only, the existing capital structure (before the Offer) together with the impact of the issue of the New Shares under the Offer.

<b>Shares</b>	<b>Number</b>
Existing Shares as at 12 September 2014	538,421,600
Maximum number of New Shares issued pursuant to the Offer	538,421,600
<b>Total issued Shares following completion of the Offer (assuming Offer is fully subscribed)</b>	<b>1,076,843,200</b>

If the Offer is fully subscribed, the effect of the Offer will be to increase the number of Shares on issue in the Company and increase the cash held by the Company by up to \$538,421.60 (before taking into account the expenses of the Offer). Expenses of the Offer are expected to be approximately \$32,000.

## 2.3 Use of funds of the Rights Issue

The purpose of the Rights Issue is to raise a maximum of \$538,421.60 (assuming the Offer is fully subscribed). Assuming that the maximum amount is raised under the Offer, the funds raised are intended to be allocated as follows:

Proceeds of the issue	Amount \$ (maximum)
Company's subscription for second tranche of shares in Dateline (Note 1)	\$300,000
Working capital to manage the sale, joint venture or re-financing of freehold land in Fiji that is currently used as security for amounts owed to the Company (Note 2)	\$100,000
Costs of the Offer (legal, printing, mailing, ASX Fees and share registry)	\$32,000
General working capital (including sundry creditors, accounting, and administration)	\$106,421.60
<b>Maximum funds raised under the Offer</b>	<b>\$538,421.60</b>

Note 1: The Company's second tranche subscription for 7.5 million shares in Dateline for \$300,000 is due to be completed by 31 December 2014.

Note 2: The Company holds a 20% equity interest in Nadi Bay Beach Corporation (NBBC). NBBC owes the Company in excess of AUD\$7,500,000. The amounts owed are secured by way of a first mortgage over 42 acres of freehold land that is owned by NBBC. The secured debts were due to be repaid by NBBC on March 31, 2014. On July 14, 2014 the Company, in accordance with its rights as a secured lender, exercised its right to foreclose on the freehold land. The Company appointed Mr. Griffon Emose of Kontiki Capital Ltd to act as receiver for the recovery of the secured debts. Working capital is required to fund the process of either a sale, joint venture or re-financing of the freehold land in a manner that will optimize returns for shareholders.

## 2.4 Pro-Forma Balance Sheet

The following pro-forma consolidated balance sheet illustrates the effect of the Rights Issue on the Company. It has been prepared based on the reviewed half yearly financial statements as at 31 December 2013. It is not intended to represent the financial position of the Company upon completion of the Rights Issue. It is provided as an illustration of the effect of the Rights Issue. The actual impact on the Company is dependent on a range of factors, many of which are outside the control of the Company.

The unaudited pro-forma balance sheet as at 31 December 2013 below has been prepared on the basis of the accounting policies normally adopted by the Company and reflects the changes to its financial position as noted below. They have been prepared on the assumption that all New Shares pursuant to the Offer in this letter of offer are issued. As the Offer is not underwritten, there is a risk that all New Shares will not be issued.

The pro-forma balance sheet has been prepared to provide Eligible Shareholders with information on the pro-forma assets and liabilities of the Company. The pro forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	<b>Proforma</b>	<b>Reviewed</b>
	<b>Post Issue</b>	<b>31/12/2013</b>
<b>CURRENT ASSETS</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	606,000	104,143
Available for sale financial assets	27,000	27,382
Receivables	4,087,000	4,086,500
Investment in joint venture	2,135,000	2,134,706
<b>TOTAL CURRENT ASSETS</b>	<b>6,855,000</b>	<b>6,352,731</b>
<b>NON-CURRENT ASSETS</b>		
Available for sale financial assets	471,000	170,609
Trade and other receivables	0	0
Exploration and evaluation assets	256,000	256,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>727,000</b>	<b>426,609</b>
<b>TOTAL ASSETS</b>	<b>7,582,000</b>	<b>6,779,340</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	617,000	617,393
Financial liabilities	448,000	447,579
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,065,000</b>	<b>1,064,972</b>
<b>NON-CURRENT LIABILITIES</b>		
Financial Liabilities	785,000	784,749
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>785,000</b>	<b>784,749</b>
<b>TOTAL LIABILITIES</b>	<b>1,850,000</b>	<b>1,849,721</b>
<b>NET ASSETS</b>	<b>5,732,000</b>	<b>4,929,619</b>
<b>EQUITY</b>		
Share capital	22,897,000	21,625,192
Other reserves	-1,732,000	-1,731,671
Accumulated losses	-15,433,000	-14,963,902
<b>TOTAL EQUITY</b>	<b>5,732,000</b>	<b>4,929,619</b>

Notes to the above pro-forma balance sheet:

The consolidated balance sheet of 31 December 2013 has been extracted from the reviewed half-yearly financial statements. No account has been taken of any trading or transactions of the Company since 31 December 2013 except for the transactions noted below.

- (a) The adjustment to share capital reflects the issue of 538,421,600 New Shares pursuant to the Rights Issue less approximately \$32,000 costs of the Offer.
- (b) The Company's share capital increased by 110,421,600 shares since December 31, 2013 to raise a total of \$734,108.

- (c) A \$300,000 investment was made when the Company subscribed for its first tranche of 7.5 million shares in Dateline on 4 July 2014.

## **2.5 No rights trading**

The Rights Issue is non-renounceable. Accordingly, there will be no trading of rights to subscribe for the New Shares pursuant to this letter of offer (**Rights**) on ASX and Rights may not be sold or transferred.

## **2.6 Offer not underwritten**

The Rights Issue Offer is not underwritten.

Any New Shares not taken up by an Eligible Shareholder by the Closing Date will form part of the Shortfall. The Directors reserve the right, subject to the Corporations Act and the Listing Rules, to place any further Shortfall (other than to Directors and related parties of the Company) at their discretion within 3 months after the close of the Offer (at a price not less than the Issue Price of \$0.001 per New Share).

## **2.7 No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application under your Entitlement and Acceptance Form once it has been received by the Company.

## **2.8 Potential effect on control**

Eligible Shareholders who take up their Entitlements in full should not have their interest in the Company diluted by the Offer (subject to immaterial movements as a result of rounding of Entitlements).

The potential effect the Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including the level of acceptances by Eligible Shareholders and the level of any new investor demand in the event there is a Shortfall.

The potential effect of the Offer on the control of the Company is as follows:

- (a) 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.
- (b) 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.
- (c) 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.
- (d) 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%.
- (e) 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.

- (f) 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 2.8(f) 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.

## 2.9 ASX quotation of New Shares

The Company has made an application to ASX for the New Shares to be granted quotation on ASX. If that permission is not granted by ASX, the Company will not issue any New Shares and all application monies received (without interest) will be refunded in full to the applicants. The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares.

Trading of the New Shares will, subject to ASX approval, occur on or about the date specified in the timetable in Section 1.3 above.

## 2.10 Allotment of New Shares

Subject to the New Shares being granted quotation on ASX, the New Shares will be allotted and issued, and holding statements despatched, in accordance with the timetable. It is expected that New Shares will be allotted on 9 October 2014, and that shareholder statements for the New Shares will be issued on or before 20 October 2014.

## 2.11 Eligible Shareholders

The Offer is available to all Eligible Shareholders who are, as at 5.00pm Sydney time on the Record Date, registered (in accordance with the records of Boardroom Pty Limited, the Company's share registry (**Share Registry**)) with a registered address situated in Australian 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 addresss.

The Offer contained in this letter of offer to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies)

Exemption Notice 2013 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

To the extent that a person holds Shares on behalf of another person resident outside Australia or New Zealand, it is that person's responsibility to ensure that any acceptance complies with applicable foreign laws.

The Company reserves the right to reject any Application that it believes come from a person who is not an Eligible Shareholder.

## **2.12 Overseas shareholders**

This letter of offer does not, and is not intended to, constitute an offer or invitation in the United States, to any US person, to any person acting for the account or benefit of a person in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this letter of offer in jurisdictions outside of Australia or New Zealand may be restricted by law and persons who come into possession of this offer should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken by the Company to register the New Shares or otherwise permit an offering of the New Shares in any jurisdiction other than Australia or New Zealand. Eligible Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Offer does not breach regulations in the relevant overseas jurisdiction.

The New Shares have not been and will not be registered under the US Securities Act of 1933 or the securities law of any state or jurisdiction in the United States and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration. Eligible Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how to proceed.

It is the responsibility of a Shareholder to ensure compliance with any laws of a country relevant to their application. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company as a representation that there has been no breach of such laws and that the Applicant is an Eligible Shareholder.

## **2.13 Rights and liability attaching to New Shares**

The New Shares will, from allotment, rank equally with existing Shares. Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

## **2.14 Costs of the Offer**

It is expected that the costs of the Offer will be approximately \$32,000 (excluding GST).

## **2.15 Privacy Act**

If you complete an application for New Shares, you will be providing personal information to the Company (directly or by the Company's Share Registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting



the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Share Registry if you wish to do so at the relevant contact numbers set out in the Entitlement and Acceptance Form.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application.

### **3. Action required by Shareholders**

#### **3.1 Your choices**

The accompanying Entitlement and Acceptance Form details the number of New Shares to which you are entitled. You may:

- (a) **take up all of your Entitlement in full** (refer to section 3.2);
- (b) **take up part of your Entitlement** and allow the balance to form part of the Shortfall (refer to section 3.3); or
- (c) **not take up any of your Entitlement** and allow all of your Entitlement to form part of the Shortfall (refer to section 3.4).

You cannot sell or transfer any of your Entitlement to another person.

That part of your Entitlement not taken up will form part of the Shortfall.

The issue price of any New Shares offered pursuant to the Shortfall shall be \$0.001 per Share, being the Issue Price at which the Entitlement has been offered to Eligible Shareholders under this letter of offer.

The Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date. In this case, any application monies (without interest) will be returned.

#### **3.2 Take up all of your Entitlement**

If you wish to take up your Entitlement in full, complete the Entitlement and Acceptance Form in accordance with the instructions set out on the form and forward it, together with your application monies in accordance with section 3.7 for the amount shown on the form, to reach the Share Registry by the Closing Date.

#### **3.3 Taking up part of your Entitlement**

If you wish to take up part of your Entitlement, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and forward it, together with your application monies in accordance with section 3.7, to reach the Share Registry by the Closing Date. In this case, the New Shares not taken up by you will form part of the Shortfall.

### **3.4 Not take up any of your Entitlement**

If you do not wish to accept any part of your Entitlement, you do not need to take any further action. In this case, your whole Entitlement will form part of the Shortfall.

### **3.5 Shortfall**

The Directors reserve the right, subject to the Corporations Act and the Listing Rules, to place any further Shortfall (other than to Directors and related parties of the Company) at their discretion within 3 months after the close of the Offer (at a price not less than the Issue Price of \$0.001 per New Share). If the Shortfall is placed through a licenced broker, fees not exceeding 6% of the funds raised from such placement of the Shortfall will be paid to the broker.

### **3.6 Acceptance of your Entitlement**

The method of acceptance of your Entitlement will depend on your method of payment being by cheque, bank draft or money order.

By completing and returning your personalised Entitlement and Acceptance Form, you will be deemed to have represented that you are an Eligible Shareholder.

Eligible Shareholders that are resident outside Australia should allow for time constraints imposed by mail services when accepting their Entitlements.

### **3.7 Payment for New Shares**

The Issue Price for each New Share accepted under your Entitlement is payable on application. Only payment by cheque, bank draft or money order will be accepted. There is no payment method by BPAY or electronic funds transfer.

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions set out on that form and return it to the address specified on the form accompanied by a cheque, bank draft or money order in Australian currency for the amount of the application monies, payable to "Southern Cross Exploration N.L. – and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- (a) for an amount equal to \$0.001 multiplied by the number of New Shares that you are applying for; and
- (b) in Australian currency drawn on an Australian branch of a financial institution.

You should ensure that sufficient funds are held in the relevant account(s) to cover the application monies. If the amount of your cheque for application monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared application monies will pay for (and taken to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

All payments must be in Australian currency. Other currency will not be accepted. Cash payments will not be accepted. Other currency or cash payments will be returned to the applicant and the acceptance will be deemed invalid. The amount payable on application will be deemed not to have been received until the Company's receipt of clear funds.

Receipts for payment will not be issued.

Application monies will be held on trust for applicants until allotment of the New Shares. Any application monies received for more than your final allocation of New Shares will be refunded (except when the amount is less than \$2.00, in which case it will be retained by the Company) on or around 20 October 2014.

No interest will be paid on any application monies received or refunded. Interest earned on application monies will be for the benefit of the Company and will be retained by it whether or not allotment takes place.

### **3.8 Entitlement and Acceptance Form is binding**

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this letter of offer and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

### **3.9 Representations by Acceptance**

By completing and returning your personalised Entitlement and Acceptance Form, you will be deemed to have represented to the Company that you are an Eligible Shareholder and that you:

- (a) acknowledge that you have read and understand this letter of offer and your Entitlement and Acceptance Form in its entirety;
- (b) agree to be bound by the terms of the Offer, the provisions of this letter of offer and the Company's constitution;
- (c) authorise the Company to register you as the holder of New Shares allotted to you;
- (d) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (e) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (f) acknowledge that once the Company receives your Entitlement and Acceptance Form or any payment of application monies, you may not withdraw your application or funds provided except as allowed by law;
- (g) agree to apply for and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any application monies, at the Issue Price per New Share;
- (h) authorise the Company, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- (i) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (j) acknowledge that the information contained in this letter of offer and your Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- (k) acknowledge that investments in the Company are speculative and involve risks;

- (l) acknowledge that neither the Company, its related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (m) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Offer and of your holding of Shares on the Record Date;
- (n) authorise the Company to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- (o) represent and warrant that the law of any place does not prohibit you from being given this letter of offer and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Offer as an Eligible Shareholder and you represent and warrant to the Company that there has been no breach of such laws or regulatory requirements; and
- (p) you understand and acknowledge that neither the Offer nor the New Shares have been, or will be, registered under the U.S. Securities Act or any US State or other securities laws in any jurisdiction, and may not be offered, sold or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws.

### **3.10 Brokerage**

No brokerage is payable by Eligible Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for an Entitlement.

### **3.11 Governing law**

This letter of offer and the contracts which arise on the acceptance of applications are governed by the laws applicable in New South Wales and each applicant submits to the non-exclusive jurisdiction of the courts of New South Wales.

## **4. General information regarding the Rights Issue**

### **4.1 Risks**

An investment in New Shares should be regarded as speculative and involves many risks.

Eligible Shareholders intending to participate in the Rights Issue should refer to the announcements made by the Company to the ASX. This information is available from the ASX website, [www.asx.com.au](http://www.asx.com.au) (ASX Code: SXX), and the Company's website, [www.sxxgroup.com](http://www.sxxgroup.com). Copies of the announcements will also be available from the Company Secretary.

Shareholders should consider the investment in the context of their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Shareholder should consult their own stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest in the New Shares.

The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares.

The information in this letter of offer does not constitute a recommendation to subscribe for New Shares and this letter of offer does not purport to contain all the information that you may require to evaluate a possible application for New Shares. You should make your assessment of what information is relevant to your decision to participate in the Offer.

## **4.2 Tax consideration for investors**

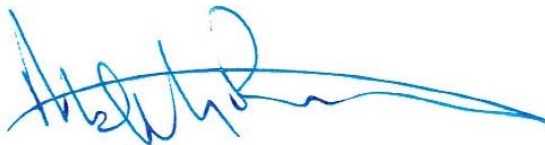
You should be aware that there may be taxation implications associated with participating in the Rights Issue. The Directors consider that it is not appropriate to give advice regarding the taxation consequences of subscribing for New Shares or the subsequent disposal of any New Shares. The Company, its advisers and its officers do not accept any responsibility or liability for any taxation consequences to Shareholders. The Directors recommend that all Shareholders consult their own professional tax advisers in connection with subscribing for, or subsequent disposal of, New Shares.

## **4.3 Enquiries**

If you have any questions regarding the Rights Issue, please do not hesitate to contact Stephen Baghdadi, Executive Director on +61 2 9375 2353 or contact your stockbroker or professional advisor.

For and on behalf of

Southern Cross Exploration N L



Stephen Baghdadi  
Executive Director

# Southern Cross Exploration NL

ACN 000 716 012

**BoardRoom**

All correspondence to

Boardroom Pty Limited

GPO Box 3993

Sydney NSW 2001

Tel: 1300 737 760 (within Aust)

Tel: + 61 2 9290 9600 (outside Aust)

Fax: + 61 2 9279 0664

[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

[enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

## Rights Issue Entitlement and Acceptance Form

Entitlement No.

Subregister

SRN/HIN.

Number of Shares held at  
7pm on 18 September 2014

**Offer Closes: 5pm AEDST 2 October  
2014**

NON-RENOUNCEABLE ISSUE OF UP TO 538,421,600 NEW SHARES AT AN ISSUE PRICE OF \$0.001 CENTS EACH ON THE BASIS OF 1 NEW SHARE FOR EVERY 1 ORDINARY SHARE HELD, PAYABLE IN FULL UPON ACCEPTANCE OF THIS OFFER.

### A Rights Acceptance

If you wish to accept your **FULL ENTITLEMENT** please complete and return this form **WITH YOUR PAYMENT FOR THE AMOUNT SHOWN BELOW**. The return of this form by 5pm AEDST on 2 October 2014 with payment will constitute acceptance of the Offer. Your signature is only required when an alteration to your address is indicated by you over the page.

Entitlement to New Shares on the basis of 1 New Share for every 1 Ordinary Share held	Price Per Share	Amount Payable for Full Acceptance, at \$0.001 per New Share
	<b>\$0.001 per Share =</b>	

If you wish to accept **PART OF YOUR ENTITLEMENT ONLY** please complete this form showing in the box below the **NUMBER OF NEW SHARES BEING ACCEPTED** and the appropriate amount payable.

Number of New Shares accepted	Price Per Share	Amount Enclosed
	<b>\$0.001 per Share =</b>	\$

If the person completing this form is acting for the shareholder, the return of this form together with payment will constitute acceptance of the Offer by the shareholder, and if that person is acting under Power of Attorney, he/she states he/she has not received notice of revocation and that he/she has authority to accept the Offer.

### B Payment (Enter your cheque details below)

DRAWER	BANK	BRANCH (BSB NO.)	AMOUNT OF CHEQUE/S
			\$

### C Contact Details (Enter your contact details below)

CONTACT NAME	TELEPHONE WORK	TELEPHONE HOME	EMAIL ADDRESS
	( )	( )	

Cheques should be made payable to "Southern Cross Exploration NL"

By submitting this Application form, I/We represent and warrant that I/we have read and understood the Offer Document to which this Application Form relates and declare that this Application is completed and lodged according to the Offer Document and the instructions on the reverse of the Application form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Southern Cross Exploration NL and agree to the terms and conditions of the Offer under this Offer Document. I/We represent and warrant that I/we have not relied on any other information provided by the Company other as set out in this Offer Document when making my/our decision to invest.

**LODGEMENT INSTRUCTIONS ARE ON THE REVERSE OF THIS FORM**

# LODGEMENT INSTRUCTIONS TO APPLICANTS

Please read these instructions carefully

## **ACCEPTANCE OF YOUR ENTITLEMENT IN FULL OR PART**

Multiply the number of New Shares for which you are accepting by \$0.001 then fill in the acceptance details, where necessary, in the space provided on the front of this form. Complete your cheque details on the front of this form and send your cheque/draft and completed form to:

### **Boardroom Pty Limited**

GPO Box 3993 T: 02 9290 9600  
SYDNEY NSW 2001 F: 02 9279 0664

**If you do not deal with your entitlement it will lapse.**

## **PAYMENT**

All cheques/drafts (expressed in Australian currency) are to be made payable to “**Southern Cross Exploration NL**” and crossed “Not Negotiable”.

## **PAYMENT - OVERSEAS RESIDENTS**

Overseas shareholders who are permitted to apply for shares must obtain a draft in Australian currency payable on a bank in Australia, or where the shareholder has an account with a bank in Australia, by a cheque drawn on that bank within Australia.

The Australian currency draft should be attached to your completed form and the document mailed to:

Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2001

OVERSEAS SHAREHOLDERS ARE ADVISED TO ENSURE THEIR DOCUMENTS ARE POSTED TO AUSTRALIA BY AIRMAIL.

Personal cheques drawn on overseas banks in Australian or any foreign currency will not be accepted. These will be returned and the acceptance deemed to be invalid.

## **INTERPRETATION**

Terms used in this Entitlement and Acceptance Form have the same meaning as defined in the Prospectus.

**THE OFFER CLOSES 5.00PM AEDST on 2 October 2014**

## **CHANGES OF ADDRESS SUPPORTED BY YOUR SIGNATURE(S)**

If your address is not exactly as shown, please provide details below. This is only relevant for Issuer Sponsored registered holdings. CHESS holders must notify your sponsoring broker for amendments to holdings on the CHESS Subregister.

CHANGE OF ADDRESS DETAILS – ISSUER SPONSORED ONLY		
SIGN HERE FOR ADDRESS AMENDMENTS:		

Shareholder 1 (Individual) / Sole Director & Sole Company Secretary	Joint Shareholder 2 (Individual) / Director	Joint Shareholder 3 (Individual) / Director/Company Secretary (Delete one)
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## **Privacy Statement:**

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/Privacy.html>).