



Southern Cross Exploration N.L.

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CHAIRMAN'S ADDRESS

Annual General Meeting - Tuesday, 25 November 2014

Good morning ladies and gentlemen. For those of you who don't know me, my name is Craig Coleman, and it gives me great pleasure to welcome you all to Southern Cross Exploration 2014 Annual General Meeting, my first opportunity as Chairman to discuss with you our Company's performance and prospects for the future.

The volatile market conditions of the last year for exploration companies like Southern Cross are set to continue for the foreseeable future. Indeed, the conditions are unlikely to change until there is a substantial positive change in demand for commodities. International growth is subdued and Australia's major trading partners, are either in recession, as is the case for Japan, or there is an expected slowdown in growth, as is forecast for China.

In recognition of this, we at Southern Cross have been trimming costs and looking at our assets to either realise on those which are non-core or non-performing. Secondly, we are being very selective about the opportunities we become aware of for exploitation. We recognise that the market will only have interest in those assets which it considers to be of outstanding quality.

You will note that the Executive Director, Stephen Baghdadi is not present for this meeting. He is working on some opportunities which are not well enough advanced to discuss today. We are hopeful of providing you with some details prior to the end of this calendar year, however, as the discussions are ongoing there is no guarantee that a transaction will be completed. Accordingly, I am unable comment further at this time.

I would now like to turn to matters of note which have occurred during the preceding 18 months.

The Companies principal activities have remained fairly consistent; that is exploration for uranium, gold and other minerals as well as examining other projects for possible acquisition.

During that period the Company moved away from a December 31 to a June 30 financial year. The catalyst for this was to align Southern Cross with its parent entity, Longreach Oil Limited, which has a June 30 financial year. However, since the end of the financial year, Longreach has disposed of the majority of its shareholding in Southern Cross and as a consequence, Longreach Oil will no longer be the Company's parent entity and there will be a deconsolidation of reporting for the 2014/15 financial year

Shareholders' Funds at balance date were \$4,919,960. This represents a growth of \$1,005,076 (25%) over the period despite writing back the value of exploration and evaluation asset and resulted from a significant reduction in financial liabilities during the period. The net tangible asset backing, as at balance date, was 0.9 cents per share.

Southern Cross undertook a Rights Issue in April 2013 on a one for one basis to raise \$2,484,000 and placed a further 124,421,600 shares to bring the issued capital to 538,421,600 shares at balance date. In October 2014, the Company raised an additional \$538,422 via a one for one Rights Issue and placement of the shortfall shares. The total issued capital is now 1,077,643,200.

The Company's assets cover three main areas, a Uranium project, a Mortgage and Share Investment in a Fijian property company and an equity investment in Dateline Resources Limited.

Uranium Project

The Company has a 5% interest in the Bigirlyi Uranium Joint Venture. The Project comprises 10 granted exploration retention licences (ELRs 46-55) granted over 30 years ago and several applications within the Ngalia Basin, located approximately 350km northwest of Alice Springs. The Bigirlyi Project is characterised by relatively high uranium grades and excellent metallurgical recoveries. Historical base case acid leach tests recorded extraction rates of 98% uranium.

Southern Cross acquired its initial interest in 1981 in a purchase from the Commonwealth Atomic Energy Commission . Energy Metals Limited (EME) is now the Operator and holds 53.3%. The joint venture also includes Paladin Energy Ltd, which holds 41.7% through its subsidiary, Northern Territory Uranium Pty Ltd.

China Uranium Development Co. Limited, Energy Metals' largest shareholder (60.6%) since 2009, is a wholly owned subsidiary of China General Nuclear Power Holding Company (CGNPC). As of mid-year, that entity had eight operating nuclear power stations with existing generation capacity of 8,330MWe and with more than 16,800MWe of capacity under construction in 14 separate power stations across various locations around China. Additionally CGNPC is one of only two companies authorised by the Chinese government to import and export uranium.

Fiji

In April 2014 Southern Cross issued a letter of demand on Nadi Bay Beach Corporation in respect of the Company's mortgage investment. More recently and subsequent to the end of the financial year, Southern Cross appointed a receiver to act for it in this matter.

The motivation for this approach is to have an independent third party assist negotiations between the Company and the other stakeholders of NBBC to achieve a satisfactory outcome which will result in the mortgage loan being paid down and capital being redeployed to the core activity of mineral exploration. Discussions are advanced but not yet concluded.

Dateline Resources Limited

On 2 July 2014, the Company reached agreement with Dateline Resources Limited for Southern Cross to subscribe for 15,000,000 fully paid shares at \$0.04 cents per share in Dateline. This represents 19.7% of the issued capital. The subscription was conducted in two tranches, the first of 7,500,000 shares was completed on 4 July 2014 and the second being finalised today, as announced to the ASX. Mr Stephen Baghdadi is a Director of Dateline Resources.

In addition to the above assets, Southern Cross has interests in several other projects, as detailed in the Annual Report, all of which have been fully expensed in the accounts, as the Board has adopted a prudent approach to the carrying value of its investments in Exploration projects.

Also, I would like to record my appreciation for the efforts of my fellow Directors over the last 18 months, and to acknowledge those Directors who have retired during the period, in particular Mr Boris Ganke who founded the Company and stepped down from the Board earlier this year.

Finally, on behalf of the Board, I would also like to thank you, our shareholders, for your ongoing support as we set course for the next leg of Southern Cross Exploration's journey.



Craig Coleman

Chairman