



Southern Cross Exploration N.L.

A.C.N. 000 716 012

Financial Report for the year ended 30 June 2015

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

Registered Office

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2 Chifley Square
Sydney NSW 2000

Auditors

HLB Mann Judd
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Share Registry

Boardroom Limited
7/207 Kent Street
Sydney NSW 2000
Website: www.boardroomlimited.com.au

Securities Exchange

Australian Securities Exchange Limited ("ASX")
Home Exchange – Sydney
ASX Symbols – SXX (ordinary shares)

Australian Company Number

ACN 000 716 012

*The Financial Report was authorised by the Directors on 30 September 2015.
The Company has the power to amend and re-issue the financial report.*

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

**DIRECTORS' REPORT - STATUTORY
FOR THE PERIOD ENDING 30 JUNE 2015**

Your Directors present their report on the consolidated entity ("the Group"), which consists of Southern Cross NL ("the Company") and the entities it controlled during the financial period ended 30 June 2015.

1. Review of operations

The operations of the Group for the period were managing the Group's existing exploration projects and investments, as well as examining acquisitions of new projects for exploration and investment.

2. Results of operations

The operations of the consolidated entity during the period resulted in a comprehensive profit of \$389,333 (2014: loss of \$2,067,321).

3. Significant changes

There were significant changes impacting on the consolidated entity during the financial year, specifically:

- 3.1 On 2 July 2014 the company reached an agreement with Dateline Resources Limited (DRT) for Southern Cross to subscribe for 15,000,000 (representing 19.7% of DRT) fully paid ordinary shares at \$0.04 in DTR conducted in two tranches. The first tranche of 7,500,000 shares was completed on 4 July 2014. The second tranche was completed on 25 November 2014.
- 3.2 On 12 September 2014 the Company announced a Rights Issue on a 1:1 basis. Following the allotment of Shares there were 1,077,243,200 ordinary fully paid shares on issue, which raised \$538,422 before expenses.
- 3.3 In June 2015 Company received approximately \$6 million as part of a debt repayment following the sale of a property in Fiji.

4. Principal activities

The Group's principal objectives have remained fairly constant, viz. exploration for uranium, gold and other minerals as well as examining projects for possible acquisition.

The Group has interests in the Batangas Gold Project (10%) and the Gold Cross Gold Project (20%) in the Philippines, a uranium project in Tanzania (7%) and an investment in the Bigrlyi Uranium Joint Venture (5%), which is located in the Ngalia Basin, Northern Territory. It also has share investments and interests in other financial transactions, including the shareholding in Dateline Resources Limited and a 49% share in a Fijian property development company.

5. Significant matters after balance date

On 26 August 2015 B Ganke and his associates ("Ganke Group") submitted a claim against the Company to recover 44.53% of proceeds received by the Company in June 2015 of \$5,987,247 from a repayment of a mortgage as well as 44.53% of SXX's interest in Wailoaloa Developments Ltd. SXX has rejected that claim and no proceedings have been commenced. The Board does not consider that the Company has any liability to the Ganke Group in respect of the sale proceeds. Further details are provided in note 24.

There were no other significant matters after balance date.

SOUTHERN CROSS EXPLORATION N L AND CONTROLLED ENTITIES

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 and property development 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 period 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 on Board 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:

- Non-Executive Director of Longreach Oil Limited (Resigned 21 October 2014).

Stephen Baghdadi – Executive Director- Appointed 26 February 2013

Mr Baghdadi has a wealth of experience in the mining exploration industry.

During the past three years, Mr Baghdadi held the following directorships in other ASX listed companies:

- Non-Executive Chairman of Longreach Oil Limited (Resigned 8 July 2015);
- Executive Director of Dateline Resources Limited (current);

Mr Andrew Phillips, BBS - Non-Executive Director- Appointed 30 August 2013

Mr Phillips has over 20 years international experience previous working in senior finance and commercial management positions within a number of public and multinational companies. Previously he was Group Financial Controller for Aristocrat Limited, a Director of Aristocrat (NZ) Limited, Executive Director for the Recovre Group (a former division of Allianz Insurance) and CFO and Executive Director for Hoya Lens Australia.

During the past three years, Mr Baghdadi held the following directorships in other ASX listed companies:

- Non-Executive Director of Longreach Oil Limited (Current).
- Non-Executive Director of Richfield International Limited (Current).
- Alternate Director of Dateline Resources Limited (Resigned 5 June 2015).

Mr Antonio Vieira Non-Executive Director- Appointed 26 February 2013

Mr Vieira is an experienced Petroleum Engineer (Texas A&M). Mr Vieira was formerly the General manager of Ophir Energy (Equatorial Guinea) and the former President of Roc Oil Cabinda.

During the past three years, Mr Vieira has not held any directorships in other ASX listed companies.

Details of Directors' interest in the securities of the Company and the Group are set out in Note 27.2 to the Financial Report.

Company secretaries

Andrew Phillips Secretary Resigned 2 December 2014

John Smith- Joint Secretary – Appointed 10 November 2014

SOUTHERN CROSS EXPLORATION N L AND CONTROLLED ENTITIES

10. Directors' meetings

The following table sets out the number of meetings of Directors held during the period ended 30 June 2015 and the number of meetings attended by each Director:

Directors	Number Eligible to Attend	Number Attended
Craig Coleman	11	11
Andy Phillips	11	11
Stephen Baghdadi	11	11
Antonio Vieira	11	0

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 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. Company Secretarial services were provided by A Phillips until 10 November 2014 then J Smith from 10 November 2014.

Remuneration of executives and consultants, whenever appointed, is determined by market conditions and is not linked to the Company's performance. 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 are shown below:

Director	Position	2015 (\$)	2014 (\$)	
S Baghdadi	Director	24,000	30,795	
S Baghdadi	Consultant	276,000	185,432	
A Phillips	Director	24,000	19,989	
C Coleman	Director	24,000	8,548	
C Coleman	Consultant	13,000	5,000	
A Vieira	Director	24,000	30,795	
B Ganke	Director	-	8,877	Retired Director 12 June 2014
B Ganke	Managing Director	-	130,000	Retired, Managing Director 28 Jan 2014
E Goh	Director	-	3,068	Retired Director 26 Feb 2014
J Smith	Company Secretary	30,000		Appointed 10 November 2014
E Goh	Company Secretary	-	8,000	Retired 30 June 2014
E Ganke	Director	-	3,068	Retired 26 Feb 2014
B Burrell	Director	-	5,041	Retired 29 May 2013
A Keach	Director	-	4,932	Retired 27 May 2013
Total		415,000	443,545	

South 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

SOUTHERN CROSS EXPLORATION N L AND CONTROLLED ENTITIES

12. Results - last five financial years

The following table shows the results of Southern Cross Exploration NL for the last five financial years:

	2011*	2012*	2013*	2014*	2015
	\$	\$	\$	\$	\$
Revenue from continuing operations	361,063	338,596	447	743,258	835,687
Total comprehensive profit / (loss)	(1,365,869)	(5,229,139)	(580,466)	(2,067,321)	389,333
Net assets	15,907,383	3,914,884	4,929,618	4,919,960	5,813,384
Share price at year end	\$0.02	\$0.01	\$0.002	\$0.003	\$0.002

**Note – The Results for 2011 and 2012 are at a 31 December balance date. The Accounts for 2013 are for the half year to 31 December 2013 and the accounts for 2014 are for the 18 month period to 30 June 2014. This is as a result of adopting a change in balance date from 31 December to 30 June as a consequence of the previous consolidation of Southern Cross into Longreach Oil.*

13. Non-Audit Services

No non-audit services were provided to the Group during the year by HLB Mann Judd.

14. Auditor's Independence Declaration

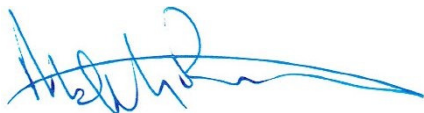
A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 6.

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.



S Baghdadi
Director

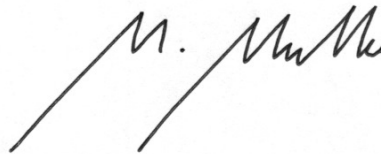
30 September 2015

SOUTHERN CROSS EXPLORATION N L**ACN 000 716 012****AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the consolidated financial report of Southern Cross Exploration NL for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of 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 respect of Southern Cross Exploration NL and the entities it controlled during the year.



M D Muller
Partner

Sydney, NSW
30 September 2015

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

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

FOR THE 12 MONTHS ENDED 30 JUNE 2015

	<u>Note</u>	12 months ended 30 June 2015 \$	18 months ended 30 June 2014 \$
Revenues	2	835,687	743,258
Share of loss of associate accounted for using the equity method		(670,661)	-
Administration expenses		(453,926)	(722,289)
Other expenses		(128,666)	(151,507)
Finance costs	3	(217,346)	(359,443)
Profit/(Loss) before significant items and income tax		(634,912)	(489,981)
Significant items	4	953,584	(1,577,340)
Profit/(Loss) from continuing operations before income tax		318,672	(2,067,321)
Income tax expense	25	-	-
Profit/(Loss) from continuing operations		318,672	(2,067,321)
Other comprehensive income			
Share of foreign current translation reserve of associate		70,661	-
Total comprehensive income/(loss)		389,333	(2,067,321)
Earnings per share			
Basic and diluted earnings/(loss) per share	15	0.03	(0.005)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes

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

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2015

	<u>Note</u>	30 June 2015 \$	30 June 2014 \$
CURRENT ASSETS			
Cash and cash equivalents	5	4,008,145	301,340
Available for sale financial assets	6	6,161	62,120
Receivables	7	223,093	4,461,265
Investment in joint venture	8	2,142,061	2,134,706
TOTAL CURRENT ASSETS		6,379,460	6,959,431
NON-CURRENT ASSETS			
Available for sale financial assets	9	4,854	14,854
Investments accounted for using equity method	10	75,950	-
Exploration and evaluation assets	11	-	-
TOTAL NON-CURRENT ASSETS		80,804	14,854
TOTAL ASSETS		6,460,264	6,974,285
CURRENT LIABILITIES			
Trade and other payables	12	536,880	552,792
Financial liabilities	13	110,000	1,501,533
TOTAL CURRENT LIABILITIES		646,880	2,054,325
TOTAL LIABILITIES		646,880	2,054,325
NET ASSETS		5,813,384	4,919,960
EQUITY			
Share capital	14	22,863,391	22,359,300
Retained Earnings	17	(17,276,632)	(17,665,965)
Reserves	16	226,625	226,625
TOTAL EQUITY		5,813,384	4,919,960

The Consolidated Balance Sheet should be read in conjunction with the accompanying Notes

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 12 MONTHS ENDED 30 JUNE 2015

	Attributable to equity holders of the company			
	Share Capital \$	Other Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2013	19,286,903	(1,372,259)	(13,999,760)	3,914,884
Net loss for the period	-	-	(2,067,321)	(2,067,321)
Total comprehensive income/(loss)			(2,067,321)	(2,067,321)
Share Issues	3,386,108	-	-	3,386,108
Share Issue Costs	(313,711)	-	-	(313,711)
Transfer capital losses to accumulated losses	-	1,598,884	(1,598,884)	-
Balance at 30 June 2014	<u>22,359,300</u>	<u>226,625</u>	<u>(17,665,965)</u>	<u>4,919,960</u>
Balance at 1 July 2014	22,359,300	226,625	(17,665,965)	4,919,960
Net profit for the period			318,672	318,672
Other comprehensive income			70,661	70,661
Total comprehensive income/(loss)			389,333	389,333
Share Issues	538,423	-	-	538,423
Share Issue Costs	(34,332)	-	-	(34,332)
Balance at 30 June 2015	<u>22,863,391</u>	<u>226,625</u>	<u>(17,276,632)</u>	<u>5,813,384</u>

The Consolidated Statement of Changes in Equity should be read in conjunction
with the accompanying Notes

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 12 MONTHS ENDED 30 JUNE 2015

	<u>Note</u>	12 months ended 30 June 2015 \$	18 months to 30 June 2014 \$
Cash flows from operating activities			
Other operating receipts		177,821	-
Dividends received		21	52
Interest received		635,666	453
Interest paid		-	(7,586)
Operating expenses		(926,700)	(99,023)
Net cash (used in) operating activities	28	(113,192)	(106,104)
Cash flows from investing activities			
Proceeds from repayments of mortgage investment		5,314,796	-
Proceeds from sale of investments		-	5,670
Payments for exploration prospects		-	(54,676)
Payments for Joint Venture		(7,357)	(34,706)
Payments for investments in associate		(600,000)	-
Repayments from loan		-	219,640
Net cash flows provided by investing activities		4,707,439	135,928
Cash flows from financing activities			
Proceeds from shares issued		538,423	389,543
Capital raising expenses		(34,332)	(114,949)
Proceeds from borrowings		550,000	487,090
Repayments of borrowings		(1,941,533)	(496,190)
Net cash flows provided by/ (used in) financing activities		(887,442)	265,494
Net (increase) in cash held		3,706,805	295,318
Cash at the beginning of the financial year		301,340	6,022
Cash at the end of the financial year	5	4,008,145	301,340

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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 30 JUNE 2015

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. 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.

1.3. 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.

1.4. 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.

1.5. 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.

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2015

Note 1. Summary of significant accounting policies (continued)

1.6. Investments and other financial assets

Available-for-sale financial assets

Available-for-sale financial assets comprising holdings in equity securities quoted on Stock Exchanges and non-listed companies are included in non-current assets unless they are intended to be disposed of within 12 months of the balance date.

Listed investments are initially recognised at fair value plus transaction costs. The investments are subsequently measured at their fair values. Unrealised gains and losses arising from changes in the fair value are recognised in equity in the Fair Value Reserve.

Unlisted investments are initially recognised at cost where the fair value cannot be measured reliably. Where unlisted investments are subsequently revalued, the fair values are determined after considering the underlying net asset values of the companies and estimated values based on their strategic holdings.

Considerations such as a significant or prolonged decline in the fair value of investments below their cost are used in determining whether investments are impaired. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities. Impairment losses are recognised as a reduction of the available for sale investments Fair Value Reserve to the extent of any previous revaluation and otherwise in profit or loss.

1.7. 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).

1.8. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments and are included in current assets, except for maturities greater than 12 months after the balance sheet date which are included in non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment is established for amounts due that are not likely to be collected according to the original terms of the receivables. The amount of the provision is recognised in profit or loss.

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2015

Note 1. Summary of significant accounting policies (continued)

1.9. 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.

1.10. 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.

1.11. 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.

1.12. 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

1.13. Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under these leases are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

1.14. 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.

1.15. 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.

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2015

Note 1. Summary of significant accounting policies (continued)

1.16. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and that it can be reliably measured.

Dividends

Dividends are recognised on receipt.

Interest

Interest is recognised as it accrues.

Sale of Financial Assets

The net gains (losses) on sales are included as revenue (expenses) at the date control passes to the buyer, usually when an unconditional contract of sale is signed. The net gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

1.17. 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 a mortgage investment with a company involved in the development of property, and other loans made to related and other companies.

1.18. 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.

1.19. 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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2015

Note 1. Summary of significant accounting policies (continued)

1.20. 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.

1.21. New Accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The Group has elected not to early adopt these standards and interpretations. The following standard and interpretation is considered applicable to the Group:

AASB 9: Financial Instruments and associated Amending Standards (effective for annual reporting periods beginning on or after 1 January 2018).

The standards will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

It is anticipated that the application of this standard will not have a material effect on the Group's results of financial reports in future periods.

NOTE 2. REVENUE

	2015	2014
	\$	\$
Dividends received from Corporations listed on Stock Exchanges	21	52
Other revenue – related group	200,000	-
Interest received / receivable – mortgage asset	635,666	742,753
Interest revenue – other	-	453
	835,687	743,258

NOTE 3. FINANCE COSTS

Interest and finance expense – related parties	217,346	283,002
Other	-	36,441
Other finance costs – related party	-	40,000
	217,346	359,443

**SOUTHERN CROSS EXPLORATION N L
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NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2015

	2015	2014
	\$	\$
NOTE 4. SIGNIFICANT ITEMS		
Bad debts (recovered)/written off	(924,827)	303,972
Provision /(write back of provision)	(60,000)	360,000
Exploration expenditure written off	-	630,676
Impairment losses - shares in corporations not listed on stock exchanges (Level 3)	39,874	134,026
Loss on investments -listed equity investments (Level 1)	(22,790)	131,291
Legal costs expense	14,159	17,375
	<u>(953,584)</u>	<u>1,577,340</u>
NOTE 5. CASH AND CASH EQUIVALENTS		
Cash held in banks	<u>4,008,145</u>	<u>301,340</u>
NOTE 6. AVAILABLE FOR SALE FINANCIAL ASSETS (CURRENT)		
Listed equity securities (Level 1)	<u>6,161</u>	<u>62,120</u>
NOTE 7. TRADE & OTHER RECEIVABLES (CURRENT)		
Mortgage Investment – Director related entity	2,251,330	7,566,126
Provision for Impairment	<u>(2,251,330)</u>	<u>(3,176,157)</u>
	<u>-</u>	<u>4,389,969</u>
Debtors and Loans - related parties	172,141	-
Debtors and other receivables	<u>50,902</u>	<u>71,296</u>
	<u>223,093</u>	<u>71,296</u>
	<u>223,093</u>	<u>4,461,265</u>

Debtors are non-interest bearing and a provision for impairment has been made after assessment of any amounts that may be impaired. The balance of the amounts in debtors is expected to be received according to commercial arrangements.

Loans to related parties in 2015 were at call and interest of 10% p.a. was being charged.

Mortgage Investment (2014) was secured over freehold property in Fiji owned by Nadi Bay Beach Corporation Limited (NBBC). B Ganke and E Goh are Directors and shareholders of NBBC.

Interest was accrued from 1989 at 12% compound until December 1999 when the rate was changed to 7% compound. From July 2002 to December 2004 interest was charged at 7% simple and from then at 8% on the balance of the loan until repayment.

**SOUTHERN CROSS EXPLORATION N L
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NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2015

NOTE 7. TRADE & OTHER RECEIVABLES (CURRENT) (continued)

The mortgage investment was impaired in 2012 to reflect the reduction in value of the freehold property in Fiji over which the mortgage is secured.

The fair value of receivables approximates their carrying amounts.

Provisions for impairment on loans have been made based on uncertainty of recovery. Refer to note 24.

	2015	2014
	\$	\$
Movement in the provision for impairment		
Mortgage Investment		
At beginning of year	(3,176,157)	(3,176,157)
Provision write back	924,827	-
	<u>(2,251,330)</u>	<u>(3,176,157)</u>

NOTE 8. INVESTMENT IN JOINT VENTURE

Bigrlyi Joint Venture - at cost	1,915,436	1,908,081
- at revaluation	226,625	226,625
	<u>2,142,061</u>	<u>2,134,706</u>

Movement during year

Balance at beginning of year - at cost	1,908,081	1,873,375
Expenditure capitalised	7,355	34,706
	<u>1,915,436</u>	<u>1,908,081</u>
Balance at end of year - at cost	1,915,436	1,908,081
Revaluation reserve	226,625	226,625
	<u>2,142,061</u>	<u>2,134,706</u>

Southern Cross Exploration N L has a five percent interest in the Bigrlyi uranium project located in the Ngalia Basin in the Northern Territory. As Southern Cross does not have joint control, it accounts for its interest in the Joint Venture as an investor at fair value.

	2015	2014
	\$	\$
NOTE 9. AVAILABLE FOR SALE FINANCIAL ASSETS (NON-CURRENT)		
Listed equity securities (Level 1)	4,332	4,332
Shares in corporations not listed on Stock Exchange - at cost (Level 3)	463,463	509,399
Provision for impairment	(462,941)	(498,877)
	<u>4,854</u>	<u>14,854</u>

The shares not listed on Stock Exchanges (Level 3) are carried at cost or at fair values. They are either shares in private companies or shares in companies preparing for an I.P.O.

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FOR THE 12 MONTHS ENDED 30 JUNE 2015

	2015 \$	2014 \$
NOTE 9. AVAILABLE FOR SALE FINANCIAL ASSETS (NON-CURRENT) (continued)		
Movement in the provision for impairment		
At beginning of year	(498,877)	(364,851)
Write back of impairment losses/ (impairment loss)- shares in corporations not listed on Stock Exchange - at cost (Level 3)	35,936	(134,026)
	<u>(462,941)</u>	<u>(498,877)</u>

NOTE 10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Set out below are the associates of the Group at 30 June 2015:

	Place of Business/ Country of Incorporation	Nature of Relationship	Measurement method	Ownership Interest
Wailoaloa Developments Ltd	Fiji	Associate	Equity Method	49%
Dateline Resources Ltd	Australia	Associate	Equity Method	19.7%

Wailoaloa Developments Ltd is a Fijian property development company. Dateline Resources Ltd is an exploration company listed on the ASX.

There is no quoted value for the Group's investment in Wailoaloa Developments Ltd as this is a private entity. The quoted fair value of the Group's investment in Dateline Resources Ltd at 30 June 2015 was \$135,000.

(a) Movement in carrying value

	Wailoaloa Developments Ltd \$	Consolidated Group Dateline Resources Ltd \$	2015 \$	2014 \$
Carrying value at the beginning of the financial year	-	-	-	-
Investment during the year	75,950	600,000	675,950	-
Share of loss after income tax	-	(670,661)	(670,661)	-
Share of other comprehensive income	-	70,661	70,661	-
Carrying value at the end of the financial year	<u>75,950</u>	<u>-</u>	<u>75,950</u>	<u>-</u>

(b) Summarised financial information of associates

The following summarises the balance sheets and statements of comprehensive income for the associates.

The information disclosed reflects the amounts presented in the financial statements of the associates mentioned above and not the Group's share of those amounts.

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AND CONTROLLED ENTITIES**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2015

NOTE 10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

(b) Summarised financial information of associates (continued)

Summarised balance sheets

	Wailoaloa Developments Ltd		Dateline Resources Ltd	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	\$	\$	\$	\$
Total current assets	1,268,934	-	78,437	179,863
Total non-current assets	8,281,017	-	3,611,321	6,929,686
Total current liabilities	(508,169)	-	(339,276)	(129,531)
Total non-current liabilities	(8,886,227)	-	-	-
	155,555	-	3,350,482	6,917,018

Summarised statement of comprehensive income

Total revenue	-	-	17,579	7,981
Profit/(Loss) from continuing operation	-	-	(4,512,003)	823,036
Other comprehensive income/(loss)	-	-	359,429	(2,449)
Total comprehensive income	-	-	(4,152,574)	820,587

2015
\$

2014
\$

NOTE 11. EXPLORATION & EVALUATION EXPENDITURE

Movements during the year

Carrying amount at beginning of the year	-	576,000
Expenditure incurred	-	54,676
Expenditure written off	-	(630,676)
Carrying amount at end of year	-	-

Exploration projects in which the company has an interest have been obtained on conditions that provide for exploration expenditure during the currency of the permits, with the right to withdraw at various stages, with or without retaining the interest earned up to that stage. 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 sale of the respective areas.

2015
\$

2014
\$

NOTE 12. TRADE & OTHER PAYABLES (CURRENT)

Trade and Other Payables	276,766	68,877
Other Payables - Related Parties	202,416	426,217
Provision for legal costs	57,698	57,698
	536,880	552,792

**SOUTHERN CROSS EXPLORATION N L
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NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2015

	2015	2014
	\$	\$
NOTE 13. FINANCIAL LIABILITIES (CURRENT)		
Loans-related parties	-	1,031,533
Loans-other	110,000	470,000
	<u>110,000</u>	<u>1,501,533</u>

The loans related parties were due to Longreach Oil Limited, and were due on August 31, 2015 or at the date the mortgage investment was repaid, if earlier. An annual finance fee of \$150,000 was payable on this loan.

	2015	2014
	\$	\$

NOTE 14. SHARE CAPITAL

Ordinary fully paid shares (2014: 538,821,600)	<u>22,863,391</u>	<u>22,359,300</u>
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1,077,243,200 Ordinary shares carry one vote per share

	2015	2015	2014	2014
	No. of shares	\$	No. of shares	\$
Movement in Issued Capital				
Balance at the beginning of the year	538,821,600	22,359,300	207,000,000	19,286,903
Share placements	538,421,600	538,423	331,821,600	3,386,108
Share issue costs	-	(34,332)	-	(313,711)
	<u>1,077,243,200</u>	<u>22,863,391</u>	<u>538,821,600</u>	<u>22,359,300</u>

	2015	2014
	\$	\$
NOTE 15. EARNINGS PER SHARE		
Basic earnings/(loss) per share	0.03	(0.005)
Diluted earnings/(loss) per share	0.03	(0.005)
Net profit/(loss) used to calculate earnings/(loss) per share	318,672	(2,067,321)
Number of weighted ordinary shares used in calculating earnings/(loss) per share	929,615,288	391,052,204

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FOR THE 12 MONTHS ENDED 30 JUNE 2015

	2015	2014
	\$	\$
NOTE 16. RESERVES		
Asset Revaluation	226,625	226,625
Movement in Reserves		
<i>Asset Revaluation</i>		
Balance at beginning of year	226,625	226,625
Balance at end of year	226,625	226,625
<i>Capital Profits/(Losses)</i>		
Balance at beginning of year	-	(1,598,894)
Transfer to retained earnings	-	1,598,894
Balance at end of year	-	-
<i>Nature and purpose of Reserves</i>		
Asset Revaluation Reserve		
The Asset Revaluation Reserve comprises the revaluation of the Investment in the Bigirlyi Uranium Joint Venture.		
Capital Profits/(Losses) Reserve		
The Capital Profits/(Losses) Reserve includes capital profits and losses from sale of investments and other items of a capital nature		

	2015	2014
	\$	\$
NOTE 17. ACCUMULATED LOSSES		
Balance at beginning of year	(17,665,965)	(13,999,760)
Total comprehensive profit / (loss)	389,333	(2,067,321)
Transfers from Capital Profits/(Losses) Reserve	-	(1,598,884)
Balance at end of year	(17,276,632)	(17,665,965)

**SOUTHERN CROSS EXPLORATION N L
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NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2015

NOTE 18. SEGMENT INFORMATION

The segment in which the company operates predominately 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 predominately relates to a mortgage investment with a related company involved in the development of property, and other loans made to related and other companies.

	Total 2015 \$	Exploration 2015 \$	Other 2015 \$	Total 2014 \$	Exploration 2014 \$	Other 2014 \$
<i>Segment Assets</i>						
<i>Geographical</i>						
Australia	6,460,264	2,153,076	4,231,238	2,584,316	2,211,680	372,636
Fiji (non-current)	-	-	75,950	4,389,696	-	4,389,696
Philippines	-	-	-	-	-	-
Tanzania	-	-	-	-	-	-
Total	<u>6,460,264</u>	<u>2,153,076</u>	<u>4,307,188</u>	<u>6,974,012</u>	<u>2,211,680</u>	<u>4,762,332</u>
<i>Segment Revenues</i>						
Australia	200,021	-	200,021	505	52	453
Fiji	<u>635,666</u>	<u>-</u>	<u>635,666</u>	<u>742,753</u>	<u>-</u>	<u>742,753</u>
Total	<u>835,687</u>	<u>-</u>	<u>835,687</u>	<u>743,258</u>	<u>52</u>	<u>743,206</u>
There were no inter-segment revenues.						
<i>Segment Liabilities</i>						
Australia	<u>646,880</u>	<u>646,880</u>	<u>-</u>	<u>2,054,325</u>	<u>2,054,325</u>	<u>-</u>
<i>Segment Results</i>						
<i>Profit/ (Loss)</i>						
Fiji - Other	1,560,493	-	1,560,493	438,781	-	438,781
Australia - Exploration	<u>(1,241,821)</u>	<u>(1,241,821)</u>	<u>-</u>	<u>(2,506,100)</u>	<u>(2,506,100)</u>	<u>-</u>
Total Profit / (Loss)	<u>318,672</u>	<u>(1,241,821)</u>	<u>1,560,493</u>	<u>(2,067,319)</u>	<u>(2,506,100)</u>	<u>438,781</u>

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2015

NOTE 18. SEGMENT INFORMATION (continued)

	Total 2015 \$	Exploration 2015 \$	Other 2015 \$	Total 2014 \$	Exploration 2014 \$	Other 2014 \$
Total segment loss included: Australia						
Interest revenue	635,666		635,666	743,258	505	742,753
Interest and financial expenses	(217,346)		(217,346)	(359,443)	(359,443)	-
Material non cash items:						
Exploration expenditure written off	-	-	-	(630,676)	(630,676)	-
Impairment losses	(39,874)	(39,874)	-	(134,026)	(134,026)	-
Profit/ (Loss) on investments	22,790	22,790	-	(131,291)	(131,291)	-
Bad debt recovered/(expense)	924,827	924,827	-	(303,972)	-	(303,972)
				2015 %	2014 %	

NOTE 19. EXPLORATION AND EVALUATION ASSETS

Southern Cross Exploration N L held the following interests in exploration projects:

OVERSEAS

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;

MA-P-111-06-04; MA-P-111-07-04

(The issue of the MPSAs is still pending)

20

20

IRAN - Boma Abad et al (MAGNESITE)

Southern Cross has an interest in two companies which hold several exploration tenements.

At 30 June 2015 the Group has impaired all carried forward capitalised exploration assets in line with Australian Accounting Standards. Refer to note 11.

**SOUTHERN CROSS EXPLORATION N L
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NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2015

	2015 \$	2014 \$
NOTE 20. AUDITOR'S REMUNERATION		
Audit and review of financial reports (no other services)		
HLB Mann Judd	38,000	29,500
CDTL Corporate Accountants	-	28,621
	<u>38,000</u>	<u>58,121</u>

NOTE 21. SUMMARY OF PARENT ENTITY FINANCIAL INFORMATION

Current Assets	4,549,907	4,985,221
Non Current Assets	894,334	904,329
Total Assets	<u>5,444,421</u>	<u>5,889,550</u>
Current Liabilities	556,421	2,039,817
Non Current Liabilities	-	-
Total Liabilities	<u>556,421</u>	<u>2,039,817</u>
Net Assets	<u>4,887,820</u>	<u>3,849,733</u>
Share Capital	22,863,391	22,359,300
Reserves	226,625	226,625
Accumulated losses	(18,202,196)	(18,736,192)
Total Equity	<u>4,887,820</u>	<u>3,849,733</u>
Profit / (Loss) for the year	<u>533,996</u>	<u>(2,147,217)</u>

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

There were no contingent liabilities.

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

NOTE 22. PARTICULARS RELATING TO CONTROLLED ENTITIES

Controlled Entities	Place of Incorporation	Class of Shares	Parent Entity's Investment	
			2015 %	2014 %
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	-

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NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2015

NOTE 23. NET FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Financial instruments

Listed Investments included in Available for Sale Financial Assets 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 2015:

As at 30 June 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements				
Listed investments	11,015	-	-	11,015
Investment in joint venture	-	-	2,142,061	2,142,061
As at 30 June 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements				
Listed equity securities	66,452	-	-	66,452
Mortgage investment	-	-	4,389,969	4,389,969
Investment in joint venture	-	-	2,134,706	2,134,706

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:

	Valuation policies and relationships of inputs	Sensitivity of fair values to unobservable inputs
Mortgage Investment	Level 3 fair values of the mortgage investment are calculated using market evidence of comparable property sales in Fiji and the subject land area and adjusted for differences in key attributes. The significant unobservable inputs in this valuation approach is comparative sales.	Fair values will be sensitive to future property sales in Fiji and other market conditions which influence property sales, as well as movements in foreign exchange rates.
Investment in Joint Venture	Level 3 fair values of the investment in the joint venture are calculated using future expected uranium prices, returns and estimated uranium deposits. These are the significant unobservable inputs to this value.	Fair values will be sensitive to future price movements in uranium and changes in estimates of the uranium deposit.

**SOUTHERN CROSS EXPLORATION N L
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NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2015

NOTE 24. CONTINGENT LIABILITY

Repayment of Mortgage due from Nadi Bay Beach Corporation Ltd

During November 2013 the company entered into a deed of priority where it agreed that its mortgage over property owned by Nadi Bay Beach Corporation Ltd (“NBBC”), as detailed in note 7, would rank equally with amounts payable to B Ganke and entities associated to him (“Ganke Group”) prorated on the basis of debt owed to each party. B Ganke was a director of NBBC and SXX at the time. The company registered a first charge over this property, exercised its security and received all proceeds from the settlement of the sale of the property of \$5,987,247 as part payment of its mortgage. On 26 August 2015 the Ganke Group submitted a claim against the company to recover 44.53% of the proceeds from the settlement of the sale as well as 44.53% of SXX’s interest in Wailoaloa Developments Ltd (the company that acquired the property from NBBC and in which SXX has subscribed for a 49% stake). SXX has rejected that claim and no proceedings have been commenced. The Board does not consider that the company has any liability to the Ganke Group in respect of the sale proceeds on the basis that, amongst other things, the deed of priority was rescinded in April 2014 and will defend any claim that may be made.

NOTE 25. INCOME TAX

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

	2015	2014
	\$	\$
Profit / (Loss) from ordinary activities	318,672	(2,067,321)
Prima facie income tax expense/(benefit) calculated at 30% (2014 30%) on the Loss from ordinary activities	95,602	(620,196)
Amounts non deductible	-	148,208
Future tax benefit / (liability) not brought to account	(95,602)	471,988
Income Tax expense relating to ordinary activities	-	-

Deferred tax assets estimated in excess of \$2,000,000 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.

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FOR THE 12 MONTHS ENDED 30 JUNE 2015

NOTE 26. RISK

- (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.
- (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 A-1+. All bank balances of the Group at 30 June 2015 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 27. DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

The following were key management personnel of the consolidated entity during the year ended 30 June 2015.

B Ganke, Chairman and Managing Director, retired 12 June 2014
A Vieira, appointed 26 February 2013
S Baghdadi, appointed 26 February 2013
A Phillips, appointed 30 August 2013
C Coleman, appointed 20 February 2014

27.1 Directors' remuneration

Name	Position	Remuneration	2015 \$	2014 \$
B Ganke	Chairman	Directors' fees	-	8,877
B Ganke	Managing Director	Managing Directors' fees	-	130,000
E Goh	Director	Directors' fees	-	3,068
E Goh	Director	Consulting fees	-	8,000
E Ganke	Director	Directors' fees	-	3,068
S Baghdadi	Director	Directors' fees	24,000	30,795
S Baghdadi	Executive Director	Consulting fees	276,000	185,432
A Keach	Director	Directors' fees	-	4,923
B Burrell	Director	Directors' fees	-	5,041
A Phillips	Director	Directors' fees	24,000	19,989
A Vieira	Director	Directors' fees	24,000	30,795
C Coleman	Director	Directors' fees	24,000	8,548
C Coleman	Director	Consultant	13,000	5,000
J Smith	Company Secretary	Company Secretary fees	30,000	-
Total remuneration			<u>415,000</u>	<u>443,536</u>

No Director received or was entitled to receive any shares or options as part of remuneration during the year.

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2015

**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

Name	Balance 30 June 2015 Number	Change Number	Director Resignation Number	Balance 30 June 2014 Number
S Baghdadi	219,330,021	130,598,640	-	88,731,381
A Phillips	9,800,000	9,200,000	-	600,000
C Coleman	200,000	100,000	-	100,000
A Vieira	70,000	-	-	70,000
J Smith	-	-	-	-
	<u>229,400,021</u>	<u>139,898,640</u>	<u>-</u>	<u>89,501,381</u>

Name	Balance 30 June 2014 Number	Change Number	Director Resignation Number	Balance 31 December 2012 Number
S Baghdadi	88,731,381	88,731,381	-	-
B Ganke	-	-	(31,030,372)	31,030,372
A Phillips	600,000	600,000	-	-
C Coleman	100,000	100,000	-	-
E Goh	-	-	(1,327,000)	1,327,000
A Vieira	70,000	70,000	-	-
E Ganke	-	-	(485,000)	485,000
	<u>89,501,381</u>	<u>89,501,381</u>	<u>(32,842,372)</u>	<u>32,842,372</u>

27.3 Directors and related party transactions and balances

	2015 \$	2014 \$
Aggregate payables and borrowings at balance date		
Accrued Directors' fees		
S Baghdadi	-	20,963
A Phillips	38,800	19,800
C Coleman	37,000	8,548
A Vieira	50,666	26,666
	<u>126,466</u>	<u>75,977</u>
Loans (unsecured) owing to:		
S Baghdadi (consolidated)	-	27,873
	<u>-</u>	<u>27,873</u>

No interest is payable on the above loans.

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2015

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

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.

B Ganke is a Director of Acron Pacific Ltd, Offshore Oil Ltd, Emeritus Pty Ltd, Bonds and Securities (Trading) Pty Ltd, Nadi Bay Beach Corporation Ltd and Longreach Oil Ltd (resigned 29 November 2013). B Ganke was a Director of Southern Cross Exploration NL (resigned June 2014).

S Baghdadi was a Director of Longreach Oil Ltd (Resigned 8 July 2015)

M Johnson is a Director of Dateline Resources Ltd ("DTR"), an associate investment of Southern Cross Exploration NL.

During the year ended 30 June 2015 the following related party transaction occurred:

- The Group was advanced a loan of \$550,000 from an entity controlled by M Johnson. A finance fee of \$30,000 and interest of \$34,065 was payable of this loan. The loan, interest and finance fee were repaid before 30 June 2015.
- Southern Cross Exploration NL advanced a loan of \$550,000 to DTR of which \$400,000 was repaid and \$150,000 outstanding at 30 June 2015. Interest of 10% amounting to \$22,192 was charged on this loan, all of which was unpaid at 30 June 2015, which was in line with the loan agreement.
- Southern Cross Exploration NL charged DTR \$200,000 for services provided by the company.
- Stephen Baghdadi provided a personal guarantee to The Australian and New Zealand Banking Group Ltd over debt provided by the bank to Wailoaloa Developments Ltd, an associate investment of the Group.
- During the year ended 30 June 2014 the following related party transactions occurred:
- Interest revenue of \$681,958 was accrued for amounts due on the mortgage asset investment provided to Nadi Bay Beach Corporation Ltd. \$171,252 of this interest was provided for as a bad debt expense.
- The Group received repayments of \$219,640 from Nadi Bay Beach Corporation Ltd.

27.5 Related party transactions with Longreach Oil Ltd (LGO)

	2015	2014
	\$	\$
Amounts payable at balance date		
Loans payable - current	-	1,003,660
Investment in shares		
Listed shares in LGO (market value)	-	61,560
Amounts included in the determination of Operating Loss before Income Tax that resulted from transactions with Directors and Director related parties were as follows:		
Finance fees	153,230	280,002
Rent expense	-	37,508
Other transactions		
Cash repayment of loans	1,003,660	144,000
Cash advance of loan	-	275,900
Other non-cash transactions repayments/(advances)	-	1,241,777

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2015

NOTE 28. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Loss for the financial year	318,672	(2,067,321)
Non-cash items		
Loss on investments	-	265,317
Exploration expenditure written off	-	630,676
Bad debts (recovered)/written off	(924,827)	303,972
Writedown of Investments	65,961	-
Recognition of former contingent liability	-	360,000
Equity settled transactions	-	834,708
Share of loss of associates	670,661	-
Change in Assets and Liabilities		
Change in trade and other receivables	(151,797)	(288,768)
Change in trade and other payables	(91,862)	(144,688)
Net cash flows used in operating activities	(113,192)	(106,104)

NOTE 29. EVENTS SUBSEQUENT TO REPORTING DATE

On 26 August 2015 B Ganke and his associates (“Ganke Group”) submitted a claim against the Company to recover 44.53% of proceeds received by the Company in June 2015 of \$5,987,247 from a repayment of a mortgage as well as 44.53% of SXX’s interest in Wailoaloa Developments Ltd. SXX has rejected that claim and no proceedings have been commenced. The Board does not consider that the Company has any liability to the Ganke Group in respect of the sale proceeds. Further details are provided in note 24.

There were no other significant matters after balance date.

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

DIRECTORS' DECLARATION

FOR THE 12 MONTHS ENDED 30 JUNE 2015

1. In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 30 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 2015 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.

A handwritten signature in blue ink, appearing to read 'S Baghdadli', with a long horizontal flourish extending to the right.

S Baghdadli
Director

30 September 2015

SOUTHERN CROSS EXPLORATION NL**ACN 000 716 012****INDEPENDENT AUDITOR'S REPORT**

To the members of Southern Cross Exploration NL

We have audited the accompanying financial report of Southern Cross Exploration NL ("the company"), which comprises the consolidated balance sheet as at 30 June 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 1 the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

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SOUTHERN CROSS EXPLORATION N L

ACN 000 716 012

INDEPENDENT AUDITOR'S REPORT (continued)

Basis for Qualified Opinion

As disclosed in note 24 of the financial statements, the Ganke Group has made a claim against the company for a 44.53% share in all proceeds received by the company of \$5,987,247 from the repayment of a mortgage and a share in the company's investment in Wailoaloa Developments Ltd. We were unable to obtain sufficient appropriate audit evidence to confirm whether or not the company had a present obligation at 30 June 2015 to meet these claims and if so the likelihood of any amounts being payable under the claims. These matters are in dispute and there was insufficient time subsequent to the receipt of these claims to obtain a legal opinion on the matter. Consequently, we were unable to determine if a provision is required for any of the amounts claimed.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph:

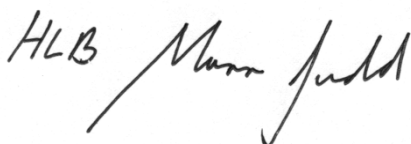
- (a) the financial report of Southern Cross Exploration N L is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

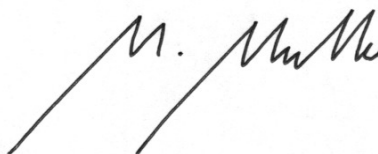
We have audited the Remuneration Report included in page 4 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Southern Cross Exploration NL for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in black ink that appears to read 'M. Muller'.

M D Muller
Partner

Sydney, NSW
30 September 2015