

SOUTHERN CROSS EXPLORATION NL

HALF-YEAR REPORT

For the period ended

31 December 2015



SOUTHERN CROSS EXPLORATION NL

A.B.N. 70 000 716 012

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Your Directors present their Report on the consolidated entity (“the Group”), which consists of Southern Cross Exploration NL (“the Company”) and the entities it controlled for the half-year ended 31 December 2015.

1. REVIEW AND RESULTS OF OPERATIONS

Announcements made by the Company to the Australian Stock Exchange (ASX) during the period, providing information on the Company's activities, are accessible on the Company's website: www.sxxgroup.com and also via the ASX website, at www.asx.com.au.

The Company's operations during the half-year ended 31 December 2015 were principally examining possible participation in a number of new projects and maintaining and reviewing the group's gold and mineral exploration projects and investments.

The total comprehensive loss for the period was \$552,990 and operating loss was \$326,365.

2. URANIUM

2.1 NORTHERN TERRITORY - BIGRLYI URANIUM JOINT VENTURE

Southern Cross has been in this joint venture project since the early 1980s and holds a 5% interest.

Energy Metals Limited (EME) holds 53.3% and is the Operator. The joint venture also includes Paladin Energy Ltd, which holds 41.7% through its subsidiary, Northern Territory Uranium Pty Ltd.

EME is controlled by China General Nuclear Power Holding Company (CGNPC), which is one of the two largest nuclear power generating companies in China. It is a multi-billion dollar company which currently has 8 operating nuclear power plants, with a further 14 under construction.

The Company's investment in the Bigrlyi Uranium Joint Venture was written down to \$1.79 million as at 31 December 2015, based upon a valuation provided by an independent expert.

For detailed information on the Bigrlyi project, log onto the website of EME at www.energymetals.net.

2.2 TANZANIA - MKUJU URANIUM PROJECT (7%)

Southern Cross has a 7% interest in this project, which comprises several uranium exploration licences in Tanzania. The tenements are located north of the Mkuju River Uranium Project (previously held by Mantra Resources). The Tanzanian tenements have been described as prospective for the discovery of economic uranium deposits. There have been no progress reports for some time and this project is being kept under review.

3. GOLD - PHILIPPINES

3.1 *BATANGAS GOLD PROJECT* (10%)

Tenement applications - EPA IVA-115 and PMPSA IV-110

The Batangas Gold Project is located in the Province of Batangas, about 2 hours from Manila. The project consists of an EP Application and an PMPSA, which are yet to be granted. After exercising options, a 10% interest was acquired by the Company's wholly-owned subsidiary Northern Star Investments (Qld) Pty Ltd.

The geology of the Batangas project area has been viewed as being prospective for a significant gold exploration project. Final approvals from the Government of the tenement applications are awaited.

3.2 *Gold Cross Project - (20%) - Municipalities of Norzagaray & Dona Remedios Trinidad, Province of Bulacan - Island of Luzon*

Tenement applications - MA-P-III-02-04, MA-P-III-05-04, MA-P-III-06-04, MA-P-III-07-04

Southern Cross holds a 20% interest in the Gold Cross Gold Project in the Philippines. The project area is located in the Province of Bulacan about 100 kms north-east of Manila. Southern Cross can acquire an additional interest in the Gold Cross Gold Project by exercising its rights to purchase the balance of 80% in several tranches.

4. MAGNESITE – IRAN

The company maintains its 10% interest in a private group based in Dubai and Tehran which holds several exploration tenements for magnesite in Iran. This project is being kept under review and discussions about commercial development have continued during the quarter.

5. OIL & GAS & ENERGY

There were no acquisitions or disposals of any interests in any of the Company's projects during the period.

Oil and gas exploration opportunities in Australia and overseas continue to be examined, with a view to direct participation by SXX.

6. DIRECTORS

The names of the Directors who have been Directors at any time during or since the end of the half-year are:

Director since

Stephen Baghdadi	February 2013	
Antonio Vieira	February 2013	Resigned 30 November 2015
Andrew Phillips	August 2013	
Craig Coleman	February 2014	

7. AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Directors.

DATED at Sydney this 15th day of March 2016



S Baghdadi
Director

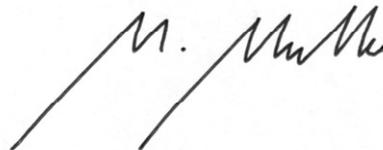
AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Southern Cross Exploration NL:

As lead auditor for the review of Southern Cross Exploration NL for the half-year ended 31 December 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 review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Southern Cross Exploration NL and the entities it controlled during the half-year.



M D Muller
Partner

Sydney, NSW
15 March 2016

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

Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190

Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (NSW Partnership) is a member of  International. A world-wide network of independent accounting firms and business advisers.

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

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

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	Consolidated 31 December 2015 \$	31 December 2014 \$
Revenue from continuing operations	2	123,132	515,820
Share of loss of associate	8	(30,120)	(61,732)
Administration expenses		(393,817)	(289,992)
Finance costs		(19,200)	(151,446)
Occupancy costs		(39,611)	(18,186)
Other income/(expenses)	3	33,251	(711,458)
Loss from continuing operations before income tax		<u>(326,365)</u>	<u>(716,994)</u>
Income tax expense		-	-
Loss from continuing operations		<u>(326,365)</u>	<u>(716,994)</u>
Other comprehensive income: Items that may be classified to profit or loss			
Loss on revaluation of investment in JV		(226,625)	-
Value of Associates foreign current translation reserve		-	63,873
Total comprehensive loss for the period		<u>(552,990)</u>	<u>(653,121)</u>
Basic and diluted loss per share	14	\$0.0003	\$0.0009

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

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015**

	<u>Note</u>	Consolidated 31 December 2015 \$	30 June 2015 \$
CURRENT ASSETS			
Cash and cash equivalents		3,055,719	4,008,145
Available for sale financial assets	4	306,093	6,161
Receivables	5	318,601	223,093
Investment in joint venture	6	1,790,000	2,142,061
TOTAL CURRENT ASSETS		<u>5,470,413</u>	<u>6,379,460</u>
NON-CURRENT ASSETS			
Available for sale financial assets	7	104,854	4,854
Investments accounted for using the Equity Method	8	75,950	75,950
TOTAL NON-CURRENT ASSETS		<u>180,804</u>	<u>80,804</u>
TOTAL ASSETS		<u>5,651,217</u>	<u>6,460,264</u>
CURRENT LIABILITIES			
Trade and other payables	9	380,823	536,880
Financial liabilities	10	10,000	110,000
TOTAL CURRENT LIABILITIES		<u>390,823</u>	<u>646,880</u>
TOTAL LIABILITIES		<u>390,823</u>	<u>646,880</u>
NET ASSETS		<u>5,260,394</u>	<u>5,813,384</u>
EQUITY			
Share capital	11	22,863,391	22,863,391
Other reserves	12	-	226,625
Accumulated losses	13	(17,602,997)	(17,276,632)
TOTAL EQUITY		<u>5,260,394</u>	<u>5,813,384</u>

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

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Share Capital \$	Other Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2015	22,863,391	226,625	(17,276,632)	5,813,384
Net loss for the period	-	-	(326,365)	(326,365)
Other comprehensive income	-	(226,625)	-	(226,625)
Total comprehensive loss	-	(226,625)	(326,365)	(552,990)
Balance as at 31 December 2015	<u>22,863,391</u>	<u>-</u>	<u>(17,602,997)</u>	<u>5,260,394</u>
Balance as at 30 June 2014	22,359,300	226,625	(17,665,965)	4,919,960
Net loss for the period	-	-	(716,994)	(716,994)
Other comprehensive income	-	-	63,873	63,873
Total comprehensive loss	-	-	(653,121)	(653,121)
Share issues	538,423	-	-	538,423
Share issue costs	(32,468)	-	-	(32,468)
Balance as at 31 December 2014	<u>22,865,255</u>	<u>226,625</u>	<u>(18,319,086)</u>	<u>4,772,794</u>

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

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
Cash flows from operating activities		
Interest received	27,026	-
Interest paid	(19,200)	(51)
Other operating receipts	-	220,613
Other operating payments	(691,792)	(355,134)
	(683,966)	(134,572)
Net cash flows used in operating activities		
Cash flows from investing activities		
Investment realisation cost recovery	313,710	-
Payment for available for sale financial assets	(411,050)	-
Proceeds from sale of investments	-	68,750
Payment for investment in associate	(30,120)	(600,000)
Payments for Joint Venture expenditure	-	(7,355)
Deposits and loans made	(41,000)	(557,261)
	(168,460)	(1,095,866)
Net cash flows used in investing activities		
Cash flows from financing activities		
Proceeds from share issues	-	538,423
Payments for share issue costs	-	(10,443)
Proceeds from borrowings	-	653,445
Repayment of borrowings	(100,000)	(105,000)
	(100,000)	1,076,425
Net cash flows (used in)/from financing activities		
Net (decrease)/increase in cash held	(952,426)	(154,013)
Cash at the beginning of the period	4,008,145	301,340
Cash at the end of the period	3,055,719	147,327

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

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This half-year financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting*, Australian Accounting Standards (including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board) and the *Corporations Act 2001*.

The interim report does not include full disclosures of the type normally included in an annual financial report. It should be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made during the half-year reporting period in accordance with the continuous disclosure obligations of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Consolidated	
31 December 2015	31 December 2014
\$	\$

NOTE 2 REVENUE

Interest revenue	123,132	315,805
Dividend revenue	-	15
Other revenue – related party	-	200,000
	123,132	515,820

Other revenue - related party relates to reimbursement of expenditure from an associate of the Group, Dateline Resources Limited, during the prior period.

Consolidated	
31 December 2015	31 December 2014
\$	\$

NOTE 3 OTHER INCOME/ (EXPENSES)

Bad debts recorded/(written off)	216,040	(333,340)
Profit from sale of investment	-	22,790
Impairment – investment in associate	-	(362,141)
Impairment expense in investments	(136,555)	-
Other expenses	(46,234)	(38,767)
	33,251	(711,458)

**(SOUTHERN CROSS EXPLORATION NL)
AND CONTROLLED ENTITIES**

Consolidated	
31 December	31 June
2015	2015
\$	\$

NOTE 4 AVAILABLE FOR SALE FINANCIAL ASSETS

CURRENT

Listed securities (Level 1)	306,093	6,161
-----------------------------	---------	-------

Included in listed investments is an investment in Vectus Biosystems Limited. This company became listed on the ASX on 22 February 2016.

NOTE 5 RECEIVABLES

CURRENT

Mortgage investment	2,349,000	2,251,330
Provision for impairment	(2,349,000)	(2,251,330)
	-	-
Other debtors – related parties	30,127	-
Other debtors – other	4,503	6,796
Loan related party	218,424	172,191
Goods and Services Tax	65,547	44,106
	<u>318,601</u>	<u>223,093</u>

Mortgage Investment relates to a loan due from Nadi Bay Beach Corporation (NBBC). Interest is charged at 8% per annum on the balance of this loan

Loan- related party relates to a loan due from an associate of the Group, Dateline Resources Limited. The loan is unsecured. Interest is charged at 10% per annum on the balance of the loan. The Directors expect to recover this loan in full within 12 months of period end.

All other debtors are unsecured and non-interest bearing.

Consolidated	
31 December	30 June
2015	2015
\$	\$

NOTE 6 INVESTMENT IN JOINT VENTURE

CURRENT

Bigrlyi Joint Venture – at cost	1,926,555	1,915,436
Bigrlyi Joint Venture – at revaluation	-	226,625
Bigrlyi Joint Venture – impairment provision (Note 3)	(136,555)	-
	<u>1,790,000</u>	<u>2,142,061</u>

Southern Cross Exploration NL has a 5% interest in the Bigrlyi uranium project located in the Ngalia Basin in the Northern Territory. As the Company does not have joint control, it accounts for its interest in the Joint Venture as an investor at fair value.

During the financial period an independent third party expert was engaged to determine the fair value of the investment in this joint venture. The preferred value fair value given in the valuation was \$1.79M. This valuation was calculated based upon future expected uranium prices, returns and estimated uranium deposits.

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

Consolidated
31 December **30 June**
2015 **2015**
\$ **\$**

NOTE 7 AVAILABLE FOR SALE FINANCIAL ASSETS

NON-CURRENT

Listed securities (Level 1)	-	4,332
Shares in corporations not listed on ASX (Level 3) – at cost	-	463,463
Shares in corporations not listed on ASX (Level 3) – at fair value	104,854	-
Provision for impairment	-	(462,941)
	<u>104,854</u>	<u>4,854</u>

NOTE 8 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

NON-CURRENT

Set out below are the associates of the group at 31 December 2015

	Country of Incorporation	Place of Business	Nature of Relationship	Ownership Interest
Wailoaloa Developments Ltd (WDL)	Fiji	Fiji	Associate	49.0%
Dateline Resources Ltd (ASX: DTR)	Australia	Australia	Associate	17.3%

WDL is a Fijian property development company. DTR is an exploration company listed on the ASX. There is no quote value for the Group's investment in WDL as this is a private entity. The quote fair market value of the Group's investment in DTR at 31 December 2015 is \$210,120. No dividend has been received from either WDL or DTR for the period ended 31 December 2015. The Group shares in no contingent liabilities of either WDL or DTR.

The investment in DTR is considered to be an associate of the Company due to significant influence through the Company's holding of 17.3% of DTR as well as the Company and DTR having the same executive director and company secretary.

(a) Movement in Carrying Value

	Consolidated Group			
	WDL	DTR	31 December 2015	30 June 2015
	\$	\$	\$	\$
Carrying value at the beginning of the period	75,950	-	75,950	-
Investment during the period	-	30,120	30,120	675,950
Share of loss after income tax	-	(30,120)	(30,120)	(670,661)
Share of other comprehensive income	-	-	-	70,661
	<u>75,950</u>	<u>-</u>	<u>75,950</u>	<u>75,950</u>

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

**NOTE 8 INVESTMENTS ACCOUNTED FOR USING THE EQUITY
METHOD (continued)**

(b) Summarised financial information of associates

The following table 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.

	WDL		DTR	
	31 December 2015	30 June 2015	31 December 2015	30 June 2015
	\$	\$	\$	\$
Total current assets	1,289,192	1,268,934	227,460	78,437
Total non-current assets	8,966,959	8,281,018	4,555,908	3,611,321
Total current liabilities	(559,034)	(508,169)	(667,037)	(339,276)
Total non-current liabilities	(9,534,367)	(8,886,227)	-	-
Net assets	162,750	155,556	4,116,331	3,350,482

	WDL		DTR	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	\$	\$	\$	\$
Summaries statement of comprehensive income				
Total revenue	-	-	666	2,141
Profit/(loss) from continuing operations	-	-	(223,453)	(314,011)
Other comprehensive income/(loss)	-	-	(13,835)	324,902
Total comprehensive income	-	-	(237,288)	10,891

Consolidated	
31 December 2015	30 June 2015
\$	\$

NOTE 9 TRADE AND OTHER PAYABLES

CURRENT

Trade and other payables	247,850	276,776
Trade and other payables - Related parties	75,277	202,416
Provision for legal costs	57,696	57,688
	380,823	536,880

NOTE 10 FINANCIAL LIABILITIES

CURRENT

Loans – other (unsecured)	10,000	110,000
---------------------------	--------	---------

NOTE 11 SHARE CAPITAL

Issued

1,077,243,200 ordinary shares, fully paid (June 2015: 1,077,243,200)	22,863,391	22,863,391
---	------------	------------

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

NOTE 11 SHARE CAPITAL (continued)

Movement in issued capital

	31 December 2015		30 June 2015	
	Number of Shares	\$	Number of Shares	\$
Balance at beginning of period	1,077,243,200	22,863,391	538,821,600	22,359,300
Share placements	-	-	538,421,600	538,423
Share issue costs	-	-	-	(34,332)
Balance at end of period	<u>1,077,243,200</u>	<u>22,863,391</u>	<u>1,077,243,200</u>	<u>22,863,391</u>

538,421,600 ordinary shares were issued on 9 October 2014 under a non-renounceable rights issue at \$0.001 per share. These ordinary shares were issued for cash.

Ordinary shares are fully paid, rank pari passu, have no par value and carry one vote per share.

Consolidated	
31 December 2015	30 June 2015
\$	\$

NOTE 12 RESERVES

Asset revaluation	-	<u>226,625</u>
-------------------	---	----------------

Consolidated	
Six months ended 31 December 2015	Six months ended 31 December 2014
\$	\$

NOTE 13 ACCUMULATED LOSSES

Accumulates losses at beginning of period	(17,276,632)	(17,665,965)
Total comprehensive loss for the period	<u>(326,365)</u>	<u>(653,121)</u>
Accumulated losses at end of the period	<u>(17,602,997)</u>	<u>(18,319,086)</u>

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

Consolidated
Six months ended 31 December 2015 **Six months ended 31 December 2014**

NOTE 14 EARNINGS PER SHARE

Basic and diluted loss per share	\$0.0003	\$0.0009
Net loss used to calculate earnings loss per share	\$326,365	\$716,994
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	1,077,243,200	783,023,746

**Parent Entity Investment
Equity Holding**
31 December 2015 **30 June 2015**
% *%*

NOTE 15 PARTICULARS OF COMPANIES INCLUDED IN COMPANY ACCOUNTS

Northern Star Investment Pty Ltd	100	100
Northern Star Investment (Qld) Pty Ltd	100	100
Pacific Island Properties Pty Ltd	100	100

There has been no change in the equity holdings of subsidiary companies since June 2015.

NOTE 16 SEGMENT INFORMATION

Business Segment

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 related company involved in the development of property investments in ASX listed companies, and other loans made to related and other companies.

Segment Assets

	Total December 2015 \$	Exploration December 2015 \$	Other December 2015 \$	Total June 2015 \$	Exploration June 2015 \$	Other June 2015 \$
Geographical						
Australia	5,575,267	1,790,000	3,785,267	6,384,314	2,153,076	4,231,238
Fiji	75,950	-	75,950	75,950	-	75,950
	<u>5,651,217</u>	<u>1,790,000</u>	<u>3,861,217</u>	<u>6,460,264</u>	<u>2,153,076</u>	<u>4,307,188</u>

Segment Revenues

	31 December 2015 \$	31 December 2014 \$
Australia- Exploration	25,462	200,213
Fiji – Other	97,670	315,607
	<u>123,132</u>	<u>515,820</u>

There were no inter-segment revenues.

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

NOTE 16 SEGMENT INFORMATION (continued)

Segment Liabilities

	Total December 2015 \$	Exploration December 2015 \$	Other December 2015 \$	Total June 2015 \$	Exploration June 2015 \$	Other June 2015 \$
Australia	<u>390,823</u>	<u>390,823</u>	-	<u>646,880</u>	<u>646,880</u>	-

Segment Results

	31 December 2015 \$	31 December 2014 \$
<i>Profit/ (Loss)</i>		
Australia - Other	313,710	(17,733)
Australia - Exploration	<u>(640,075)</u>	<u>(699,261)</u>
Total Loss	<u>(326,365)</u>	<u>(716,994)</u>

NOTE 17 CONTINGENT LIABILITY

On 26 August 2015, Bond and Securities (Trading) Pty Ltd and Mr Boris Ganke (together the “Ganke Group”) asserted that they were entitled to a portion of the sale proceeds received by the Company from the sale of mortgaged property in Fiji in June 2015. The Board have considered the claim and have formed the view that the Company has no liability to the Ganke Group. They consider the claim to be without substance and no material financial outflow will result. No court proceedings have been commenced and the Company will resolutely defend any claim which may be made.

**SOUTHERN CROSS EXPLORATION NL
AND CONTROLLED ENTITIES**

DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

In the Directors' opinion:

- (a) the consolidated financial statements and notes, set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standards, the *Corporations Regulation 2001*, and other mandatory professional reporting requirements, and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



S Baghdadi
Director

Sydney, NSW
15 March 2016

**SOUTHERN CROSS EXPLORATION NL
INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Southern Cross Exploration N L:

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Southern Cross Exploration N L ("the Company") which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration for the consolidated entity, comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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

Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190

Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (NSW Partnership) is a member of  International. A world-wide network of independent accounting firms and business advisers.

SOUTHERN CROSS EXPLORATION NL
INDEPENDENT AUDITOR'S REVIEW REPORT
(continued)

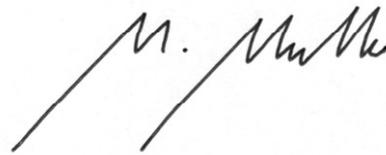
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Southern Cross Exploration N L is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

HLB Mann Judd
Chartered Accountants

A handwritten signature in black ink that reads 'M. D. Muller'.

M D Muller
Partner

Sydney, NSW
15 March 2016