

SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

ABN 92 009 307 046

NOTICE OF MEETING
and
EXPLANATORY MEMORANDUM
and
PROXY FORM

Date of Meeting: Thursday, 26 May 2011
Time of Meeting: 10:00am WST
Place of Meeting: Esplanade Hotel, Corner Marine Terrace and
Essex Street,
Fremantle, Western Australia

This Notice of Meeting and Explanatory Memorandum should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

ABN 92 009 307 046

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Southern Cross Electrical Engineering Limited ABN 92 009 307 046 (**Company**) will be held at 10:00am (WST) on Thursday, 26 May 2011 at Esplanade Hotel, corner of Marine Terrace and Essex Street, Fremantle, Western Australia.

The Explanatory Memorandum that accompanies and forms part of this Notice of Meeting describes the various matters to be considered at the Extraordinary General Meeting. Shareholders should read the Explanatory Memorandum before deciding how to vote.

AGENDA

RESOLUTION 1: TO ELECT PROFESSOR DEREK PARKIN AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, Mr Derek Parkin who retires by in accordance with rule 8.1 of the Constitution of the Company and who, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

RESOLUTION 2: RATIFICATION OF PRIOR SHARE ISSUE

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, the Company approves and ratifies the allotment and issue of 18,500,000 Shares at an issue price of \$0.90 per Share, to the persons and on the terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement

In accordance with ASX Listing Rule 7.5.6 any votes cast on Resolution 2 (other than by a person as proxy for a member who is entitled to vote, where the instrument of proxy specifies how the proxy is to vote on Resolution 2 or by the chairman of the Meeting as an undirected proxy for a member who is entitled to vote) by any person who participated in the issue of Shares, or any of their respective associates, and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, will be disregarded.

RESOLUTION 3: APPROVAL TO ISSUE SHARES

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue 14,833,334 Shares at an issue price of \$0.90 per Share to the persons and on the terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement

In accordance with ASX Listing Rule 7.3.8 any votes cast on Resolution 3 (other than by a person as proxy for a member who is entitled to vote, where the instrument of proxy specifies how the proxy is to vote on Resolution 3 or by the chairman of the Meeting as an undirected proxy for a member who is entitled to vote) by any person who may participate in the proposed issue of Shares or any of their respective associates, and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, will be disregarded.

RESOLUTION 4: ISSUE OF SHARES TO MR GIANFRANCO TOMASI

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given to allot and issue 4,027,131 Shares to Mr Gianfranco Tomasi, a Director of the Company, or his nominee(s), on the terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement

In accordance with ASX Listing Rule 10.13.6 any votes cast on Resolution 4 (other than by a person as proxy for a member who is entitled to vote, where the instrument of proxy specifies how the proxy is to vote on Resolution 4 or by the chairman of the Meeting as an undirected proxy for a member who is entitled to vote) by Mr Frank Tomasi, his nominee(s) or any of his associates will be disregarded.

RESOLUTION 5: ISSUE OF SHARES TO MR BRIAN CARMAN

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given to allot and issue 200,000 Shares to Mr Brian Carman, a non-executive Director of the Company, or his nominee(s), on the terms and conditions more particularly described in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement

In accordance with ASX Listing Rule 10.13.6 any votes cast on Resolution 5 (other than by a person as proxy for a member who is entitled to vote, where the instrument of proxy specifies how the proxy is to vote on Resolution 5 or by the chairman of the Meeting as an undirected proxy for a member who is entitled to vote) by Mr Brian Carman, his nominee(s) or any of his associates will be disregarded.

OTHER BUSINESS

To transact any other business which may be properly brought before the Meeting in accordance with the Company's Constitution and the Corporations Act.

DATED: 15 April 2011

BY ORDER OF THE BOARD



Stephen Fewster
Company Secretary

PROXY AND VOTING ENTITLEMENT INSTRUCTIONS

In accordance with section 249L(1)(d) of the Corporations Act, Shareholders are advised that:

- each Shareholder who is entitled to attend and vote at the Extraordinary General Meeting has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company;
- a Shareholder who is entitled to cast two or more votes at the Extraordinary General Meeting may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one half of the votes.

A corporation may elect to appoint a representative to attend and vote at the Meeting in accordance with the Corporations Act in which case the Company will require a certificate of appointment of corporate representative executed in accordance with the Corporations Act. The certificate is to be lodged with the Company before the Meeting or at the registration desk on the day of the Meeting.

A Shareholder who appoints a proxy may specify the way in which the proxy is to vote on each resolution or may allow the proxy to vote at his or her discretion.

In accordance with section 250BA of the Corporations Act, the Company specifies the following information for the purpose of receipt of proxy appointments:

Address: Computershare Investor Services Pty Limited
 GPO Box 242 Melbourne
 Victoria 3001 Australia

Facsimile Number: +61 3 9473 2555

The instrument appointing the proxy must be received by the Company at the address specified above at least 48 hours before the time notified for the Extraordinary General Meeting (proxy forms can be lodged by facsimile).

In accordance with regulation 7.11.38 of the Corporations Regulations, the Company determines that Shares held as at 5.00pm (WST) on Tuesday 24 May 2011 will be taken, for the purposes of the Extraordinary General Meeting, to be held by the persons who held them at that time.

Notes:

1. If a proxy form is signed, or authenticated by an appointer's attorney, the power of attorney or a certified copy thereof (if any) under which it is signed must accompany the proxy form and be received by Computershare Investor Services Pty Limited, GPO Box 242 Melbourne, Victoria 3001 Australia not later than 48 hours before the appointed time of the Extraordinary General Meeting.
2. If an electronically authenticated appointment of a proxy is provided through either email or internet-based voting:
 - a. the Shareholder must be identified by personal details including the member's name, personal address and date of birth; and
 - b. the Shareholder's approval must be communicated by a form of security protection (for example, the entering of a confidential identification number such as a shareholder registration number or holder identification number).
3. Proxy forms executed by a corporation must be in accordance with the requirements of the Corporations Act 2001 or under the hand of its attorney. In the case of a sole director/secretary company, please indicate "sole director" in the space provided.
4. Should you desire to direct your proxy on how to vote, place a cross in the appropriate box for each item, otherwise your proxy may vote as your proxy thinks fit or abstain from voting.
5. If two proxies are appointed, you may delete "all" and insert the relevant number or proportion of Shares in respect of which each such appointment is made. A separate proxy must be completed for each proxy.
6. If you need any further information about this form or attendance at the Extraordinary General Meeting please contact Mr Stephen Fewster, Company Secretary on 61 8 9410 1833.

SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

ACN 92 009 307 046

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be transacted at the Extraordinary General Meeting of the Company to be held on Thursday, 26 May 2011.

The purpose of this Explanatory Memorandum is to provide all of the information that the Board believes to be material to Shareholders in deciding whether or not to pass the Resolutions. It explains the Resolutions and identifies the Board's reasons for putting them to Shareholders. The Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

RESOLUTION 1: TO RE-ELECT PROFESSOR DEREK PARKIN AS A DIRECTOR

Professor Derek Parkin was appointed by the Board under rule 8.1 of the Constitution as a Director of the Company on 31 March 2011. He will hold office only until termination of the next annual general meeting of the Company unless his appointment is confirmed by Shareholders in General Meeting.

Professor Parkin is currently Professor of Accounting at the University of Notre Dame Australia. Prior to joining Notre Dame, Professor Parkin was a partner in the Audit and Assurance practices of Arthur Anderson and Ernst & Young. He has over 30 years experience in auditing and financial consulting, both in Australia and internationally.

Professor Parkin has been a national board member of the Institute of Chartered Accountants in Australia (ICAA) and a member of the ICAA's national Education Board and Audit Advisory Group.

Professor Parkin was a non executive Director of Coogee Resources Limited and chaired its Audit and Risk Management Committee. He was also Chairman of Novetec Building Products Pty Ltd group of companies in addition to his current role as a consultant to Austal Limited's Audit and Risk Committee.

RESOLUTION 2: RATIFICATION OF PRIOR SHARE ISSUE

Background

On 18 April 2011 the Company announced it would raise approximately \$30 million by way of a two tranche private placement of Shares to sophisticated and professional investors (**Placement**). The funds raised by the Placement are to be used for growth capital required to strengthen the Company's balance sheet for current and future negotiations with:

- (a) blue chip clients on large scale schedule of rates contract opportunities; and
- (b) financiers in relation to project bonding and contract guarantees for upcoming contracts,

and to fund additional general working capital and issue costs.

The Placement is to be made in two tranches:

- (a) Tranche 1 comprising the placement of 18,500,000 Shares at \$0.90 per share to raise \$16,650,000 (**Tranche 1 Shares**). Tranche 1 will be completed on 27 April 2011; and
- (b) Tranche 2 comprising the placement of 14,833,334 Shares at \$0.90 per share to raise \$13,350,000 (**Tranche 2 Shares**) Tranche 2 is the subject of Resolution 3.

Regulatory Matters

Under Rule 7.1 of the ASX Listing Rules there are limitations on the capacity of a listed company to enlarge its capital by the issue of equity securities in any 12 month period. The limitation is to 15%.

In calculating the 15% limitation, issues of equity securities during the 12 month period with shareholder approval are excluded. The Tranche 1 Shares were issued under the 15% limitation, but without Shareholder approval.

Rule 7.4 of the ASX Listing Rules enables an issue of equity securities without shareholder approval under Rule 7.1 to be treated as having been made with approval for the purpose of Rule 7.1 if the issue did not breach that Rule and the holders of ordinary securities subsequently approve it.

Accordingly, the purpose of Resolution 2 is to ratify the issue of the Tranche 1 Shares.

The effect of ratification is that the number of Tranche 1 Shares issued will not be counted for the purposes of determining whether the 15% threshold has been reached under Rule 7.1 of the ASX Listing Rules. The Tranche 1 Shares will comprise part of the total number of issued ordinary securities in the Company against which the 15% threshold will be calculated in the future. Following the passage of Resolution 2 the Company's capacity to issue new equity securities under Rule 7.1 will be fully restored to the 15% limitation.

The issue of the Tranche 1 Shares was exempt from the disclosure document requirements under Chapter 6D of the Corporations Act.

Information relating to the Tranche 1 Shares

Rule 7.5 of the ASX Listing Rules requires that the following information be included in the notice sent to Shareholders for the purposes of Rule 7.4 of the ASX Listing Rules:

- (a) the total number of Tranche 1 Shares issued is 18,500,000;
- (b) the issue price of the Tranche 1 Shares was \$0.90 per Tranche 1 Share;
- (c) the Tranche 1 Shares are fully paid ordinary shares and rank equally with the Company's existing ordinary shares on issue;
- (d) the Tranche 1 Shares were issued to sophisticated and professional investors who are not related parties of the Company, introduced to the Company by Euroz Securities Limited; and
- (e) the funds raised by the issue of the Tranche 1 Shares will be used to strengthen the Company's balance sheet for current and future negotiations with:
 - (i) blue chip clients on large scale schedule of rates contract opportunities; and
 - (ii) financiers in relation to project bonding and contract guarantees for upcoming contracts,

and to fund additional general working capital and issue costs.

RESOLUTION 3: APPROVAL TO ISSUE SHARES

As noted in the explanatory comments on Resolution 2 above, Listing Rule 7.1 prohibits a company from issuing securities representing more than 15% of its issued capital in any 12 month period without shareholder approval.

On 18 April 2011, the Company announced it intended to raise \$30 million pursuant to the Placement in two tranches. Tranche 1, which was completed on 27 April 2011, is the subject of Resolution 2. Tranche 2 is the subject of this Resolution 3. If Resolution 3 is approved the Placement will be completed.

Listing Rule 7.3 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1 and the following information is included in this Explanatory Memorandum for that purpose:

- (a) the maximum number of Tranche 2 Shares to be issued pursuant to Resolution 3 is 14,833,334;
- (b) the issue price of the Tranche 2 Shares will be \$0.90;
- (c) the funds raised by the issue of the Tranche 2 Shares will be used to strengthen the Company's balance sheet for current and future negotiations with:
 - (i) blue chip clients on large scale schedule of rates contract opportunities; and
 - (ii) financiers in relation to project bonding and contract guarantees for upcoming contracts,

and to fund additional general working capital and issue costs;

- (d) the Tranche 2 Shares will be issued to sophisticated and professional investors, who aside from Mr Gianfranco Tomasi and Mr Brian Carman (whose participation is the subject of Resolutions 4 and 5), are not related parties of the Company, introduced to the Company by Euroz Securities Limited;
- (e) it is anticipated that the Tranche 2 Shares will be issued no later than 3 months after the date of the meeting or such later date as approved by ASX by way of ASX granting a waiver from the Listing Rules;
- (f) the Tranche 2 Shares will be issued in a single allotment;
- (g) the Tranche 2 Shares issued pursuant to Resolution 3 will rank equally with existing ordinary shares on issue; and
- (h) a voting exclusion statement is included in this Notice.

RESOLUTIONS 4 AND 5: ISSUE OF SHARES TO MR GIANFRANCO TOMASI AND MR BRIAN CARMAN

Shareholder approval is being sought in Resolutions 4 and 5 to allow Mr Gianfranco Tomasi and Mr Brian Carman, both Directors, to be issued 4,027,131 Shares and 200,000 Shares respectively, as part of Tranche 2 of the Placement (**Director Shares**).

Each of Mr Tomasi and Mr Carman are related parties of the Company by virtue of being Directors.

The Directors Shares are being issued on the same terms as the Shares issued to other investors participating in the Placement. The Company has adopted the same bargaining process in negotiating the issue of the Director Shares as it did with other investors participating in the Placement. Accordingly, the Board has determined that the issue of the Director Shares is on arm's length terms and shareholder approval pursuant to Chapter 2E of the Corporations Act is not required.

However, Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of Shares to a related party of the Company, regardless of whether the transaction is on arm's length terms. If Resolutions 4 and 5 are passed, Shares will be issued to Mr Tomasi and Mr Carman.

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under Listing Rule 10.11. For the purpose of Listing Rule 10.13, the following information is provided to Shareholders:

- (a) the Director Shares will be offered and, if accepted, allotted and issued to Mr Tomasi (4,027,131) and Mr Carman (200,000) (or their respective nominees);
- (b) the maximum number of Director Shares to be issued is 4,227,131;
- (c) the Director Shares will be issued and allotted on a date which will be no later than one month after the date of the Meeting (or such other later date as permitted by any ASX modifications or waiver of the Listing Rules);
- (d) the issue price of the Director Shares will be \$0.90;
- (i) the funds raised by the issue of the Director Shares will be used to strengthen the Company's balance sheet for current and future negotiations with:
 - (i) blue chip clients on large scale schedule of rates contract opportunities; and
 - (ii) financiers in relation to project bonding and contract guarantees for upcoming contracts,
- and to fund additional general working capital and issue costs; and
- (e) the Director Shares will be fully paid ordinary shares and rank equally with the Company's existing ordinary shares on issue.

ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

Attached to the Notice of Meeting is a proxy form for use by Shareholders. All Shareholders are invited and encouraged to attend the Extraordinary General Meeting or, if they are unable to attend in person, to complete, sign and return the proxy form to the Company in accordance with the instructions contained in the proxy form and the Notice of Meeting. Lodgement of a proxy form will not preclude a Shareholder from attending and voting at the Extraordinary General Meeting in person.

GLOSSARY

The following terms and abbreviations used in this Explanatory Memorandum have the following meaning:

ASX:	ASX Limited.
ASX Listing Rules:	The listing rules of the ASX.
Board:	The board of directors of the Company.
Company:	Southern Cross Electrical Engineering Limited (ABN 92 009 307 046).
Constitution:	The constitution of the Company.
Corporations Act:	Corporations Act 2001 (Cth).
Corporations Regulations:	Corporations Regulations 2001 (Cth).
Director:	A member of the Board.
Meeting or Extraordinary General Meeting:	The meeting convened by the Notice.
Notice or Notice of Meeting:	The notice convening the Extraordinary General Meeting which accompanies this Explanatory Memorandum.
Placement:	The private placement of Shares to sophisticated and professional investors to raise approximately \$30 million.
Resolution:	A resolution included in the Notice.
Shareholders:	Holders of Shares.
Shares:	Fully paid ordinary shares in the capital of the Company.
Tranche 1:	The first tranche of the Placement being the placement of 18,500,000 Shares at \$0.90 per share to raise \$16,650,000.
Tranche 2:	The second tranche of the Placement being the placement of 14,833,334 Shares at \$0.90 per share to raise \$13,350,000.
WST:	Western Standard Time, being the time in Perth, Western Australia.



Southern Cross Electrical
Engineering Limited

ABN 92 009 307 046

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 307 262
(outside Australia) +61 3 9415 4671

000001 000 SXE
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

For your vote to be effective it must be received by 10:00am (WST) Tuesday 24 May 2011

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- ☒ Review your securityholding
- ☒ Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Southern Cross Electrical Engineering Limited hereby appoint



the Chairman
of the Meeting OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Southern Cross Electrical Engineering Limited to be held at the Esplanade Hotel, Corner Marine Terrace and Essex Street, Fremantle, Western Australia on Thursday, 26 May 2011 at 10:00am (WST) and at any adjournment of that meeting.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 To Elect Professor Derek Parkin as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Ratification of Prior Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval to Issue Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Issue of Shares to Mr Gianfranco Tomasi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Issue of Shares to Mr Brian Carman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date ____/____/____

S X E

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Computershare +