



Southern Cross Exploration N.L.

A.C.N. 000 716 012

Annual Report for the year ended 30 June 2016

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

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Registered Office

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Auditors

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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

Corporate Governance Statement

The Company's Corporate Governance Statement can be found on the Company's website
www.sxxgroup.com

*The Financial Report was authorised by the Directors on 27 September 2016.
The Company has the power to amend and re-issue the financial report.*



DIRECTORS' REPORT - STATUTORY
FOR THE PERIOD ENDING 30 JUNE 2016

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 2016.

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 loss of \$1,023,038 (2015: profit of \$389,333).

3. Significant changes

There were no significant changes impacting on the consolidated entity during the financial year.

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 29 August 2016 binding pre-sale agreements valued at approximately AU\$10.9 million (circa FJD\$17.1 million) were executed for the sale of property being developed by Wailoaloa Developments Ltd, a company which the Group owns 49% interest. Further details of this transaction are included in the ASX announcement made on 29 August 2016.

There were no other significant matters after balance date.

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 Phillips 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, Resigned 30 November 2015

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 Secretary

John Smith - Appointed 10 November 2014

10. Directors' meetings

The following table sets out the number of meetings of Directors held during the period ended 30 June 2016 and the number of meetings attended by each Director:

Director	Number of Meetings	
	Eligible to Attend	Attended
Craig Coleman	8	8
Andy Phillips	8	8
Stephen Baghdadi	8	8
Antonio Vieira	4	-



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 J Smith.

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 NL are shown below:

Director	Position	2016	2015
		(\$)	(\$)
S. Baghdadi	Director	-	24,000
S. Baghdadi	Consultant	475,000	276,000
A. Phillips	Director	24,000	24,000
C. Coleman	Director	24,000	24,000
C. Coleman	Consultant	-	13,000
A. Vieira	Director	10,000	24,000
J. Smith	Company Secretary	54,000	30,000
	Total	587,000	415,000

Southern 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

12. Results - last five financial years

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

	2012*	2013*	2014*	2015	2016
	\$	\$	\$	\$	\$
Revenue from continuing operations	338,596	447	743,258	835,687	271,005
Total comprehensive profit / (loss)	(5,229,139)	(580,466)	(2,067,321)	389,333	(1,023,038)
Net Assets	3,914,884	4,929,618	4,919,960	5,813,384	4,790,346
Share price at year end	\$0.010	\$0.002	\$0.003	\$0.002	\$0.003

**Note – The Results for 2012 is 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.

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

S Baghdadi
Director

27 September 2016

SOUTHERN CROSS EXPLORATION N L

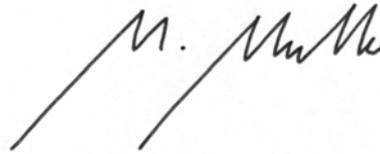
ACN 000 716 012

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 2016, 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.



**Sydney, NSW
27 September 2016**

**M D Muller
Partner**



CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE 12 MONTHS ENDED 30 JUNE 2016

	<u>Note</u>	30 June 2016 \$	30 June 2015 \$
Revenue from continuing operations	2	271,005	835,687
Share of loss of associate		(67,436)	(670,661)
Administration expenses		(967,511)	(582,592)
Finance Costs	3	(19,200)	(217,346)
Depreciation	9	<u>(3,609)</u>	<u>-</u>
Loss before significant items and income tax		(786,751)	(634,912)
Significant items	4	<u>(21,978)</u>	<u>953,584</u>
(Loss)/Profit from continuing operations before income tax		(808,729)	318,672
Income tax expense		<u>-</u>	<u>-</u>
(Loss)/Profit from continuing operations		(808,729)	318,672
Other comprehensive income: Items that may be classified to profit or loss			
Reduction in value of investment in joint venture	15	(226,625)	-
Share of associates foreign current translation reserve		12,316	70,661
Total comprehensive loss for the period		<u>(1,023,038)</u>	<u>389,333</u>
Basic and diluted (loss)/ earnings per share-cents	17	(\$0.08)	\$0.03

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



CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2016

	<u>Note</u>	30 June 2016 \$	30 June 2015 \$
CURRENT ASSETS			
Cash and cash equivalents	5	2,187,180	4,008,145
Available for sale financial assets	6	589,956	6,161
Receivables	7	520,152	223,093
Investment in joint venture	8	-	2,142,061
TOTAL CURRENT ASSETS		<u>3,297,288</u>	<u>6,379,460</u>
NON-CURRENT ASSETS			
Investment in joint venture	8	1,786,497	-
Plant and Equipment	9	31,339	-
Available for sale financial assets	10	104,854	4,854
Investments accounted for using the Equity Method	11	75,950	75,950
TOTAL NON-CURRENT ASSETS		<u>1,998,640</u>	<u>80,804</u>
TOTAL ASSETS		<u>5,295,928</u>	<u>6,460,264</u>
CURRENT LIABILITIES			
Trade and other payables	12	495,582	536,880
Financial liabilities	13	10,000	110,000
TOTAL CURRENT LIABILITIES		<u>505,582</u>	<u>646,880</u>
TOTAL LIABILITIES		<u>505,582</u>	<u>646,880</u>
NET ASSETS		<u>4,790,346</u>	<u>5,813,384</u>
EQUITY			
Share capital	14	22,863,391	22,863,391
Reserves	15	-	226,625
Accumulated losses	16	(18,073,045)	(17,276,632)
TOTAL EQUITY		<u>4,790,346</u>	<u>5,813,384</u>

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 12 MONTHS ENDED 30 JUNE 2016

	Share Capital	Other Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance as at 1 July 2015	<u>22,863,391</u>	<u>226,625</u>	<u>(17,276,632)</u>	<u>5,813,384</u>
Net Loss for the period	-	-	(808,729)	(808,729)
Other comprehensive income	-	<u>(226,625)</u>	<u>12,316</u>	<u>(214,309)</u>
Total comprehensive income / (loss)	-	(226,625)	(796,413)	(1,023,038)
Share Issues	-	-	-	-
Share Issue Costs	-	-	-	-
Balance as at 30 June 2016	<u><u>22,863,391</u></u>	<u><u>-</u></u>	<u><u>(18,073,045)</u></u>	<u><u>4,790,346</u></u>
Balance as at July 2014	<u>22,359,300</u>	<u>226,625</u>	<u>(17,665,965)</u>	<u>4,919,960</u>
Net profit for the period	-	-	318,672	318,672
Other comprehensive income	-	-	<u>70,661</u>	<u>70,661</u>
Total comprehensive income / (loss)	-	-	389,333	389,333
Share Issues	538,423	-	-	538,423
Share Issue Costs	<u>(34,332)</u>	-	-	<u>(34,332)</u>
Balance as at 30 June 2015	<u><u>22,863,391</u></u>	<u><u>226,625</u></u>	<u><u>(17,276,632)</u></u>	<u><u>5,813,384</u></u>

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



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 12 MONTHS ENDED 30 JUNE 2016

	<u>Note</u>	30 June 2016 \$	30 June 2015 \$
Cash flows from Operating Activities			
Other operating receipts		-	177,821
Dividends received		-	21
Interest received		53,217	635,666
Operating expenses		<u>(1,142,345)</u>	<u>(926,700)</u>
Net cash flows used in Operating Activities	28	<u>(1,089,128)</u>	<u>(113,192)</u>
Cash flows from Investing Activities			
Proceeds from repayments of mortgage investment		-	5,314,796
Proceeds from sale of available for sale financial assets		226,777	-
Payment for available for sale financial assets		(698,966)	-
Payment for property plant and equipment		(34,948)	-
Payment for investment in associate		(55,120)	(600,000)
Payments for Joint Venture expenditure		-	(7,357)
Deposits and loans made		<u>(69,580)</u>	<u>-</u>
Net cash flows used in Investing Activities		<u>(631,837)</u>	<u>4,707,439</u>
Cash flows from Financing Activities			
Proceeds from share issues		-	538,423
Capital raising expenses		-	(34,332)
Proceeds from borrowings		-	550,000
Repayment of borrowings		<u>(100,000)</u>	<u>(1,941,533)</u>
Net cash flows used in financing activities		<u>(100,000)</u>	<u>(887,442)</u>
Net (decrease)/increase in cash held		(1,820,965)	3,706,805
Cash at the beginning of the year		<u>4,008,145</u>	<u>301,340</u>
Cash at the end of the year	5	<u><u>2,187,180</u></u>	<u><u>4,008,145</u></u>

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 30 JUNE 2016

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

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 through profit or loss.

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.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

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 an investment with a company involved in the development of property, and other loans made to related 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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

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 2016 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.

	2016 \$	2015 \$
NOTE REVENUE		
2		
Interest revenue	271,005	635,666
Dividend revenue	-	21
Other revenue - related party	-	200,000
	<u>271,005</u>	<u>835,687</u>

Other revenue - related party relates to reimbursement of expenditure from an associate of the Group, Dateline Resources Limited, during 2014/15.

NOTE FINANCE COSTS

3

Interest and finance charges - related parties	-	217,346
Interest and finance charges - non related parties	19,200	-
	<u>19,200</u>	<u>217,346</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

	<u>2016</u>	<u>2015</u>
	\$	\$
NOTE SIGNIFICANT ITEMS		
4		
Bad debts (recovered) written off	(90,899)	(924,827)
Provision/ (write back of provision)	-	(60,000)
Impairment losses-shares in corporations not listed on stock exchanges (Level 3)	6,636	39,874
Loss on investments-listed equity investments (Level 1)	-	(22,790)
Realised and unrealised gains on investments-listed equity investments (Level 1)	(219,222)	-
Legal costs expense	188,908	14,159
Impairment provision (note 8)	136,555	-
	<u>21,978</u>	<u>(953,584)</u>
NOTE CASH AND CASH EQUIVALENTS		
5		
Cash held in banks	<u>2,187,180</u>	<u>4,008,145</u>
These accounts are bearing floating interest rates of between 0% and 1.1% (2015: 0% and 1.5%)		
NOTE AVAILABLE FOR SALE FINANCIAL ASSETS		
6 CURRENT		
Listed equity securities (Level 1)	<u>589,956</u>	<u>6,161</u>
NOTE RECEIVABLES		
7 CURRENT		
Mortgage Investment	2,600,663	2,401,352
Provision for impairment	<u>(2,600,663)</u>	<u>(2,401,352)</u>
	-	-
Debtors and Loans-related parties	370,646	172,141
Debtors and other receivables	229	6,846
Goods and Services Tax	<u>149,277</u>	<u>44,106</u>
	<u>520,152</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.

Debtors and Loan-related parties relates to a loan due from an associate of the Group, Dateline Resources Limited of \$272,527, other expenses paid on behalf of Wailoaloa Developments Ltd of \$69,850 and expenses paid on behalf of Dateline Resources Ltd of \$28,269. 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. The balance of the amounts in debtors is expected to be received according to commercial arrangements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE INVESTMENT IN JOINT VENTURE		
8 CURRENT		
Bigrlyi Joint Venture - at cost	-	1,915,436
Bigrlyi Joint Venture - at revaluation	-	226,625
	<u>-</u>	<u>2,142,061</u>
NON-CURRENT		
Bigrlyi Joint Venture - at cost	1,923,052	-
Bigrlyi Joint Venture - impairment provision (note 4)	(136,555)	-
	<u>1,786,497</u>	<u>-</u>

Southern Cross NL owns a 5 % interest in the Bigrlyi Uranium project in the Northern Territory which has been accounted for in line with AASB 13 Fair Value Measurement. The Board engaged an independent third party expert to determine the fair value of this asset at 12 February 2016. The preferred fair value given in this report was \$1,786,497. The value falls within level 3 of the fair value hierarchy due to one or more significant inputs not being based on observable market data. Although observable market transactions and market information are not fully available, the valuation estimates the fair value at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset). The board of directors also concluded that the cost to sale of the asset is not material for the financial report and will approximate the recoverable amount of the asset to its preferred fair value given in the valuation report.

Having relied on the independent valuation as provided by Minnelex, the Board has determined that it forms a reasonable basis for the estimation of the fair value as defined by AASB 13 Fair value Measurement.

The valuation has weighted 3 different methods in order to come to their fair value range:

1. **Multiples of expenditure (30%):** The appraised value uses the expenditure to date on the project which is multiplied by a prosperity factor. These factors include
 - The geological environment of the property and its exploration potential;
 - The exploration programme planning and implementation;
 - The exploration procedures used and their applicability to the style of mineralisation being sought or expected;
 - The overall scope of the work performed;
 - The effectiveness of the work conducted; and
 - The depth and experience of the management team involved.
2. **Yardstick Method (20%):** This valuation applies a factor to the gross metal value in the ground. This factor varies dependant on the confidence in the resource figures used.
3. **Comparative Valuation (50%):** Approximate value for in-ground uranium can be obtained from a review of past buyouts and feasibility studies. The valuer has identified comparable uranium projects - Yeelirrie and Black Range which were sold in 2012 and 2016 respectively.

A number of unobservable inputs were used in determining fair value. The key unobservable inputs are as follows:

- Cost of percussion drilling of US150/m with estimated average depth of drilling of 60m
- Cost of diamond drilling of US250/m with estimated average depth of drilling of 30m
- Prospectivity enhancement multiplier of 3.
- Estimate of resource:
 - o 20.7Mlb U308
 - o 11.8Mlb V205
- Yardstick method in ground value of between 3%-4%
- Comparative valuation in-ground value between US\$ 0.75/lb and \$1.00/lb.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

NOTE INVESTMENT IN JOINT VENTURE (continued)

8

The unobservable inputs outlined above have a direct relationship to fair value as they underpin the value assigned to each tenement.

The key observable inputs used in determining fair value for the valuation method are as follows:

- Uranium (U308): average 4 years price of \$40USD/ Lb
- Invertec (V205): average 4 years price of \$12USD/ Lb

The valuation report provided the following range for the fair value of the assets and the board determined the mid-point of \$1,131,000 to be the most appropriate recoverable amount:

Low USDS	High USDS	Average USDS
1,070,000	1,550,000	1,310,000

Converted to Australian dollars, the value is AU\$1,786,497. This has resulted in a reduction of the fair value of this investment of \$363,180, \$226,625 of this was offset against the asset revaluation reserve (note 15) and \$136,555 impaired through profit or loss (note 4).

NOTE PLANT & EQUIPMENT

9

Carrying amount of plant and equipment

(a) Motor Vehicles

At cost

Less accumulated Depreciation

Total Motor Vehicles

Movement during the year

Balance at the beginning of the year

Additions

Disposals

Depreciation Expense

Balance at the end of the year

2016

\$

2015

\$

31,339	-
34,948	-
(3,609)	-
31,339	-
-	-
34,948	-
-	-
(3,609)	-
31,339	-

NOTE AVAILABLE FOR SALE FINANCIAL ASSETS

10 NON-CURRENT

Listed securities (Level 1)

Shares in corporations not listed on ASX (Level 3) - at cost

Provision for impairment

4,854	4,332
100,000	463,463
-	(462,941)
104,854	4,854



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

NOTE INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

11 NON-CURRENT

Set out below are the associates of the group at 30 June 2016 which was valued using the equity method.

Associate	Ownership Interest
Wailoaloa Developments Ltd (WDL). Incorporated and operates in Fiji.	49.00%
Dateline Resources Ltd (ASX : DTR). Incorporated and operates in Australia.	19.41%

WDL is a Fijian property development company. DTR is an exploration company listed on the ASX. There is no quoted value for the Group's investment in WDL as this is a private entity. The quoted fair market value of the Group's investment in DTR at 30 June 2016 is \$235,947. No dividend has been received from either WDL or DTR for the year ended 30 June 2016. The Group shares in no contingent liabilities of either WDL or DTR.

(a) Movement in Carrying Value

	Consolidated Group			
	WDL	DTR	30 June 2016	30 June 2015
	\$	\$	\$	\$
Carrying value at the beginning of the period	75,950	-	75,950	-
Investment during the period	-	55,120	55,120	675,950
Share of loss after income tax	-	(55,120)	(55,120)	(670,661)
Share of other comprehensive income	-	-	-	70,661
Carrying value at the end of the period	<u>75,950</u>	<u>-</u>	<u>75,950</u>	<u>75,950</u>

(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	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	\$	\$	\$	\$
Summarised Balance Sheets as at :				
Total current assets	4,979	1,268,934	121,006	78,437
Total non-current assets	10,291,262	8,281,017	4,562,019	3,611,321
Total current liabilities	(10,426,608)	(508,169)	(881,821)	(339,276)
Total non-current liabilities	-	(8,886,227)	-	-
Net Assets	<u>(130,367)</u>	<u>155,555</u>	<u>3,801,204</u>	<u>3,350,482</u>
Summarised statements of comprehensive income				
Total Revenue	-	-	23,293	17,579
Profit/(Loss) from continuing operations	-	-	(617,163)	(4,512,003)
Other Comprehensive Income/(Loss)	-	-	64,747	359,429
Total Comprehensive Income	<u>-</u>	<u>-</u>	<u>(552,416)</u>	<u>(4,152,574)</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE TRADE AND OTHER PAYABLES		
12 CURRENT		
Trade and other payables	178,179	276,766
Trade and other payables - Related parties	317,403	202,416
Provision for legal costs	-	57,698
	<u>495,582</u>	<u>536,880</u>

NOTE FINANCIAL LIABILITIES		
13 CURRENT		
Loans - other (unsecured)	<u>10,000</u>	<u>110,000</u>

NOTE SHARE CAPITAL		
14 Issued		
1,077,243,200 ordinary shares, fully paid (June 2015 - 1,077,243,200)	<u>22,863,391</u>	<u>22,863,391</u>

	30 June 2016	30 June 2016	30 June 2015	30 June 2015
	Number of Shares	\$	Number of Shares	\$
Movement in Issued Capital				
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.

NOTE RESERVES		
15		
Asset revaluation	<u>-</u>	<u>226,625</u>
Movement in Reserve		
Balance at beginning of year	226,625	226,625
Revaluation - Bigrlyi	<u>(226,625)</u>	<u>-</u>
Balance at end of year	<u>-</u>	<u>226,625</u>

Nature and Purpose of Asset Revaluation Reserve

The Asset revaluation Reserve comprises the revaluation of the Investment in the Bigrlyi Uranium Joint Venture (note 8).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

NOTE ACCUMULATED LOSSES	2016	2015
16	\$	\$
Accumulated losses at beginning of period	(17,276,632)	(17,665,965)
Transferred from asset revaluation reserve relating to reduction of fair value of investment in joint venture (note 8)	226,625	-
Total comprehensive income (loss) for the period	<u>(1,023,038)</u>	<u>389,333</u>
Accumulated losses at end of period	<u><u>(18,073,045)</u></u>	<u><u>(17,276,632)</u></u>
NOTE EARNINGS PER SHARE		
17		
Basic and diluted (loss)/earnings per share- cents	(\$0.08)	\$0.03
Net loss used to calculate earnings loss per share	(808,729)	\$318,672
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	1,077,243,200	929,615,288



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

NOTE SEGMENT INFORMATION

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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 2016	Exploration 2016	Other 2016	Total 2015	Exploration 2015	Other 2015
	\$	\$	\$	\$	\$	\$
<i>Segment Assets</i>						
<i>Geographical</i>						
Australia	5,188,639	1,786,497	3,402,142	6,384,314	2,153,076	4,231,238
Fiji (non-current)	107,289	-	107,289	75,950	-	75,950
Total	5,295,928	1,786,497	3,509,431	6,460,264	2,153,076	4,307,188
<i>Segment Revenues</i>						
Australia	71,745	-	71,745	200,021	-	200,021
Fiji (non-current)	199,260	-	199,260	635,666	-	635,666
Total	271,005	-	271,005	835,687	-	835,687
There were no inter-segment revenues						
<i>Segment Liabilities</i>						
Australia	505,582	505,582	-	646,880	646,880	-
<i>Segment Results</i>						
<i>Profit/(Loss)</i>						
Australia	(1,098,939)	-	(1,098,939)	(1,241,821)	(1,241,821)	-
Fiji	290,210	-	290,210	1,560,493	-	1,560,493
Total Profit / (Loss)	(808,729)	-	(808,729)	318,672	(1,241,821)	1,560,493
Total segment loss included :						
Australia						
Interest revenue	71,745	-	71,745	635,666	-	635,666
Interest and Financial expenses	(19,200)	-	(19,200)	(217,346)	-	(217,346)
Material non-cash items :						
Inpairment losses	(136,555)	-	(136,555)	(39,874)	(39,874)	-
Profit/(Loss) on Investments	212,586	-	212,586	22,790	22,790	-
Bad debts recovered/(expensed)	(90,899)	-	(90,899)	924,827	924,827	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

	2016	2015
	%	%
NOTE 19. EXPLORATION AND EVALUATION ASSETS		
Southern Cross Exploration N L held the following interests in exploration projects:		
<u>OVERSEAS</u>		
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;	20	20
MA-P-111-06-04; MA-P-111-07-04		
(The issue of the MPSAs is still pending)		
IRAN - Boma Abad et al (MAGNESITE)		
Southern Cross has an interest in two companies which hold several exploration tenements.		
At 30 June 2016 the Group has impaired all carried forward capitalised exploration assets in line with Australian Accounting Standards.		

	2016	2015
	\$	\$
NOTE 20. AUDITOR'S REMUNERATION		
Audit and review of financial reports (no other services)		
HLB Mann Judd	42,666	38,000



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

	2016 \$	2015 \$
NOTE 21. SUMMARY OF PARENT ENTITY FINANCIAL INFORMATION		
Current Assets	3,833,538	4,549,907
Non Current Assets	131,866	894,334
Total Assets	3,965,404	5,444,241
Current Liabilities	426,910	556,421
Non Current Liabilities	-	-
Total Liabilities	426,910	556,421
Net Assets	3,538,494	4,887,820
Share Capital	22,863,391	22,863,391
Reserves	-	226,625
Accumulated losses	(19,324,897)	(18,202,196)
Total Equity	3,538,494	4,887,820
Profit / (Loss) for the year	(1,122,702)	533,996

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

There is a contingent liability – refer Note 25.

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	
			2016 %	2015 %
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	100



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

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 2016:

As at 30 June 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements				
Listed investments	594,808	-	-	594,808
Unlisted investment	-	-	100,000	100,000
Investment in joint venture	-	-	1,786,497	1,786,497
As at 30 June 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements				
Listed equity securities	11,015	-	-	11,015
Investment in joint venture	-	-	2,142,061	2,142,061

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
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. See further details note 8.	Fair values will be sensitive to future price movements in uranium and changes in estimates of the uranium deposit.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

NOTE 24. 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. The Ganke Group has since registered a caveat over the titles held by Wailoaloa Developments and commenced legal proceedings in Fiji. The Company has advised the courts in Fiji that it intends on defending the claims and will be seeking to have the Caveats removed.

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:

	2016	2015
	\$	\$
Profit / (Loss) from ordinary activities	<u>(808,729)</u>	<u>318,672</u>
Prima facie income tax expense/(benefit) calculated at 30% (2015 30%) on the Loss from ordinary activities	(242,619)	95,602
Amounts non deductible	40,967	-
Future tax benefit / (liability) not brought to account	<u>201,652</u>	<u>(95,602)</u>
Income Tax expense relating to ordinary activities	<u>-</u>	<u>-</u>

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

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.

Should interest rates be increased or decreased by 100 basis points the loss of the Group would increase or decrease by \$21,872 (2015: \$40,081).
- (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 2016 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 2016.

A Vieira, appointed 26 February 2013, resigned 30 November 2015

S Baghdadi, appointed 26 February 2013

A Phillips, appointed 30 August 2013

C Coleman, appointed 20 February 2014

J Smith, appointed 10 November 2014

27.1 Directors' remuneration

Name	Position	Remuneration	2016	2015
			\$	\$
S Baghdadi	Director	Directors' fees	-	24,000
S Baghdadi	Executive Director	Consulting fees	475,000	276,000
A Phillips	Director	Directors' fees	24,000	24,000
A Vieira	Director	Directors' fees	10,000	24,000
C Coleman	Director	Directors' fees	24,000	24,000
C Coleman	Director	Consultant	-	13,000
J Smith	Company Secretary	Company Secretary fees	54,000	30,000
Total remuneration			<u>587,000</u>	<u>415,000</u>

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

**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 2016 Number	Change Number	Director Resignation Number	Balance 30 June 2015 Number
S Baghdadi	265,261,079	45,931,058	-	219,330,021
A Phillips	9,800,000	-	-	9,800,000
C Coleman	200,000	-	-	200,000
A Vieira	-	-	70,000	70,000
J Smith	-	-	-	-
	<u>275,261,079</u>	<u>45,931,058</u>	<u>70,000</u>	<u>229,400,021</u>

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>

27.3 Directors and related party transactions and balances

	2016 \$	2015 \$
Aggregate payables and borrowings at balance date		
Accrued Directors' fees		
S Baghdadi	-	-
A Phillips	-	38,800
C Coleman	-	37,000
A Vieira	60,666	50,666
	<u>60,666</u>	<u>126,466</u>

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.

Consulting fees and other expenses of \$180,787 (2015: \$nil) were payable to S Baghdadi as at 30 June 2016.

During the year ended 30 June 2016 the following related party transaction occurred:

- Southern Cross Exploration NL advanced a further loan of \$76,000 to DTR of which \$0 was repaid and \$226,000 outstanding at 30 June 2016. Interest of 10% amounting to \$18,528 was charged on this loan, all of which was unpaid at 30 June 2016, which was in line with the loan agreement.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 12 MONTHS ENDED 30 JUNE 2016

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

27.4 Other Director related party transactions (continued)

During the year Wailoaloa Developments Ltd, a company which is an associate of the Group, provided a loan of FJ\$ 1.8 million to Stephen Baghdadi, a director of the Group. The loan is repayable by 16 October 2017 with interest payable at 5% per annum. At 30 June 2016 the amount outstanding of this loan including interest was AU\$1,198,967. During the year ended 30 June 2015, Stephen Baghdadi provided a personal guarantee (of up to F\$16 million) 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 the Group incurred consultant expense on behalf of Wailoaloa Developments Ltd of \$69,580 all of which we outstanding at 30 June 2016.

During the year ended 30 June 2015 the following other related party transactions 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 2016. Interest of 10% amounting to \$22,192 was charged on this loan, all of which was unpaid at 30 June 2016, which was in line with the loan agreement.
- Southern Cross Exploration NL charged DTR \$200,000 for services provided by the company.

NOTE 28. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2016	2015
	\$	\$
Profit / (Loss) for the financial year	(808,729)	318,672
Non-cash items		
Depreciation of property, plant and equipment	3,609	-
Realised and unrealised (gain)/write down on investment	(219,222)	65,961
Write-down of investment in joint revenue	136,555	-
Bad debts (recovered)/written off	-	(924,827)
Share of loss of associates	67,436	670,661
Change in Assets and Liabilities		
Change in trade and other receivables	(227,479)	(151,797)
Change in trade and other payables	(41,298)	(91,862)
Net cash flows used in operating activities	<u>(1,089,128)</u>	<u>(113,192)</u>

NOTE 29. EVENTS SUBSEQUENT TO REPORTING DATE

On 29 August 2016 binding pre-sale agreements valued at approximately AU\$10.9 million (circa FJD\$17.1 million) were executed for the sale of property being developed by Wailoaloa Developments Ltd, a company which the Group owns 40% interest. Further details of this transaction are included in the ASX announcement made on 29 August 2016.

There were no other significant matters after balance date.



DIRECTORS' DECLARATION

FOR THE 12 MONTHS ENDED 30 JUNE 2016

1. In the Directors' opinion:
 - (a) the financial statements and notes set out on pages 7 to 29 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 2016 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.

S Baghdadi
Director

27 September 2016

SOUTHERN CROSS EXPLORATION N L

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 statement of financial position as at 30 June 2016, 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 of 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 financial statements of Southern Cross Exploration NL 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 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 audit opinion.

Independence

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

SOUTHERN CROSS EXPLORATION N L

ACN 000 716 012

**INDEPENDENT AUDITOR'S REPORT
(continued)**

Opinion

In our opinion:

- (a) the financial report of Southern Cross Exploration NL 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 2016 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 2016. 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.

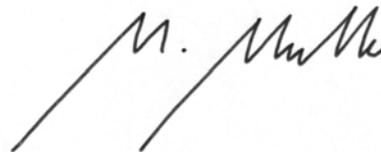
Opinion

In our opinion the Remuneration Report of Southern Cross Exploration NL for the year ended 30 June 2016 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**

**Sydney, NSW
27 September 2016**

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

**M D Muller
Partner**



The following additional information was applicable as at 23 September 2016

1. Number of Holders of each class of equity security and the voting rights attached:

Class of Security	No. of Holders	Voting Rights Attached
Ordinary Shares	930	Each shareholder is entitled to one vote per share held
Unlisted Options	0	N/A

There are a total of 1,077,243,200 ordinary fully paid shares on issue. There are no shares subject to voluntary escrow.

2. Distribution schedule of the number of holders of fully paid ordinary shares is as follows:

Distribution of Holders	Number of Fully Paid Ordinary Shareholders
1 - 1,000	195
1,001 - 5,000	240
5,001 - 10,000	111
10,001 - 100,000	203
100,001 and above	176

3. Holders of non-marketable parcels

Holders of non-marketable parcels are deemed to be those who shareholding is valued at less than \$500.

- There are 728 shareholders who hold less than a marketable parcel of shares.
- The number of fully paid ordinary shareholdings held in less than marketable parcels is 8,181,682.

4. Substantial shareholders

As at report date there are four substantial shareholders.

5. Share buy-backs

There is no current on-market buy-back scheme.

6. Top 20 Shareholders

The top 20 largest fully paid ordinary shareholders together held 88.85% of the securities in this class and are listed below:

Holder Name	Qty	%
CLEVAMAN PTY LTD	265,373,570	24.63%
SPINITE PTY LTD	70,000,000	6.50%
MR MARK JOHNSON	60,000,000	5.57%
NOBLE INVESTMENTS SUPERANNUATION FUND PTY LTD<NOBLE INVESTMENTS S/F A/C>	54,416,070	5.05%
MR PETER DAVID COOPER	52,688,000	4.89%
HANIAN INVESTMENTS PTY LTD	52,305,281	4.86%
MR MAKSYM SHTEYSEL	50,000,000	4.64%
HUGONAM PTY LTD	45,000,000	4.18%
NOBLE INVESTMENTS SUPERANNUATION FUND PTY LTD<NOBLE INV S/F CFL 2 MKT A/C>	42,500,000	3.95%
MR ANDREW PATTERSON	41,022,968	3.81%
NOBLE INVESTMENTS SUPERANNUATION FUND PTY LTD<NOBLE INV S/F TOL ALL A/C>	32,684,978	3.03%
GLENEAGLE SECURITIES (AUST)	30,000,000	2.78%
SUNVEST CORPORATION LIMITED	28,250,000	2.62%
GLENEAGLE SECURITIES (AUST)	22,620,000	2.10%
MR RAYMOND NOEL SKELTON &	18,500,000	1.72%
MR DON KEATING PRICE	16,000,000	1.49%
MR EFIMIY SHTEISEL	13,167,617	1.22%
NOBLE INVESTMENTS	11,300,000	1.05%
MR ROBERT GERARD ADAMSON	10,425,000	0.97%
MR ANDREW PHILLIPS	8,600,000	0.80%
Top 20 Total	924,853,484	85.85%



7. Schedule of Exploration Interests

LOCATION	LICENCE NUMBERS	TOTAL AREA	NET INTEREST
AUSTRALIA			
Uranium and Vanadium			
Bigrlyi Uranium Joint Venture			
- Northern Territory			
(Investment in Joint Venture)			
Bigrlyi Area, Ngalia Basin	ERL's 46 to 45	1,214 ha	5%
Ten exploration Retention Licences and several applications			
OVERSEAS			
Uranium			
TANZANIA - Mkuju River			
Interest in several Exploration Licences			7%
GOLD			
PHILLIPINES			
- Batamgas Gold Project			
Tenement applications - EPA IVA-115 and PMP SA IV-110		3,300 ha	10%
<i>(Interest held by subsidiary - Northern Star Investments (Qld) Pty Ltd)</i>			
- Gold Cross Project - Province of Bulacan			
MA-P-III-02-04; MA-P-III-05-04;		8,000 ha	20%
MA-P-III-06-04; MA-P-III-07-04.			
The issue of the MPSAs is still pending			
IRAN - Borna Abad et al - MAGNESITE			
Southern Cross has an interest in a private group based in Dubai and Teheran holding several exploration tenements			10%