



# Southern Cross Exploration N.L.

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PLEASE ADDRESS ALL CORRESPONDENCE TO GPO BOX 4246 SYDNEY NSW 2001

28 April 2014

*e-mail: Andrew.Kabega@asx.com.au*

ASX Compliance Pty Ltd  
20 Bridge Street  
Sydney NSW 2000

Attention Mr Andrew Kabega - Adviser, Listings (Sydney)

Dear Mr Kabega

## **Re Appendix 5B - Quarterly Report for the quarter ended 31 March 2014**

Reference is made to your letter of 24 April 2014 in respect of the Quarterly Report for the quarter ended 31 March 2014.

Our responses to your queries are as follows:

1. The Company's Balance Sheet as at 31 December 2013 shows a surplus of Assets over Liabilities, indicating that the Company has the ability to fund its exploration and administration expenditure by collecting its receivables and realising its financial assets. It can also raise capital through share placements or other share issues.
2. It is possible that the Company will in future have a negative operating cash flow (similar to a lot of listed exploration companies); however funds can be raised as stated above to fund the Company's operations.
3. The Company continues to seek additional projects with potential for future cash flow as part of the Company's principal objectives, apart from advancing its current projects. Consideration for acquisitions is usually satisfied by way of part-payment in cash and the balance by the issue of shares. Exploration expenditure in respect of current or new projects would be funded by way of equity capital, or by entering into joint ventures with other entities, as is a fairly standard procedure in the exploration and mining sectors.
4. The Company confirms that it is in compliance with the Listing Rules; in particular, Listing Rule 3.1.
5. As regards Listing Rule 12.2, the Company's Balance Sheet as at 31 December 2013 shows Total Assets of \$6,779,340 and Net Assets of \$4,929,619.

The Company's operating results, which show losses, are not unusual for exploration companies until such time as projects come into production, become revenue producing and eventually cash flow positive, and/or they are sold or joint-ventured on favourable commercial terms.

For an on behalf of

Southern Cross Exploration N L

Evelyn Goh  
Secretary



ASX Compliance Pty Limited  
ABN 26 087 780 489  
20 Bridge Street  
Sydney NSW 2000  
PO Box H224  
Australia Square  
NSW 1215

24 April 2014

Evelyn Goh  
Company Secretary  
Southern Cross Exploration NL  
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By Email:

Dear Evelyn,

**Southern Cross Exploration NL (the "Company")**

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 March 2014, released to ASX Limited ("ASX") on 16 April 2014 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales and related debtors of \$NIL.
2. Net negative operating cash flows for the quarter of \$127,000.
3. Cash at end of quarter of \$30,000.

In light of the information contained in the Appendix 5B please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

**Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me **via email to [andrew.kabega@asx.com.au](mailto:andrew.kabega@asx.com.au)**. It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **9.30 am A.E.S.T. on Tuesday, 29 April 2014**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me.

Yours sincerely,

*{Sent electronically without signature}*

Andrew Kabega  
**Adviser, Listings Compliance (Sydney)**