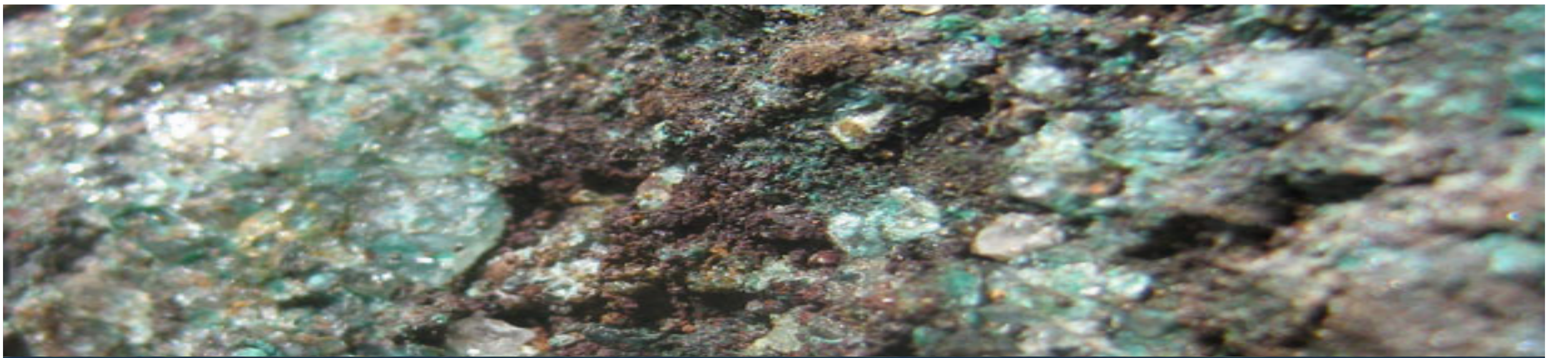
SOUTHERN CROWN RESOURCES LIMITED

ABN: 52 143 416 531

ANNUAL REPORT

2014



Southern Crown
Resources Limited

CORPORATE DIRECTORY

BOARD OF DIRECTORS
Rhod Grivas
Executive Chairman

Mark Papendieck
Non-Executive Director

Adrian Hill
Non-Executive Director

COMPANY SECRETARY
Adrian Hill

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AUDITOR
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MELBOURNE VIC 3000

SHARE REGISTRY
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STOCK EXCHANGE LISTING
Australian Securities Exchange (ASX)
ASX Code: SWR

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CHAIRMAN'S REVIEW

Dear Shareholders,

On behalf of your Board of Directors, I have pleasure in presenting the Annual Report of Southern Crown Resources Ltd ("Southern Crown" or the "Company") for the year ended 30 June 2014.

Southern Crown is a mineral exploration company established for the purpose of acquiring, exploring and developing prospective mineral deposits. Since inception, Southern Crown has held The Dish in New South Wales and the North East Queensland projects which it has continued to progress. During the last 12 months the Board has also spent considerable time assessing numerous business development opportunities for Southern Crown and believes the time to cheaply acquire high quality projects has recently begun to emerge.

During the year the Company has advanced the Ropewalk Project in North East Queensland, including a reverse circulation drilling program. The results of this program gave the Company a first pass understanding of the depth and strike extent to the mineralization as there was previously only documented evidence of 1 drill hole into 720m of strike being tested.

The drilling program successfully located the extension to the Mt Jack deposit outlined by anomalous gold over more than 250m from the mining lease boundary. Considering this was the first drilling program on the Company's project and at a wide spacing for this style of mineralization, the results are very encouraging with gold mineralization reported over approximately 300m within a larger anomalous silver and arsenic zone that extended the full 720m strike tested. The Mt Jack Line warrants follow-up, as drilling highlighted good continuity adjacent to the existing Mt Jack deposit, however this is best achieved with co-operation from the adjacent tenure holder.

The Company continues to review the Australian projects, while also pursuing further investment opportunities including drill-ready exploration projects through to advanced projects with existing resources and upside potential.

I wish to extend my sincere thanks to the Board of Southern Crown for their contributions and efforts to date. Appreciation is also extended to our shareholders for their patience and support during another challenging period of negative sentiment in the junior resources market. Your Board remains committed to pursuing a strategy that will deliver long-term growth to shareholders and look forward to success in the financial year ahead.

Yours faithfully

Rhod Grivas
Executive Chairman

REVIEW OF OPERATIONS

INTRODUCTION

During the year Southern Crown Resources Limited completed an 18 hole drilling program on the Ropewalk tenement EPM 17643 and reported significant gold potential subsequent to analysis of results.

In addition the Group continued to evaluate additional exploration projects both in Australia and globally that could add value to shareholders.

AUSTRALIAN COPPER/GOLD PROJECTS

Ropewalk, Queensland

The Ropewalk Project is located approximately 35km south of Einasleigh in Queensland. The project is located 50km west of the historic Kidston Gold Mine that produced over 3.4 million ounces of gold during its 17-year mine life from 1985 to 2001. This area is considered prospective for epithermal and intrusive related deposits.

The Company was granted the exploration rights for the Ropewalk tenement (EPM 17643 - 324km^2) for a five year term on 3 August 2012.

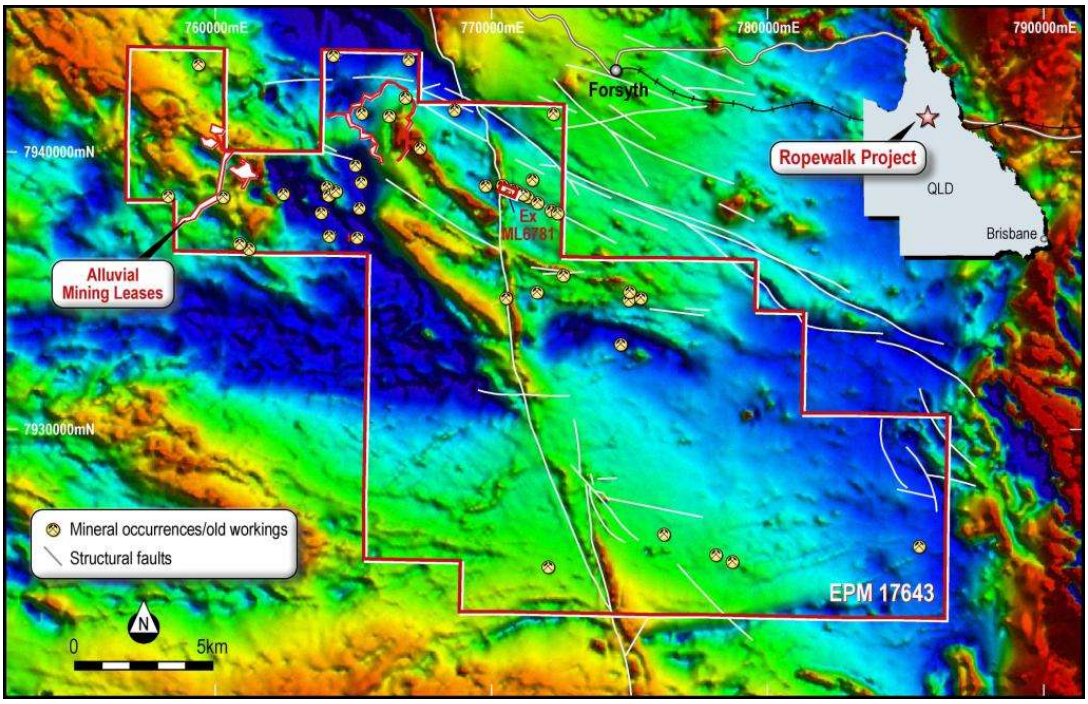

Figure 1: Ropewalk (EPM 17643) with historical mineral occurrence and the magnetics as background image

Since acquisition the Company completed a review of open file data held by the Queensland Department of Natural Resources and Mines; revealing there are 47 historical exploration permits that overlap the Ropewalk tenement. Field work has involved field reconnaissance and a rock chip sampling program. This work focused on the Ropewalk shear zone and associated Mt Jack group of workings in addition to the numerous historical prospects and workings already identified within the tenement to assist in ranking the exploration targets.

In March 2013, a Chinese owned company Australia Gold Mining Pty Ltd ("Aust Gold") announced a new JORC compliant Indicated Resource discovered on Mt Jack ML 6781, a small 600m x 300m mining lease excised from the 100% Company owned Ropewalk EPM 17643.

The Mt Jack Indicated resource is divided into two lodes, the Mt Jack North Reef of 261,000t @ 5.61g/t Au for 42,983oz and the Mt Jack South Reef of 1,269,000t @ 3.39g/t for 124,438 oz, using a specific gravity of 2.5 and an upper cut-off of 10g/t Au[1].

The Mt Jack Line is delineated by a mineralized quartz vein located within a large regional ESE shear zone. The quartz vein can be traced onto the Ropewalk project for 1.8 kilometres and numerous historical workings are evident, including trenching and shallow mining by Union Mining in the late 1990's.

The mineralized shear can be traced in the drilling over the 720 metres of strike tested with anomalous silver and arsenic recorded in all holes drilled. Anomalous levels of above 50ppm arsenic highlight the shear zones in all holes. Arsenic levels above 100ppm (maximum 2,290ppm) are usually coincident with the gold and silver intercepts. Anomalous levels of copper, lead and zinc are also nominally coincident with the gold and silver intercepts but average below 500ppm.

In December 2013, the Company commenced a 1,433 metre reverse circulation drilling program to test along strike extensions to the gold deposit discovered by Aust Gold. This program gave the Company a first pass understanding of the depth and strike extent to the mineralization as there was previously only documented evidence of 1 drill hole into 720m of strike being tested.

Figure 2: RC Drillhole locations

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[1] *http://download.hexun.com/ftp/all_stockdata_2009/all/062%5C241%5C62241397.PDF*

In February 2014, the Company reported encouraging results subsequent to completion of the drilling program. The RC drilling successfully located the extension to the Mt Jack deposit outlined by anomalous gold over more than 250m from the mining lease boundary.

Gold results from the drill program included;

- RWRC003 returned **2m @ 6.04g/t from 32 metres, inc 1m @ 10.30g/t**
- RWRC004 returned **1m @ 22.80g/t** from 32 metres
- RWRC005 returned **3m @ 4.94g/t from 70 metres, inc 1m @ 11.50g/t**
- RWRC006 returned **6m @ 1.71g/t from 88 metres, inc 1m @ 5.50g/t**
- RWRC008 returned **5m @ 3.8g/t from 50 metres, inc 1m @ 6.88g/t**

Detailed results were announced on 19 February 2014 and can be viewed on the company or ASX websites.

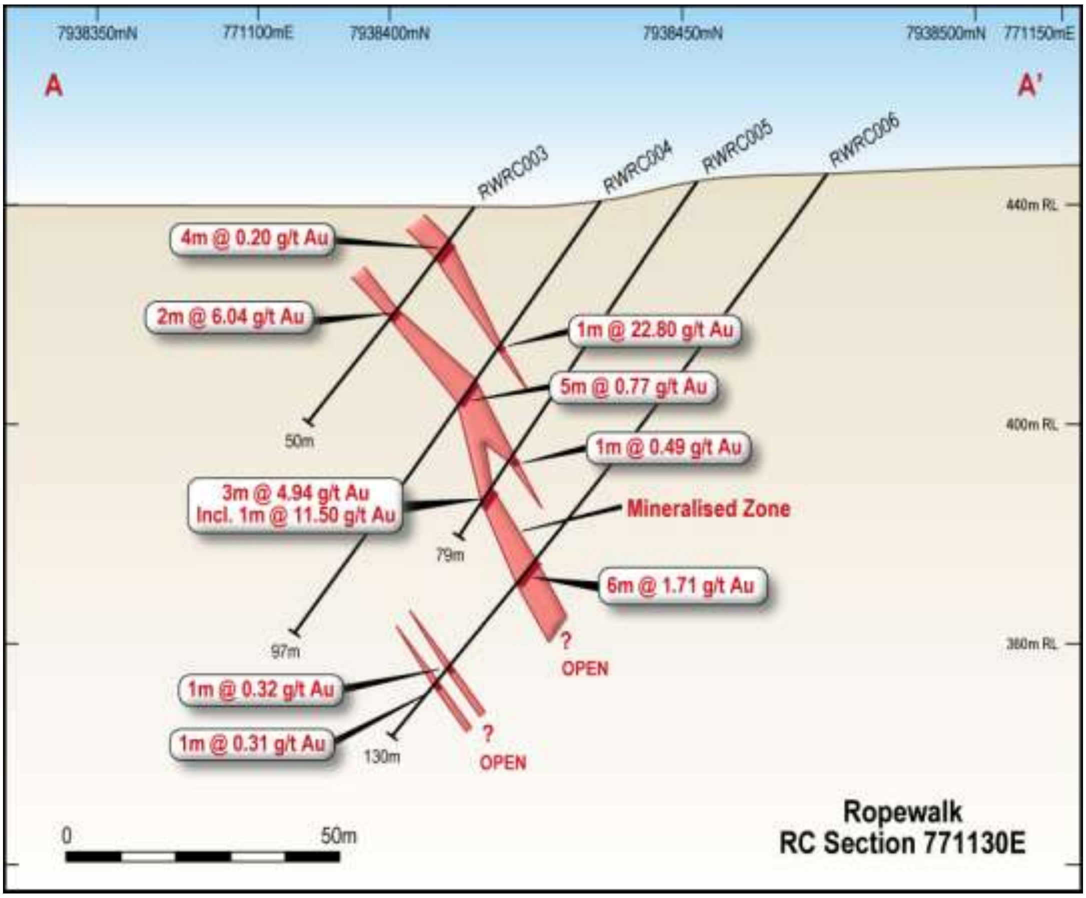

Figure 3: Oblique section - location shown on Figure 2 (GDA94-Zone54)

Although the mineralized shear can be traced in the drilling over the 720 metres of strike tested with anomalous silver and arsenic recorded in all holes drilled, the tenor and continuity of the gold values did not warrant immediate follow-up. The drilling does however appear to have extended the Mt Jack resource mineralization onto the Ropewalk tenement and warrants further drill testing in co-operation with Aust Gold.

The Dish, New South Wales

The Dish Project is located approximately 15km SE of Peak Hill in western New South Wales and 20km east of the 2.5Moz and 1.8Mt North Parkes deposit owned by Rio Tinto. The project has structural, lithological and geochemical similarities to the Wyoming-Caloma gold discovery owned by Alkane.

The Dish is one exploration licence, EL6910 which was granted in October 2007 and renewed in October 2013 year until October 2015 with a tenement reduction from 22 blocks to 9 blocks.

Southern Crown Resources Limited acquired 100% interest in The Dish in December 2010, through its 100% owned subsidiary SC Resources Limited. Since acquisition the company has conducted field reconnaissance, soil auger sampling, completed a low level aero magnetic survey and undertook a detailed aeromagnetic interpretation and targeting study.

The re-interpretation of the geology and structure based on the aeromagnetics has allowed for a better understanding of regional structures such as the NW trending transverse zones including the locally recognised Lachlan Transverse Zone. The Company subsequently undertook a reconnaissance field trip as part of preparations for a soil sampling program. Early in 2013, a sample shallow hand auger geochemistry program was completed over key coincident geological and geophysical ‘prospective’ targets.

Of the total 701 samples collected for low level multi-element analysis, results in both gold and arsenic have highlighted the historic Emu and Great Britain prospects. Results also show elevated results proximal to and along strike to the north of the targets. From the preliminary interpretation there is a correlation between existing mineralization and structure and many of the “prospective” structures remain unexplored.

Magnetic data indicates a more complex geology and distribution of magnetic lithologies than is currently represented on published geological maps. Several prospective target zones are identified for further ground follow up. Further work is underway to guide future exploration.

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Rhoderick Grivas, an employee of the Company and a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Grivas has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Grivas consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT

The Directors of Southern Crown Resources Limited and its subsidiaries (the "Group") submit herewith their report and the consolidated financial statements of the Group for the financial year ended 30 June 2014. In order to comply with the provisions of the *Corporations Act 2001,* the Directors report as follows:

DIRECTORS

The names and details of the Company's Directors at any time during or since the end of the financial year are outlined below. Unless otherwise disclosed, all Directors held their office from 1 July 2013 until the date of this report.

Mr Rhod Grivas - Executive Chairman

Mr Rhod Grivas is a geologist with over 23 years experience in corporate and technical management of resource companies. He has held a number of executive director positions with resource companies including as Managing Director of ASX and TSX listed Dioro Exploration prior to its takeover by Avoca Resources Limited in early 2010.

Listed company directorships held by Mr. Grivas in the past three years:
Canyon Resources Limited
Equator Resources Limited (Resigned January 2013)
Coventry Resources Limited (Resigned December 2012)
Lodestar Minerals Limited (Resigned April 2012)

Mr Mark Papendieck - Non-Executive Director

Mr Mark Papendieck is an experienced executive who has successfully managed and built exploration companies in South America and Australia. Mr Papendieck is currently the Managing Director of Orinoco Gold Ltd, an ASX Listed Company exploring for gold in South America. In addition to his resources industry experience, Mr Papendieck has also previously held senior executive roles in the financial services industry and holds a Diploma of Law from the NSW Legal Practitioners Admission Board.

Listed company directorships held by Mr. Papendieck in the past three years:
Orinoco Gold Limited

Mr Adrian Hill - Non-Executive Director and Company Secretary

Mr Hill is a Chartered Accountant and Fellow of the Financial Services Institute of Australia. Mr Hill has more than 20 years Australian and international experience in strategic and finance roles in the resources, infrastructure and investment banking industries. He has an established record in strategy development, investment analysis, transaction management, corporate structuring and capital raising.

In the last three years Mr. Hill has held no other listed company directorships.

Refer to the Remuneration Report for details of the Directors share and option holdings.

PRINCIPAL ACTIVITIES

During the year the principal activities of the Group consisted of exploration for copper-gold resources in Australia and evaluation of additional exploration project opportunities globally.

There were no significant changes in the nature of the activities undertaken by the Group.

REVIEW OF OPERATIONS

Refer to the Review of Operations preceding this Directors' Report.

FINANCIAL POSITION

The net assets of the Group were $2,263,503 as at 30 June 2014. The working capital, being current assets less current liabilities was $1,507,153. The variance between the net assets and working capital is predominately due to exploration activities on the Group's non-current investments in The Dish and Ropewalk Projects.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No entities were acquired or disposed of during the period.

FUTURE DEVELOPMENTS

Over the coming year the Group will further explore existing projects within Australia and will continue to explore and evaluate additional mineral exploration project opportunities globally.

EVENTS SUBSEQUENT TO REPORTING DATE

On 20 August 2014 the Group signed an exclusive option agreement ("Option") with Afranex Gold Ltd ("Afranex"), an unlisted Australian company to explore and acquire a package of projects with highly prospective multi metallic targets located 500km west of Anchorage in the South West Tintina gold belt of Alaska. The Option includes 3 projects (Luna-Quicksilver, Kisa and Chilly), totalling 138km^2. Afranex holds the rights to 100% of the three projects with an expiry date 4 months after the completion of 1,200m of core drilling or 31 December 2015, whichever occurs first.

On exercising the Option, Southern Crown is required to issue 30 million ordinary shares, with the major vendor shareholder group subject to a voluntary 12 month escrow period. The Company has agreed to pay up to $100,000 to Afranex to cover exploration and corporate costs.

On 28 August 2014 a placement of up to 13 million shares at a price of $0.05 per share was announced to raise up to $650,000.

DIVIDENDS

No dividend has been declared or paid since the incorporation of the Group on 30 April 2010 and the Directors do not recommend the payment of any dividend in respect of the financial year ended 30 June 2014.

ENVIRONMENTAL REGULATIONS

The Group holds participating interests in a number of mineral exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agency during the financial year ended 30 June 2014.

SHARE OPTIONS

There have been no share options granted to Directors and executives or their nominees in the financial year ended 30 June 2014. Options over ordinary shares of Southern Crown Resources Limited at the date of this report are as follows:

Item	Number of Options	Exercise Price of Options	Exercised Options	Expired Options	Balance	Expiry Date of Options
Unlisted Options	2,000,000	$0.25	-	(2,000,000)	-	23 July 2013
	2,000,000	$0.25	-	(2,000,000)	-	24 Nov 2013
	500,000	$0.25	-	-	500,000	23 July 2015
	500,000	$0.25	-	-	500,000	2 June 2016
	500,000	$0.35	-	-	500,000	2 June 2016
	5,500,000		**-**	**(4,000,000)**	**1,500,000**	

REMUNERATION REPORT (AUDITED)

The Directors of Southern Crown Resources Limited present the Remuneration Report prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001.*

The remuneration report is set out under the following main headings:

a. Principles used to determine the nature and amount of remuneration
b. Details of remuneration
c. Service agreements
d. Share-based remuneration
e. Other information

a. Principles used to determine the nature and amount of remuneration

The remuneration of the Group has been designed to align Director and Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives based on key performance areas. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Executives and Directors to run and manage the Group, as well as create goal congruence between Directors, Executives and shareholders.

Executive Director Remuneration

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Group and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles. No external remuneration consultant was used during the period.

All remuneration paid to Directors and Executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

Non-Executive Director Remuneration

Non-Executive Directors' fees are paid within an aggregate limit which is approved by the shareholders. The limit of Non-Executive Director fees was set at a maximum of $250,000 at a Board meeting held on 12 May 2010. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the *Corporations Act 2001* at the time of the Director's retirement or termination. Non-Executive Directors' remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with the ASX Listing Rules.

Performance Based Remuneration

Remuneration packages do not include performance-based components. An individual member of staff's performance assessment is done by reference to their contribution to the Group's overall operational achievements. All Directors and Executives hold shares and/or options in the Group to facilitate goal congruence between Executives with that of the business and shareholders.

Relationship between the remuneration policy and company performance

The table below sets out summary information about the Group's earnings and movements in shareholder wealth.

	30 June 2014 $	30 June 2013 $	30 June 2012 $	30 June 2011* $
Net profit/(loss) after tax	(289,751)	(456,222)	(1,941,815)	(735,797)
Dividends (cents per share)	-	-	-	-
Share price	$0.035	$0.040	$0.085	$0.25
Basic EPS (cents)	(0.97)	(1.52)	(5.55)	(4.46)
Diluted EPS (cents)	(0.97)	(1.52)	(5.55)	(4.46)

* For the period from the date of incorporation, 30 April 2010 to 30 June 2011

The remuneration of the Directors and Executives is not linked to the performance, share price or earnings of the Group.

Voting and comments made at the company's last Annual General Meeting

Southern Crown Resources Limited received no votes against its Remuneration Report for the financial year ended 30 June 2013. The company received no specific feedback on its Remuneration Report at the Annual General Meeting.

b. Details of Remuneration

Details of the nature and amount of each element of the remuneration of each key management personnel of Southern Crown Resources Limited are as follows:

30 June 2014	Short-term benefits	Post-employment	Equity based compensation		
Directors	Salary and Fees $	Superannuation $	Shares $	Options $	Total $
Executive Directors					
Mr R Grivas[3]	113,306	10,481	-	-	123,787
Non-Executive Directors					
Mr M Papendieck[4]	36,080	2,158	-	-	38,238
Mr A Hill	35,000	3,237	-	-	38,237
	184,386	**15,876**	**-**	**-**	**200,262**

30 June 2013	Short-term benefits	Post-employment	Equity based compensation		
Directors	Salary and Fees $	Superannuation $	Shares $	Options $	Total $
Non-Executive Directors					
Mr R Grivas	51,923	4,673	-	-	56,596
Mr M Papendieck[1]	38,150	-	-	-	38,150
Mr A Hill[2]	38,150	-	-	-	38,150
	128,223	**4,673**	**-**	**-**	**132,896**

1Mr M Papendieck's fees were paid to Charlomont Group Pty Ltd, an entity associated with Mr Papendieck.

[2]Mr A Hill's fees were paid to Matzo Consulting Pty Ltd, an entity associated with Mr Hill.

[3]Mr R Grivas role changed from Non-Executive Director to Executive Director effective 1 April 2014.

[4]Mr M Papendieck's fees were paid to Charlomont Group Pty Ltd during the period 1 July 2013 to 31 October 2013, an entity associated with Mr Papendieck.

Remuneration paid to key management personnel is not performance based.

c. Service Agreements

The Group has a management services agreement in place with Westoria Capital Pty Ltd which has provided various advisory, company secretarial, accounting and other administrative services. Westoria Capital was paid $117,600 for these services in addition to $12,050 Rent during the financial year ended 30 June 2014. Mr Adrian Hill is an Executive Director of Westoria Capital Pty Ltd.

d. Share Based Remuneration

Options Issued as Part of Remuneration for the financial year ended 30 June 2014

No options were issued during the period as part of the compensation.

Shares Issued as Part of Remuneration for the financial year ended 30 June 2014

No shares were issued during the period as part of the compensation.

e. Other Information

The following table provides details of shares and options held by Key Management Personnel.

Share and Option holdings of Directors and Key Management Personnel or their nominees

The relevant interest of each director in the shares and options over such shares issued by the companies within the Group and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, as at 30 June 2014 is as follows:

	Shares		Options			
	Ordinary Shares No.	Performance Shares No.	Options No.	Exercise Price $	First exercise date	Last exercise date
Mr R Grivas	796,667	-	500,000	$0.25	-	23 July 2015
Mr M Papendieck	25,000	-	-	-	-	-
Mr A Hill	388,475	-	-	-	-	-

The movement during the reporting period in the number of options over ordinary shares in Southern Crown Resources Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2014	Opening Balance	Granted as Compensation	Exercised	Other Changes*	Vested and exercisable at 30 June 2014
Mr R Grivas	500,000	-	-	-	500,000
Total	**500,000**	**-**	**-**	**-**	**500,000**

2013	Opening Balance	Granted as Compensation	Exercised	Other Changes*	Vested and exercisable at 30 June 2013
Mr R Grivas	505,000	-	-	(5,000)	500,000
Mr M Papendieck	12,500	-	-	(12,500)	-
Mr A Hill	62,500	-	-	(62,500)	-
Total	**580,000**	**-**	**-**	**(80,000)**	**500,000**

* Other changes represent options that expired or were forfeited during the year.

Share holdings by Directors and Key Management Personnel or their nominees

2014	Opening Balance	Conversion of Options	Compensation	Purchased/ (Sold)	Balance 30 June 2014
Mr R Grivas	676,667	-	-	120,000	796,667
Mr M Papendieck	25,000	-	-	-	25,000
Mr A Hill	275,000	-	-	113,475	388,475
Total	**976,667**	**-**	**-**	**233,475**	**1,210,142**

2013	Opening Balance	Conversion of Options	Compensation	Purchased/ (Sold)	Balance 30 June 2013
Mr R Grivas	676,667	-	-	-	676,667
Mr M Papendieck	25,000	-	-	-	25,000
Mr A Hill	275,000	-	-	-	275,000
Total	**976,667**	**-**	**-**	**-**	**976,667**

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings held during the financial year ended 30 June 2014 and the number of meetings attended by each Director. During the period, 4 Board meetings were held. There is no separate nomination, remuneration or audit committee.

Name	Board Meetings	
	Held	Attended
Mr R Grivas	4	4
Mr M Papendieck	4	4
Mr A Hill	4	4

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial period, the Group renewed a premium in respect of a contract insuring the Directors of the Group (as named above), the company secretary and all executive officers of the Group and of any related body corporate against a liability incurred as such as a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001.* The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the end of the period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

NON-AUDIT SERVICES

The Directors are satisfied that the provision of the non-audit services, during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standards of independence for auditors imposed by the *Corporations Act 2001.*

No officers of the Group are former partners of Grant Thornton.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under *Section 237 of the Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under s.307C of the Corporation Act 2001 in relation to the audit of the full year is included in page 15.

Grant Thornton Audit Pty Ltd continues in office in accordance with s. 327 of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Rhod Grivas
Chairman

29 August 2014

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Auditor's Independence Declaration
To the Directors of Southern Crown Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Southern Crown Resources Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 29 August 2014

DIRECTOR'S DECLARATION

In the Director's opinion:

a. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

b. the attached financial statements and notes thereto are in compliance with International Financial Reporting Standards, as stated in Note 3 to the financial statements; and

c. the attached financial statements and notes thereto, are in accordance with the Corporations Act 2001, including compliance with Australia Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and give a true and fair view of the financial position and performance of the Group.

The Directors have been given the declarations required by *s.295A* of the *Corporations Act 2001.*

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Rhod Grivas
Chairman

29 August 2014

Grant Thornton

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Independent Auditor's Report
To the Members of Southern Crown Resources Limited

Report on the financial report

We have audited the accompanying financial report of Southern Crown Resources Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising 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. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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.

Auditor's opinion

In our opinion:

a the financial report of Southern Crown Resources Limited is in accordance with the Corporations Act 2001, including:

- i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- ii complying with Australian Accounting Standards and the Corporations Regulations 2001.

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Southern Crown Resources Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 29 August 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Note	30 June 2014 $	30 June 2013 $
Interest revenue		60,671	105,082
Administration expenses		(34,521)	(43,346)
Professional fees		(187,060)	(227,412)
Director fees		(128,841)	(110,456)
Exploration expenditure written off		-	(180,090)
Loss before income tax expense		**(289,751)**	**(456,222)**
Income tax expense	5	-	-
Loss attributable to members of the parent entity		(289,751)	(456,222)
Other comprehensive income		-	-
Total comprehensive loss		**(289,751)**	**(456,222)**
Loss per share	**22**	**Cents per Share**	**Cents per Share**
Basic loss per share		(0.97)	(1.52)
Diluted loss per share		(0.97)	(1.52)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	As at 30 June 2014 $	As at 30 June 2013 $
Current Assets			
Cash and cash equivalents	8	1,546,611	2,100,668
Trade and other receivables	9	4,788	6,997
Other current assets	10	11,313	25,291
Total Current Assets		**1,562,712**	**2,132,956**
Non-Current Assets			
Other non-current assets	11	10,000	12,500
Tenement acquisition and exploration costs	12	746,350	457,289
Total Non-Current Assets		**756,350**	**469,789**
Total Assets		**2,319,062**	**2,602,745**
Current Liabilities			
Trade and other payables	13	55,559	49,491
Total Current Liabilities		**55,559**	**49,491**
Net Assets		**2,263,503**	**2,553,254**
Equity			
Share capital	14	5,394,717	5,394,717
Option Reserves		195,117	292,080
Accumulated losses		(3,326,331)	(3,133,543)
Total Equity		**2,263,503**	**2,553,254**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Share Capital $	Option Reserve $	Accumulated Losses $	Total $
Balance at 30 June 2012	**5,819,717**	**292,080**	**(2,677,321)**	**3,434,476**
Shares cancelled	(425,000)	-	-	(425,000)
Total comprehensive loss for the period	-	-	(456,222)	(456,222)
Balance at 30 June 2013	**5,394,717**	**292,080**	**(3,133,543)**	**2,553,254**
Expired options	-	(96,963)	96,963	-
Total comprehensive loss for the period	-	-	(289,751)	(289,751)
Balance at 30 June 2014	**5,394,717**	**195,117**	**(3,326,331)**	**2,263,503**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Note	30 June 2014 $	30 June 2013 $
Cash Flows From Operating Activities			
Interest received		74,566	110,348
Payments to suppliers and employees		(340,522)	(365,588)
Net cash from (used in) operating activities	**20**	**(265,956)**	**(255,240)**
Cash Flows From Investing Activities			
Purchase of tenements, acquisitions and exploration costs		(290,601)	(61,197)
Proceeds from security deposit		2,500	-
Net cash from (used in) investing activities		**(288,101)**	**(61,197)**
Net change in cash and cash equivalents		(554,057)	(316,437)
Cash and cash equivalents at beginning of period		2,100,688	2,417,105
Cash and cash equivalents at the end of period	**8**	**1,546,611**	**2,100,668**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

1. GENERAL INFORMATION

Southern Crown Resources Limited (the "Company") is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). Southern Crown Resources Limited is a for-profit entity for the purpose of preparing the financial statements. The addresses of its registered office and principal place of business are disclosed in the introduction to the financial report. The principal activities of the Company and its subsidiaries (the "Group") are described in the Director's Report.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

2.1 Accounting standards issued but not yet effective and not adopted early by the Group

AASB 9 Financial Instruments

The entity does not have any financial liabilities or assets measured at fair value through profit or loss. Therefore, there will be no impact on the financial statements on adopting this change.

2.2 New and amended standards adopted by the group

AASB 10 Consolidated Financial Statements

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB 11 Joint Arrangements

There has been no impact on transactions and balances recognised in the financial statements as the entity has not entered into any joint arrangements.

AASB 12 Disclosure of Interest in Other Entities

As this is a disclosure standard only, there was no impact on amounts recognised in the financial statements. No additional disclosures were required as the Company held no interests in associates and joint arrangements, nor does it hold an interest in any unconsolidated structured entities.

AASB 119 Employee Benefits

Adoption of this change had no significant impact on the financial statements.

AASB 127 Separate Financial Statements

As these revised standards did not introduce new requirements there was no impact on the financial statements.

AASB 13 Fair Value Measurement

Adoption of this change had no impact on the financial statements.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

Adoption of these amendments has had no significant impact on the entity.

AASB Interpretation 20 Stripping Costs in the Production Phase of Surface Mining

The entity does not operate a surface mine. Therefore, there is no impact on the financial statements on adoption of this interpretation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below.

3.1 Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001,* Australian Accounting Standards and Interpretations, and comply with other requirements of the law.

Australian Accounting Standards incorporate International Financial Reporting Standards (IFRS's) as issued by the International Accounting Standards Board. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with IFRS's.

The financial statements were authorised for issue by the directors on 29 August 2014.

3.2 Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

3.3 Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company and its subsidiaries as listed in Note 25 (collectively the "Group"). Control is achieved where the Company is exposed, or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns. All inter-company balances and transactions between entities, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries are consistent with those policies applied by the parent entity.

3.4 Going Concern

The financial report has been prepared on the going concern basis which contemplates continuity of normal business activities and realization of assets and settlement of liabilities in the ordinary course of business. The going concern of the Group is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors continue to monitor the ongoing funding requirements of the Group. The Directors are confident that sufficient funds can be secured if required by a combination of capital raising, sale of assets or joint ventures to enable the Group to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

3.5 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured.

3.5.1 Interest Revenue

Interest revenue is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.6 Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is determined by application of the Black-Scholes methodology.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the option reserve.
No amounts have been recognised in the financial statements in respect of other equity-settled shared based payments.
Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognized in profit or loss for the year.

3.7 Taxation

The income tax expense (revenue) comprises current income tax expense (income) and deferred tax expense (income).

3.7.1 Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date.

Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

3.7.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related assets or liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.7.3 Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

3.8 Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognized in prior financial periods shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

The useful lives of Fixed Assets of 2-4 years have been used in the calculation of depreciation and amortization.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.9 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

a. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
b. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable, the tax authority.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.11 Exploration Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

a. the rights to tenure of the area of interest are current; and
b. at least one of the following conditions is also met:
   i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest or by its sale; or
   ii) Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

3.12 Operating Segments

Operating Segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision

Makers (‘CODM’). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

3.13 Contributed Equity

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.14 Impairment of non-financial assets

At each reporting date or more frequently if events or changes in circumstances indicate a possible impairment, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are largely independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset excluding goodwill (cash-generating unit) is increased to the revised estimate of it recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.15 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with the dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.16 Business Combination

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

3.17 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any provision for impairment.

3.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

3.19 Non-current assets and liabilities classified as held for sale and discontinued operations

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if sale within 12 months is highly probable, the asset or disposal group is classified as ‘held for sale’ and presented separately in the statement of financial position. Liabilities are classified as ‘held for sale’ and presented as such in the statement of financial position if they are directly associated with a disposal group.

Assets classified as 'held for sale' are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some 'held for sale' assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's accounting policy for those assets. Once classified as 'held for sale', the assets are not subject to depreciation or amortisation.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgments in applying accounting policies

Tax Losses

The Group has not recognized a deferred tax asset with regard to unused tax losses and other temporary differences, as it has not been determined whether the Group will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilized in the foreseeable future.

Share Based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to the equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Exploration and Evaluation Assets

At each reporting date, the directors review the carrying value of each area of interest, with reference to the indicators of impairment outlined in AASB 6 - Exploration for and Evaluation of Mineral Resources.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

5. INCOME TAX EXPENSE

	30 June 2014 $	30 June 2013 $
(a) The components of income tax expense/(benefit) comprise:		
Current income tax charge	-	-
Deferred income tax relating to utilisation/(recognition) of tax losses	-	-
Deferred income tax relating to origination and reversal of temporary differences	-	-
Income tax expense/(benefit) reported in profit or loss	**-**	**-**
(b) Numerical reconciliation of income tax expense to prima facie tax payable:		
Profit/(loss) from ordinary activities before income tax	**(289,751)**	**(456,222)**
Prima facie tax benefit at the Australian tax rate of 30%	86,925	136,867
Tax effect of amounts which are not deductible in calculating taxable income:		
- Other non-deductible expenses	-	-
Add/(Less) Temporary Differences		
- Annual leave accrual	-	-
- Unpaid superannuation	(1,382)	(363)
Under/(over) provision – prior year	-	-
Tax effect of current period tax losses for which no deferred tax asset has been recognised	(85,543)	(136,504)
Income tax expense/(benefit)	**-**	**-**
(c) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility occur:		
Temporary differences	1,382	363
Tax losses: operating losses	1,000,986	915,443
	1,002,368	**915,806**

The taxation benefits of losses and temporary differences not brought to account will only be obtained if:

i) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realized;

ii) The Group continues to comply with the conditions for deductibility imposed by law; and

iii) No change in tax legislation adversely affects the Group in realizing the benefits from deducting the losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

6. KEY MANAGEMENT PERSONNEL

a. The names of key management personnel of the entity at any time during the financial year ended 30 June 2014 are:

Mr R Grivas	Executive Chairman
Mr A Hill	Non-executive Director / Company Secretary
Mr M Papendieck	Non-executive Director

Mr Adrian Hill's services as the Company Secretary are provided as part of an ongoing management services agreement between the Group and Westoria Capital Pty Ltd.

There have been no changes in key management personnel since 30 June 2014.

b. Compensation practices

Details of Key Management Personnel compensation practices are contained in the Remuneration Report within the Director's Report.

c. Aggregate Key Management Personnel Compensation

	30 June 2014 $	30 June 2013 $
Short-term employment benefits	184,386	128,223
Post employment benefits	15,876	4,673
Equity based payments	-	-
	200,262	132,896

The Group has a management services agreement in place with Westoria Capital Pty Ltd which has provided various advisory, company secretarial, accounting, and other administrative services. Westoria Capital was paid $117,600 for these services during the financial year ended 30 June 2014. Mr Adrian Hill is an Executive Director of Westoria Capital Pty Ltd.

Information regarding individual directors and executive's compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report section of the Directors Report.

d. Loans/Payables to Key Management Personnel

There are no amounts payable to Key Management Personnel at 30 June 2014.

e. Other transactions with Key Management Personnel

Other transactions with Key Management Personnel during the financial year ended 30 June 2014 are detailed in Note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	30 June 2014 $	30 June 2013 $

7. AUDITORS REMUNERATION

	30 June 2014 $	30 June 2013 $
Audit services		
Auditing and/or reviewing the financial report	31,095	31,130
Total audit services remuneration	**31,095**	**31,130**

8. CASH AND CASH EQUIVALENTS

	30 June 2014 $	30 June 2013 $
Cash at Bank	2,489	16,875
High Interest Account	84,814	83,793
Term Deposits	1,459,308	2,000,000
	1,546,611	**2,100,668**

9. TRADE AND OTHER RECEIVABLES

	30 June 2014 $	30 June 2013 $
Goods and services tax receivables	4,519	6,997
Other receivables	269	-
	4,788	**6,997**

All the receivables are short term and the carrying values of the items are considered to be a reasonable approximation of fair value.

10. OTHER CURRENT ASSETS

	30 June 2014 $	30 June 2013 $
Pre-paid Expenses	5,585	5,810
Interest Receivable	5,728	19,481
	11,313	**25,291**

11. OTHER NON-CURRENT ASSETS

	30 June 2014 $	30 June 2013 $
Security Bond	**10,000**	**12,500**

12. TENEMENT ACQUISITION AND EXPLORATION COSTS

	30 June 2014 $	30 June 2013 $
Movement in exploration and evaluation assets		
Opening balance at cost	457,289	574,642
Capitalised exploration expenditure	289,061	62,737
Balance Additions	**746,350**	**637,379**
Exploration expenditure written off	-	(180,090)
Carrying amount at the end of year	**746,350**	**457,289**

Recoverability of the carrying amount of exploration assets is dependent upon the successful exploration and sale of resources.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

Expenditure of $290,601 has been included in cash flows from investing activities in the statement of cash flows.

	30 June 2014 $	30 June 2013 $

13. TRADE AND OTHER PAYABLES

Trade and other payables	55,559	49,491
	55,559	**49,491**

All the payables are short term and the carrying values of the items are considered to be a reasonable approximation of fair value.

14. ISSUE OF EQUITY SECURITIES

	30 June 2014 $	30 June 2013 $
Fully paid ordinary shares	5,394,717	5,394,717
Ordinary shares		
Balance at the beginning of the reporting period	30,001,482	35,001,482
Shares cancelled during the period	-	(5,000,000)
Shares issued during the period	-	-
Balance at reporting date	**30,001,482**	**30,001,482**

15. SHARE-BASED PAYMENTS

Share Options

The option reserve records items recognised as expenses on valuation of share options.

2014							
Grant date	Expiry Date of Options	Exercise Price of Options	Balance at start of year	Exercised during the year	Expired / Forfeited/ Other	Balance at end of the year	Exercisable at end of year
23/7/2010	23/7/2015	$0.25	500,000	-	-	500,000	500,000
23/7/2010	23/7/2013	$0.25	2,000,000	-	(2,000,000)	-	-
1/12/2010	24/11/2013	$0.25	2,000,000	-	(2,000,000)	-	-
3/6/2011	2/6/2016	$0.25	500,000	-	-	500,000	500,000
3/6/2011	2/6/2016	$0.35	500,000	-	-	500,000	500,000
			5,500,000	-	(4,000,000)	1,500,000	1,500,000
Weighted average exercise price			$0.26	-	-	$0.28	$0.28

2013							
Grant date	Expiry Date of Options	Exercise Price of Options	Balance at start of year	Exercised during the year	Expired / Forfeited/ Other	Balance at end of the year	Exercisable at end of year
23/7/2010	23/7/2015	$0.25	500,000	-	-	500,000	500,000
23/7/2010	23/7/2013	$0.25	2,000,000	-	-	2,000,000	2,000,000
1/12/2010	24/11/2013	$0.25	2,000,000	-		2,000,000	2,000,000
3/6/2011	2/6/2016	$0.25	500,000	-	-	500,000	500,000
3/6/2011	2/6/2016	$0.35	500,000	-	-	500,000	500,000
			5,500,000	-		5,500,000	5,500,000
Weighted average exercise price			$0.26	-	-	$0.26	$0.26

Option Valuation

In accordance with AASB 2, the value of options granted has been independently assessed.

Expenses arising from share-based payment transactions

In total, no (2013:$nil) employee remuneration expense (all of which related to equity-settled share-based payment transactions) has been included in profit or loss for 2014 and credited to share option reserve.

16. DIVIDENDS

There have been no dividends paid or proposed during in respect of the period ended 30 June 2014.

17. COMMITMENTS FOR EXPENDITURE

In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals to meet minimum expenditure requirements of the relevant mineral resources authority. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment.
These obligations are not recorded in the financial statements.

	30 June 2014 $	30 June 2013 $
Exploration Tenements – Commitments for expenditure		
Not longer than 1 year	764,000	287,054
Longer than 1 year and not longer than 5 years	2,164,000	2,950,000
	2,928,000	**3,237,054**

18. RELATED PARTY DISCLOSURES

Key Management Personnel Compensation

Details of key management personnel compensation are disclosed in the Remuneration Report and Note 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

Transactions with Key Management Personnel

Transactions between related parties are on normal commercial terms and conditions no more favorable then those available to other parties unless otherwise stated.

Transactions with Director Related Entities

The Group has a management services agreement in place with Westoria Capital Pty Ltd which has provided various advisory, company secretarial, accounting and other administrative services. Westoria Capital was paid $117,600 for these services in addition to $12,050 Rent during the financial year ended 30 June 2014. Mr Adrian Hill is an Executive Director of Westoria Capital Pty Ltd.

There were no other transactions with director related entities during the period other than those disclosed in the Remuneration Report and Note 6.

Transactions with Controlled Entities

There were no transactions with controlled entities during the period.

19. PARENT ENTITY INFORMATION

Set out below is supplementary information about the parent entity.

	Parent 30 June 2014 $	Parent 30 June 2013 $
Statement of Profit or Loss and Other Comprehensive Income		
Loss after Income Tax	(289,751)	(456,222)
Total Comprehensive Income	**(289,751)**	**(456,222)**
Statement of Financial Position		
Total Current Assets	**1,562,712**	**2,132,956**
Total Assets	**2,319,062**	**2,602,745**
Total Current Liabilities	**55,559**	**49,491**
Total Liabilities	**55,559**	**49,491**
Equity		
Contributed Equity	5,394,717	5,394,717
Option reserves	195,117	292,080
Accumulated Losses	(3,326,331)	(3,133,543)
Total Equity	**2,263,503**	**2,553,254**

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2014.

Capital commitments

Refer to Note 17 for details. The exploration commitments relate to the subsidiary in which the mining assets are being held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 1, except for the following:

Investments in subsidiaries are accounted for at cost, less any impairment.

20. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated	
	30 June 2014 $	30 June 2013 $
(a) Reconciliation of Cash and Cash Equivalents		
For the purpose of the statement of cash flows, cash includes cash in hand and in banks and term deposits. Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash equivalents	1,546,611	2,100,668
(b) Financing Facilities		
The Company had the following credit card facilities	10,000	20,000
Amounts utilised	(2,522)	(141)
	7,478	**19,859**
(c) Reconciliation of Net Profit/(Loss) from ordinary activities after related income tax to net cash flows from operating activities		
Profit/(Loss) after related income tax	(289,751)	(456,222)
Non-cash activities:		
Exploration expenditure written off	-	180,099
Changes in assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/Decrease in assets:		
Interest Receivable	13,895	5,265
Prepayments and other receivables	2,292	14,134
Increase/(Decrease) in liabilities:		
Accounts Payable and Accrued Expenses	7,608	1,484
Net cash used in operating activities	**(265,956)**	**(255,240)**

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instrument is cash and cash equivalents. The main purpose of this financial instrument is to finance the Group's operations. The Group has other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. The main risk arising from the Group's financial instruments is the cash flow interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

21.1 Cash flow interest rate risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the short-term deposits with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk. Instead consideration is given to a mixture of fixed and variable interest rates.

The cash amounts and interest rates effective at the reporting date are:

Rate Type	Amount $	Effective Rate %	Maturity Date
Fixed	450,000	4.31	12 July 2014
Fixed	403,076	3.65	11 August 2014
Fixed	606,232	3.57	14 August 2014
Variable	84,814	3.33	On-Call
Variable	2,489	-	On-Call
Total Cash	**1,546,611**		

An increase/decrease in interest rates of 30% would have a favourable/adverse affect on profit before tax and on consequently on total equity of $12,937 (2013: $25,094) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

21.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to ensure the ability to meet debt requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group aims at maintaining flexibility in funding by having in place operational plans to source further capital as required.

As at 30 June 2014, the Group's liabilities are summarized below:

	Current		Non-Current	
	Within 6 months $	6 to 12 months $	Within 6 months $	6 to 12 months $
Trade and other payables	55,559	-	-	-
Total	**55,559**	**-**	**-**	**-**

21.3 Credit Risk

Credit risk arises from cash and cash equivalents and outstanding receivables. The cash balances are held in financial institutions with high ratings and the receivables comprise interest receivables and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

GST input tax credit refundable by the ATO. The Group has assessed that there is minimal risk that the cash and receivables balances are impaired.
The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

Classes of financial assets	30 June 2014 $	30 June 2013 $
Cash and cash equivalents	1,546,611	2,100,688
Trade and other receivables	4,788	6,997
Interest receivable	5,585	19,481
Carrying Amount	**1,556,984**	**2,127,166**

21.4 Capital Risk Management

When managing capital, management’s objectives are to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also maintains a capital structure that ensures the lowest cost of capital available to the Group.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or enter into joint ventures.

The Group does not have a defined share buy-back plan.

No dividends are expected to be paid in 2014.

There is no current intention to incur debt funding on behalf of the Group as on-going exploration expenditure will be funded via equity or joint ventures with other companies.
The Group is not subject to any externally imposed capital requirements.

Management reviews management accounts on a monthly basis and reviews actual expenditure against budget on a monthly basis.

21.5 Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the entity’s functional currency. The Group did not have exposure to foreign exchange risk during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

22. EARNINGS PER SHARE

	30 June 2014 Cents Per Share	30 June 2013 Cents Per Share
Basic loss per share	(0.97)	(1.52)
Diluted loss per share	(0.97)	(1.52)

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	$	$
Earnings*	(289,751)	(456,222)

*Earnings are the same as the loss after tax in the statement of Profit or Loss and Other Comprehensive Income

	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in the calculation of basic loss per share:	30,001,482	30,001,482
Weighted average number of ordinary shares used in the calculation of diluted loss per share:	30,001,482	30,001,482

Diluted Earnings per Share

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purpose of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the exercise price was significantly higher than the Group's share price as at 30 June 2014.

23. CONTINGENT LIABILITIES

The Group does not have any contingent liabilities as at 30 June 2014.

24. AFTER REPORTING DATE EVENTS

On August 20, 2014 the Group signed an exclusive option agreement ("Option") with Afranex Gold Ltd ("Afranex"), an unlisted Australian company to explore and acquire a package of projects with highly prospective multi metallic targets located 500km west of Anchorage in the South West Tintina gold belt of Alaska. The Option includes 3 projects (Luna-Quicksilver, Kisa and Chilly), totalling 138km2. Afranex holds the rights to 100% of the three projects with an expiry date 4 months after the completion of 1,200m of core drilling or 31 December 2015 whichever occurs first.

On exercising the Option, Southern Crown is required to issue 30 million ordinary shares, with the major vendor shareholder group subject to a voluntary 12 month escrow period. The Company has agreed to pay up to $100,000 to Afranex to cover exploration and corporate costs.

On 28 August 2014 a placement of up to 13 million shares at a price of $0.05 per share was announced to raise up to $650,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

25. CONTROLLED ENTITIES

The financial information contained within this section incorporates the assets, liabilities, results and equity of the following entities in accordance with the principles of consolidation described in Note 3.3.

Name of Entity	Country of Registration	Class of Shares	Equity Holding
SC Resources Pty Ltd (controlled entity)	Australia	Ordinary	100%

26. OPERATING SEGMENTS

The Group currently undertakes commodity exploration across one geographic region. All revenues and costs are handled centrally. Capitalised exploration and acquisition expenditure for the period across the Australian segment was $289,061.

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The shareholder information set out below was applicable as at 25 August 2014.

1. DISTRIBUTION OF SHAREHOLDERS

Analysis of number of shareholders by size of holding:

Category of Holding	Number of Holders	Number of Shares	% of Capital
1 - 1,000	8	1,659	0.01
1,001 – 5,000	18	65,652	0.22
5,001 – 10,000	64	602,867	2.01
10,001 – 100,000	204	7,580,461	25.26
100,001 and over	49	21,750,843	72.50
Total	**343**	**30,001,482**	**100.00%**

There were 98 holders holding less than a marketable parcel of shares representing 761,711 shares.

2. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders by account holding of ordinary shares are listed below:

Rank	Name	Shares	% of Shares
1	WESTORIA RESOURCE INVESTMENTS LIMITED	3,583,334	11.94
2	MR NICHOLAS SIMON DRAPER + MRS MELINDA JANE DRAPER <DRAPER SUPER FUND A/C>	1,760,000	5.87
3	CENTAURUS METALS LTD	1,562,500	5.21
4	MR GRANT POVEY	1,418,675	4.73
5	TEMPO CAPITAL PTY LTD <TEMPO GROWTH FUND A/C>	1,090,000	3.63
6	MRS KATRINA FRANCES BANKS-SMITH	1,020,000	3.40
7	MR DIRK VAN DER STRUYF + MRS STEPHANIE VAN DER STRUYF <VAN DER STRUYF S/F A/C>	862,500	2.87
8	GOODHEART PTY LTD	666,667	2.22
9	INVICTUS CAPITAL PTY LTD <MAIN FAMILY A/C>	573,722	1.91
10	GANDRIA CAPITAL PTY LTD <THE TEDBLAHNKI FAMILY A/C>	544,147	1.81
11	MR BRIAN MARK BATES	447,500	1.49
12	522 INVESTMENTS PTY LTD <THE NATHAN BRAY S/F A/C>	430,000	1.43
13	MR JONATHAN BLAIR MANNERS HILL + MRS ALICIA JANE HILL <THE HILL FAMILY A/C>	425,000	1.42
14	SAMATZO HOLDINGS PTY LTD <HILL FAMILY A/C>	363,475	1.21
15	CHALKSTICK PTY LTD <THE FRAGOMENI S/F A/C>	350,000	1.17
16	MAPLEFERN PTY LTD	333,334	1.11
17	ZENIX NOMINEES PTY LTD	333,334	1.11
18	NATIONAL NOMINEES LIMITED	302,721	1.01
19	MR BRIAN HENRY MCCUBBING + MRS ADRIANA MARIA MCCUBBING <B MCCUBBING SUPER FUND A/C>	300,000	1.00
20	MR ROBERT LINDSAY SHIRLEY + MRS GINA MICHELLE SHIRLEY<R L SHIRLEY SUPER FUND	300,000	1.00
	Top 20 holders of Ordinary Fully Paid Shares	**16,666,909**	**55.5%**
	Total Remaining Holders Balance	**13,334,573**	**44.5%**

3. RESTRICTED SECURITIES

There were no restricted securities at 25 August 2014.

4. SUBSTANTIAL SHAREHOLDERS

As at 25 August 2014 the substantial shareholders were as follows:

Name of Shareholder	No of Shares	% of Issued Capital
Westoria Resource Investments Ltd	3,583,334	11.94
Mr Nicholas Draper & Mrs Melinda Draper <Draper Super Fund>	1,760,000	5.87
Centaurus Metals Ltd	1,562,500	5.21

5. VOTING RIGHTS

At a general meeting of shareholders:

(a) On a show of hands, each person who is a member or sole proxy has one vote.

(b) On a poll, each shareholder is entitled to one vote for each fully paid share.

6. SCHEDULE OF MINING AND EXPLORATION TENEMENTS AS AT 30 JUNE 2013

Project Name	Locality	Tenement	Equity
Ropewalk	Queensland	Exploration Permit 17643	100%
The Dish	New South Wales	Exploration Licence 6910	100%

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance for an entity of its size. As such, Southern Crown Resources Limited and its controlled entities ('the Group') have adopted a corporate governance framework and practices to ensure they meet the interests of shareholders.

The Group complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations. The statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these principles, unless otherwise stated, were in place for the full reporting period.

Further information on the Group's' corporate governance policies and practices can be found on the Southern Crown Resources Limited web-site at www.southerncrown.com.au.

PRINCIPLE		Compliance
Principle 1 – Lay solid foundations for management and oversight		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	✓
1.2	Disclose the process for evaluating the performance of senior executives.	✓
1.3	Provide the information indicated in the Guide to reporting on Principal 1.	✓
Principle 2 – Structure the Board to add value		
2.1	A majority of the Board should be independent directors. *Due to the Group's size and its specialized operations, the Board considers that a majority of Independent Directors is not currently warranted. As the Group's activities expand, this policy will be reviewed, with a view to aligning the Group's policies to conformity with this recommendation. The Board recognizes that Directors remain in office for the benefit of and are accountable to shareholders and that shareholders have the voting power to elect members to the Board regardless of their standing, independent or otherwise.*	✗
2.2	The chair should be an independent director. *The Chairman Rhod Grivas is not independent under the definition in the ASX Corporate Governance Guidelines due to his role as an executive director of Southern Crown Resources Limited. The Board believes that this is acceptable at the current stage of the Group's development.*	✗
2.3	The roles of chair and chief executive officer should not be exercised by the same person. *The Chairman Rhod Grivas is fulfilling a role as an executive director of Southern Crown Resources Limited. The Board believes that this is acceptable at the current stage of the Group's development.*	✗
2.4	The board should establish a nomination committee. *Given the size and scale of Southern Crown Resources Limited, it has been determined that a nomination committee is not warranted at this stage. The role of a nomination*	✗

committee is carried out by the full Board. The full board considers the appointment of new directors, on an informal basis. The Board's policy for appointment of new directors to the Board can be accessed at www.southerncrown.com.au

2.5	Disclose the process for evaluating the performance of the board, its committee and individual directors *As noted, the role of the nomination committee is carried out by the full Board.*	×
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	✓

Principle 3 – Promote ethical and responsible decision-making

3.1	Establish a code of conduct and disclose the code or a summary of the code as to: • the practice necessary to maintain confidence in the Group's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	✓
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them. *The Diversity Policy can be accessed at www.southerncrown.com.au*	✓
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them. *Given the size and scale of Southern Crown Resources Limited, it has been determined that measurable objectives are not warranted at this stage. This position will be revisited as operations develop.*	×
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board. *Southern Crown Resources Ltd currently has no employees and only 3 Board members, none of which are women.*	×
3.5	Provide the information indicated in the Guide to reporting on Principle 3.	✓

Principle 4 – Safeguard integrity in financial reporting

4.1	The board should establish an audit committee. *Given the size and scale of Southern Crown Resources Limited the Board has decided not to have a separate audit committee. The role of the audit committee is carried out by the full Board. The need for an audit committee will be reviewed by the board as the Group's activities expand with a view to aligning the Group's policies to conformity with this recommendation.*	×
4.2	The audit committee should be structured so that it: • Consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; • has at least three members	×

As noted in 4.1, the role of the audit committee is carried out by the full board.

4.3	The audit committee should have a formal charter.	✓
4.4	Provide the information in the Guide to reporting on Principle 4.	✓

Principle 5 – Make timely and balanced disclosure

5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies. *The Disclosure Policy can be accessed at www.southerncrown.com.au*	✓
5.2	Provide the information indicated in the Guide to reporting on Principle 5.	✓

Principle 6 – Respect the rights of shareholders

6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy. *The Group has adopted a Shareholder Communications Policy which can be accessed at: www.southerncrown.com.au*	✓
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	✓

Principle 7 – Recognize and manage risk

7.1	Establish policies for the oversight and management of material business risk and disclose a summary of those policies. *The Group has adopted a Risk Management Policy which can be accessed at: www.southerncrown.com.au*	✓
7.2	The board should require management to design and implement the risk management and internal control system to manage the Group's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Group's management of its material business risks. *Management has not formally reported to the board as to the effectiveness of the Group's management of its material business risks. Given the nature and size of the Group and the Board's ultimate responsibility to manage the risks of the Group this is not considered critical. The Group intends to develop the risk reporting framework into a detailed policy as its operations continue to grow.*	✗
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A in the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting tasks.	✓
7.4	Provide the information indicated in the Guide to reporting on Principle 7.	✓

Principle 8 – Remunerate fairly and responsibly

8.1	The board should establish a remuneration committee. *It is not a Group policy to have a remuneration committee, given the size and scale of Southern Crown Resources Limited. The role of a remuneration committee is carried out by the full Board. The full board considers the remuneration of directors and executives on a case by case basis in accordance with the remuneration policy. The Board's policy for remuneration can be accessed at www.southerncrown.com.au*	×
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members. *As noted in 8.1, the role of the remuneration committee is carried out by the full board.*	×
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	✓
8.4	Provide the information indicated in the guide to reporting on Principle	✓