

SOUTHERN CROWN RESOURCES LIMITED

ABN: 52 143 416 531

ANNUAL REPORT

2015





# CORPORATE DIRECTORY

## BOARD OF DIRECTORS

Rhod Grivas  
Executive Chairman

Mark Papendieck  
Non-Executive Director

Adrian Hill  
Non-Executive Director

## COMPANY SECRETARY

Adrian Hill

## REGISTERED OFFICE

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PERTH WA 6000

## AUDITOR

**Grant Thornton Audit Pty Ltd**  
The Rialto, Level 30, 525 Collins Street  
MELBOURNE VIC 3000

## SHARE REGISTRY

**Computershare Investor Services Pty Ltd**  
Level 2, 45 St Georges Terrace  
PERTH WA 6000

## 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 2015.

During the reporting year Southern Crown has continued to assess merger and acquisition opportunities, conduct due diligence and undertake field exploration under option arrangements. These activities have been delivered while aiming to limit shareholder dilution in one of the most difficult junior resource markets in recent times. In addition the Company worked with Foster Stockbroking, a leading Australian broker in the technology sector to acquire a US based social media platform.

Exploration work conducted on the Alaskan projects provided the Company with a detailed surface geochemical understanding of the potential for a world class orebody located below the Luna-Luna East prospect. While potential still exists on the Alaskan projects, the Company believes it will take dedicated and substantive regional exploration to upgrade the targets from greenfield to advanced exploration. This was considered too difficult to achieve in the current market conditions and after significant review and consultation, it was decided not to exercise the option agreement.

The Company reviewed a number of technology opportunities that were considered to have the potential to transform Southern Crown into a participant in an emerging market, providing technology to all industries including smart handheld devices. The Company conducted detailed due diligence on the New York based ROMIO social media platform introduced by Foster Stockbroking but unfortunately this arrangement was terminated subsequent to the end of the reporting period.

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 year.

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 (“Southern Crown” or the Company) completed exploration as well as reviewing numerous acquisition opportunities both within the resource industry and across other sectors that may add value to shareholders.

During the financial year Southern Crown executed an option agreement over exploration properties in Alaska and a term sheet to acquire the ROMIO social media platform. The Company terminated the Alaskan option agreement having conducting exploration and subsequent to the end of the financial year terminated the ROMIO term sheet having completed detailed due diligence.

## ALASKAN EXPLORATION PROJECTS

On 20 August 2014 the Company signed an Option Agreement 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 included 3 projects (Luna-Quicksilver, Kisa and Chilly), totalling 138km<sup>2</sup>. Afranex holds the rights to 100% of the three projects with an option expiry date 4 months after the completion of 1,200m of core drilling or 31 December 2015, whichever occurs first.

During the first half of the financial year, Southern Crown conducted a thorough surface exploration program at the Luna-Quicksilver project. The exploration program consisted of collecting 57 auger geochemical samples, 151 channel samples, 350 biogeochemical (“BGC”) samples and 10 rock chip samples. Detailed geological mapping was also completed. The channel sampling and auger geochemical data sets were used to evaluate gold distribution in close proximity to and in between the Luna and Luna East outcrops. The BGC samples were used to evaluate an approximately 18km<sup>2</sup> area centred on the Luna/Luna East trend.

In April 2015, Southern Crown informed Afranex and related partners that it would not elect to exercise the option and thereby terminated the Option Agreement. As a result of this termination, \$666,813 in exploration costs has been written off during the reporting period.

Further details can be found in ASX releases dated 15 September 2014, 21 October 2014 and 27 November 2014.

### Luna-Luna East Geochemical Sampling

Southern Crown completed channel sampling along the river banks below the overburden. The channel sampling provided critical information and involved digging away up to 0.5m of overburden to expose underlying weathered bedrock. In excess of 1600ft (487m) of bedrock channels were exposed from all feasibly accessible locations along the stream cut banks around Luna-Luna East. A total of 151 samples were collected. Samples were collected at nominal 10ft (3m) intervals.

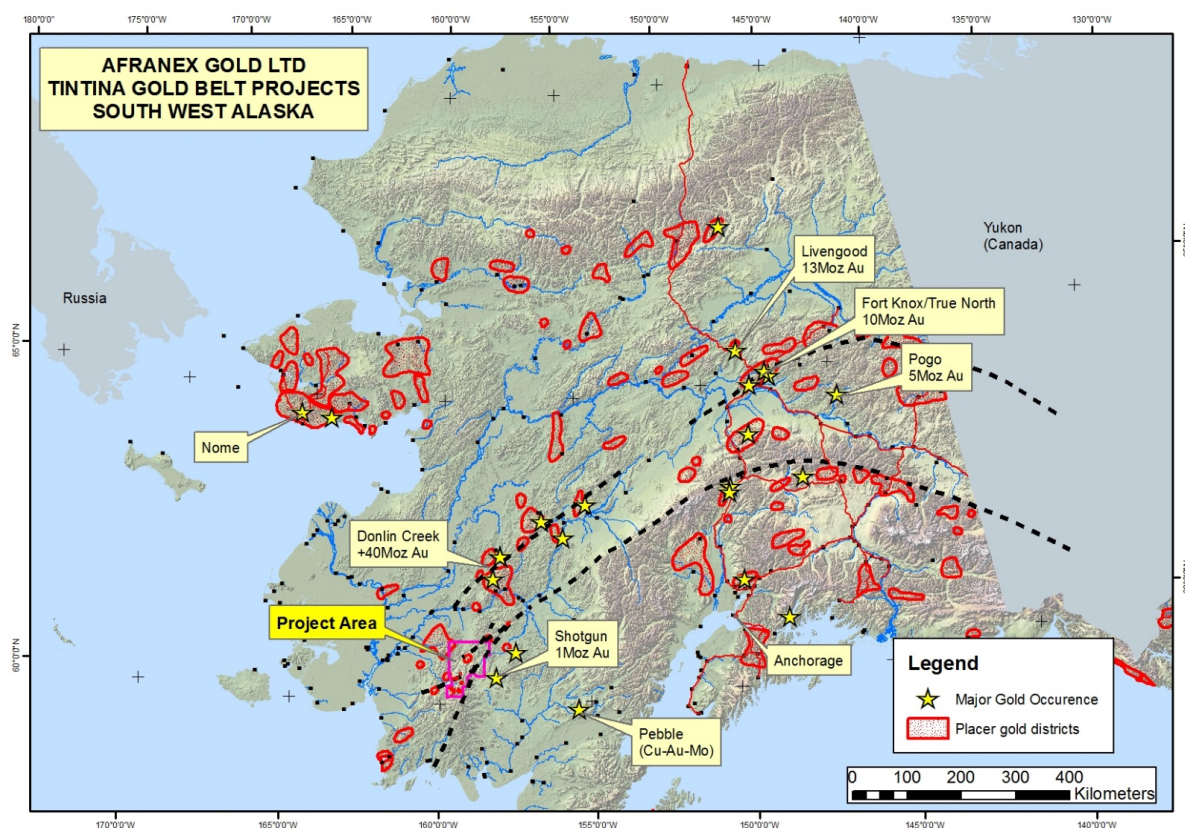


Figure 1: Tintina gold belt showing project area in SW Alaska, 200km from Donlin Creek deposit

A total of 39 auger geochemical holes for 829ft (253m) were drilled across the main NE structural trend between Luna and Luna East on four lines nominally spaced 400 metres apart with holes on each line nominally spaced 100m apart. The majority of holes intersected the top of bedrock, however some intersected fault clays, with the average depth to bedrock of 5 metres. A total of 57 samples were collected and analysed. All samples were analysed at the internationally certified ALS laboratory in Fairbanks, Alaska.

The channel and auger drill sample types are similar in nature and combining these data sets allows for a comprehensive understanding of the spatial distribution of mineralization along the NE trending Luna-Luna East linear (Figure 2). Anomalous values consistently align along the NE trend between Luna and Luna East. Bismuth is the best pathfinder mineral with the best correlation to the potentially economic metals and highlights the Luna – Luna East trend in both the channel samples and geochemical holes. In the combined data set bismuth strongly correlates with gold, lead, antimony and sulphur and correlates well with silver, iron and arsenic. These correlations are spatially related to the sulphide rich stockwork veins evident on the river bank at Luna and the south side of Luna East as well as the massive sulphide vein present at Luna East.



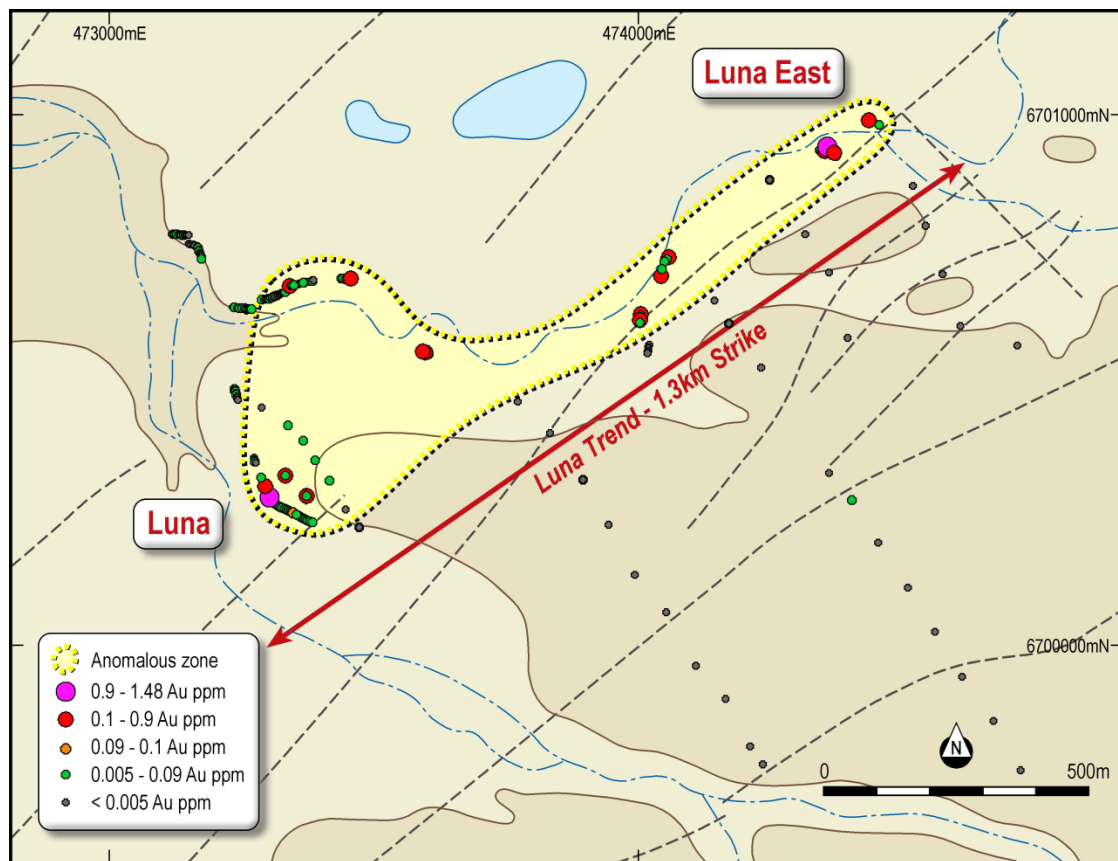


Figure 2: Luna-Luna E topographic image with channel and auger geochemistry gold anomalism (NAD83)

Silver is the most anomalous valuable metal, with good continuity along the Luna – Luna East trend. Values above 0.5g/t Ag were recorded over the 1.25km of strike tested, with a maximum of 66.6g/t Ag. Gold is also highly anomalous with values up to 1.48g/t Au. Copper anomalism of up to 976ppm was recorded close to the Luna East prospect with values in excess of 200ppm recorded over a strike of 1km towards the Luna prospect.

Results from this recent geochemical exploration program coupled with results from previous campaigns and knowledge from detailed mapping and geophysics have highlighted numerous second order splays off the main Luna Fault as possible mineralized structures that have a total strike length of at least 1.25km. Several viable drill targets exist along these splays.

#### Luna-Luna East Biogeochemical Sampling

In order to test a larger area along strike to the Luna and Luna East prospects as well as gain additional lateral coverage, the company engaged a biogeochemical expert to oversee the collection and analysis of vegetation samples. Over 3km of the Luna-Luna East strike was covered with a total of 350 biogeochemical samples collected on lines spaced 400 metres with samples on each line spaced 100 metres. The BGC samples evaluated an approximately 18km<sup>2</sup> area centred on the Luna-Luna East trend. Samples were collected from common species of plants to ensure a reflective geochemical sample.

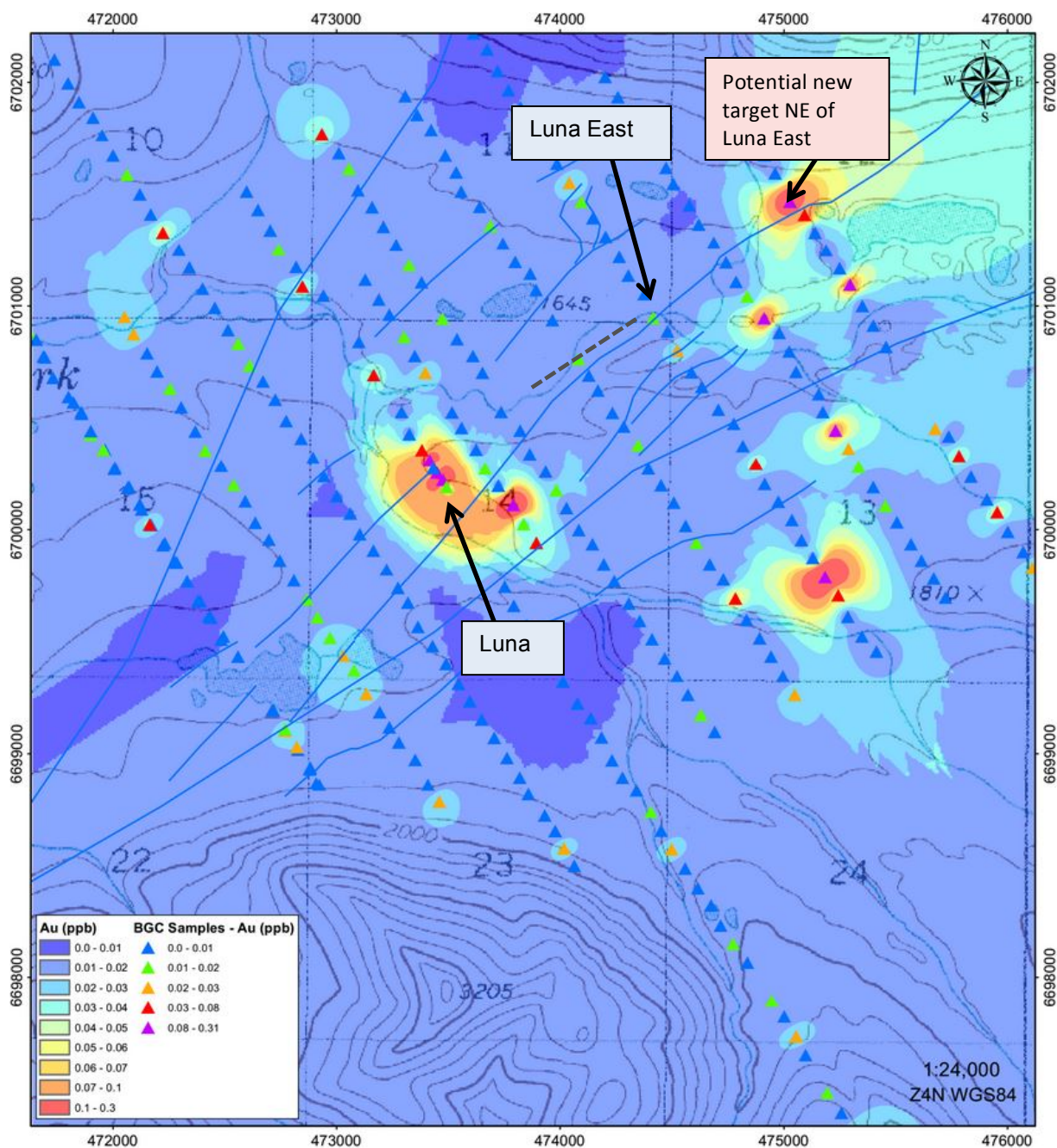


Figure 3: Luna Quicksilver BGC sampling showing gold anomalism and structure interpreted from the geophysics.

The biogeochemical data generally correlated with the rock data set with respect to structure and gold anomalism (Figure 3). The BGC data showed a very strong anomaly around the main Luna outcrop and identified the major NE trending structure (Luna fault) as well as several second order splays. The data set also provided key additional information – primarily the possible 800m NE extension of Au mineralization along the Luna-Luna East trend and evidence of a more subtle NW trend extending from the main Luna outcrop. Critical pathfinders show an offset mirrored pattern on opposite sides of the Luna fault and could provide kinematic information upon further analysis.

The biogeochemistry also identified a base metal (Ni-Co) +/- Ag dominated anomaly in the SE corner of the survey. Volatile pathfinders define a relatively tight cluster which identifies the centre of the Ni-Co cell. The lack of gold in the BGC data set could be species dependent or possibly suppressed in



the wet environment present within the survey. It is Southern Crown's belief that more emphasis should perhaps be placed on the broad As-Sb anomalies identified in the survey as these pathfinders correlate well with Au in the rock data and in other nearby deposits.

#### Future Exploration

As a result of a review conducted after the completion of the exploration in 2014, it was determined that significant exploration funds would need to be spent in a difficult exploration environment to properly test the intrusion related gold system targets within the Luna- Quicksilver and Kisa project areas. On balance although the results of the Luna Quicksilver exploration were encouraging, they did not clearly demonstrate significant expansion of the target beyond the Luna and Luna East prospects.

In April 2015, Southern Crown informed Afranex and related partners that it would not elect to exercise the Afranex option and thereby terminated the Option Agreement.

#### ROMIO SOCIAL MEDIA PLATFORM

Southern Crown executed a Binding Term Sheet in April 2015 to acquire all the shares in Homepeople Corporation, the owners of ROMIO, in a reverse takeover that would have seen the New York-based online recommendations provider list on the Australian Securities Exchange.

ROMIO provides users with trusted recommendations by handpicking local experts and leveraging social networks to find the best service providers available. As well as providing the ROMIO user with high quality personalised recommendations it assists service providers in getting more clients by turning their social network and client base into a referral network.

The demand for trusted recommendation platforms is growing as an increasing percentage of people regularly read online reviews of local businesses while many existing platforms are considered untrustworthy with fake or paid reviews. ROMIO's platform combines the trustworthiness of a user's social network connections with an ability to drive local commerce.

As at 30 June 2014 the Company had advanced \$370,373 to ROMIO to develop and market the platform whilst the transaction process and due diligence was being undertaken. Subsequent to 30 June 2015, a further \$51,282 was advanced to ROMIO. The repayment date of the loan is 31 December 2015. If the loan is not repaid by the repayment date, the Company, at its sole election, may elect to convert the outstanding monies to an equity interest in Homepeople Corporation.

After consultation with its advisors, Foster Stockbroking, Southern Crown terminated the transaction on July 31, believing that the completion of version 3 of the social media platform and the rollout of ROMIO's marketing strategy to bring experts and users onto the platform was required prior to commencing a public offer and listing on the ASX via a merger with Southern Crown.

Further details can be found in ASX releases dated 29 April 2015, 1 May 2015 and 31 July 2015.

## 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.

Exploration rights for the Ropewalk tenement (EPM 17643) were granted for a five year term on 3 August 2012. Subsequent to the end of this financial year, Southern Crown reduced the tenure to 60 sub-blocks (195km<sup>2</sup>) from 100 sub-blocks, as is a condition of the original grant.

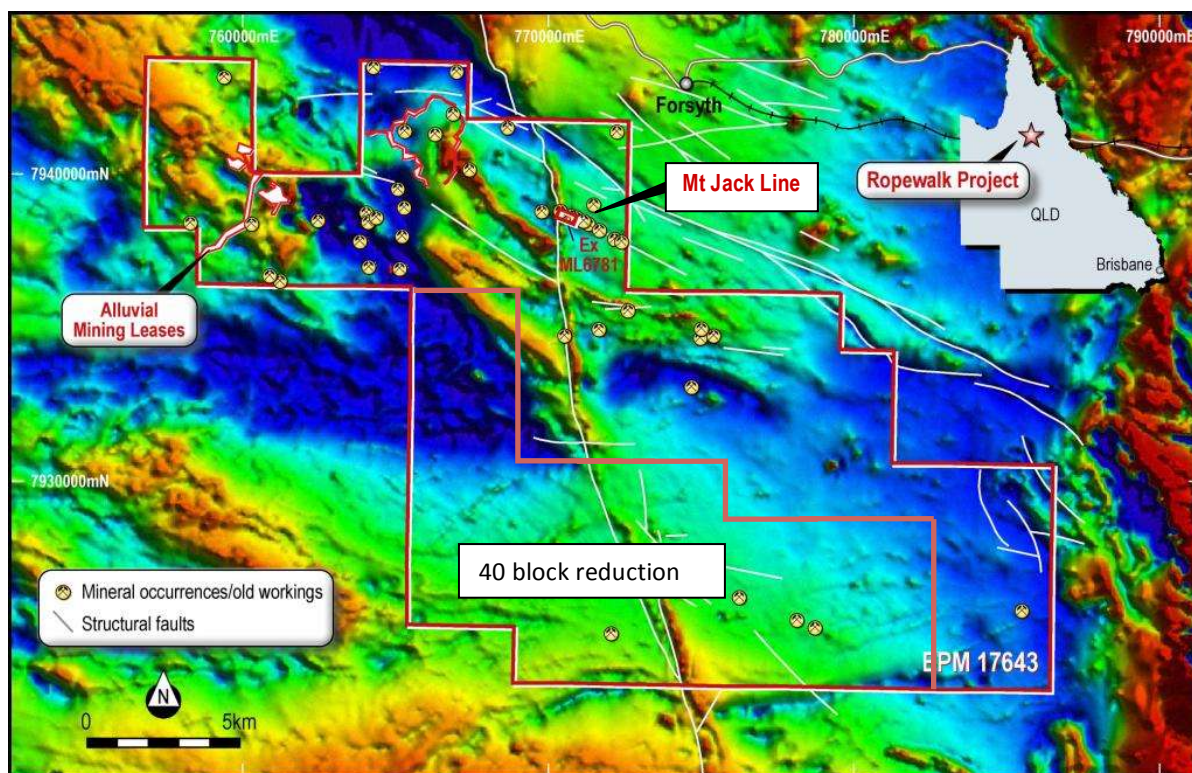


Figure 4: Ropewalk (EPM 17643) with historical mineral occurrence and the magnetics as background image

During the 2012/13 financial year Southern Crown conducted a desktop study on previous exploration and a reconnaissance field trip to visit prospects and targets highlighted by the desktop review.

A total of 31 rock chip samples were collected from around the Mt Jack Line of workings and elsewhere within the Ropewalk tenement. A number of these samples returned high gold and silver values and anomalous arsenic and copper values. The historical workings, trenching and rock chip results indicate the surface mineralization is associated with ferruginous quartz veining and alteration located proximal to a sheared contact between two regional granite units with local evidence of a 'raft' of sedimentary rocks introduced by shearing.

Results included;

- LG023 - 16.7g/t Au, 16.1g/t Ag - located west of the Mt James prospect on the Mt Jack Line.
- LG030 – 3.15g/t Au, 5.2g/t Ag - located in the Black Jack small open pit.
- LG026 – 2.24g/t Au, 4.9g/t Ag – located 1.2km east of Mt Jack in ferruginous veining associated with shearing.

During the 2013/14 financial year Southern Crown completed 18 RC holes for 1433 metres on the Ropewalk project EPM17643. The drilling program tested 720m of the east south east (“ESE”) strike extent to the gold deposit discovered by Australia Gold Mining Pty Ltd at Mt Jack (ML6781 excised from EPM).

In March 2013, Australia Gold announced a new JORC compliant Indicated Resource of for the excised Mt Jack ML6781 and commenced developing a mining operation with the installation of infrastructure including a camp and small processing facility. 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 (182,000oz un-cut).

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. The two Mt Jack lodes are evident in the drilling with the southern lode more anomalous as is evident in the Mt Jack deposit.


Gold results from the drill program include;

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

The Mt Jack Line that hosts these drill results and the Mt Jack deposit 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, this included 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 recorded in Table 1. Anomalous levels of copper, lead and zinc are also nominally coincident with the gold and silver intercepts but average below 500ppm.

Although the drilling program conducted by Southern Crown successfully located significant mineralisation along strike from Mt Jack, the best mineralisation is located within 80m of the Mt Jack M6781 boundary and the Company has attempted to contact the lease holders to share exploration information as any exploration would be best completed together with the Mt Jack tenement holders.



In addition the ability to raise exploration funds to commit to the Ropewalk PM17643 has been difficult as the capital markets have not been supportive of grassroots to pre-resource exploration.

As a result during the 2014/15 financial year, exploration was limited to desktop studies including reviewing the existing exploration database, approaching the Mt Jack lease holders and reviewing acquisition and divestment opportunities.

In Queensland, Section 141C of the Mineral Resources Act 1989 allows for the holder of an exploration permit to apply to the Minister to have conditions of the exploration permit varied. On 2 June 2015 the Group applied to the Minister of Natural Resources and Mines to respectfully request variations to the expenditure commitments. If granted, this would reduce the current commitments on the Ropewalk tenement from \$2.75m over the next 2 years to \$400,000 over the same period.

With regards to EPM 17643, the Group does not have any contraventions recorded on the Department register and the tenement is considered to be in “good standing” with previous commitments being largely met. As at the date of this report there has been no correspondence to suggest that the variation request will not be approved.

Southern Crown has sufficient funds to continue exploration at Ropewalk and has previously held discussions with other interested parties regarding joint venture farm out arrangements or an outright sale of the tenement.

### **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 until October 2015 with a tenement reduction from 22 blocks to 9 blocks.

Southern Crown 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. A total 701 samples were collected for low level multi-element analysis, results in both gold and arsenic highlighted the historic Emu and Great Britain prospects.



While sampling has been effective in locating anomalies, ensuing testing of these targets has been disappointing. Upon detailed review and analysis, the Company determined that further drill testing was not warranted. The project will consequently be relinquished prior to October 2015 when the licence is due for renewal. As a result, the carrying value of \$481,972 for The Dish Project has been written off at 30 June 2015.

*All the information in this Annual Report has previously been released to the ASX in compliance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. 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. 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 2015. 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 2014 until the date of this report.

#### Mr Rhod Grivas - Executive Chairman (Appointed 30 April 2010)

Mr Rhod Grivas is a geologist with over 24 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	May 2010 to present
Equator Resources Limited	(Resigned January 2013)
Coventry Resources Limited	(Resigned December 2012)
Lodestar Minerals Limited	(Resigned April 2012)

#### Mr Mark Papendieck - Non-Executive Director (Appointed 30 April 2010)

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	(October 2012 to present)
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#### Mr Adrian Hill - Non-Executive Director and Company Secretary (Appointed 31 May 2012)

Mr Hill is a Chartered Accountant and Fellow of the Financial Services Institute of Australia. Mr Hill has almost 25 years Australian and international experience in strategic and finance roles in the resources, energy infrastructure and investment banking industries. He is an experienced executive with an established record in strategy development, operational management, 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 within Australia and Alaska; and evaluation of additional acquisition opportunities both within the resource industry and across other sectors 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 \$1,756,607 as at 30 June 2015. The working capital, being current assets less current liabilities was \$1,425,913. The variance between the net assets and working capital is predominately due to exploration activities on the Group's non-current investment in The Ropewalk Project and loans to ROMIO Inc.

## **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 evaluate acquisition opportunities and partnerships both within the resource industry and across other sectors globally.

## **EVENTS SUBSEQUENT TO REPORTING DATE**

In April 2015, the Group executed a Binding Term Sheet to acquire all the shares in Homepeople Corporation, owners of ROMIO Inc ("ROMIO") and the ROMIO social media platform, in a reverse takeover that would have seen the New York-based online recommendations provider list on the Australian Securities Exchange. After consultation with its advisors, Foster Stockbroking, the Group concluded that the completion of version 3 of the social media platform and the rollout of ROMIO's marketing strategy to bring experts and users onto the platform was required prior to commencing a public offer and listing on the ASX via a merger with the Group. In addition, the Group found that current market conditions do not currently support a substantial capital raising. As such, the Group subsequently gave formal notice to terminate the agreement between the Group and ROMIO as announced on 31 July 2015.

On 28 August 2015, the Group issued 2,649,785 fully paid ordinary shares at \$0.03 per share (Shares) from the shortfall of the Company's rights issue that closed on 29 May 2015. The Group has a total of 64,501,482 fully paid ordinary shares on issue as announced on 1 September 2015.



## 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 2015.

## 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 2015.

## SHARE OPTIONS

On 17 December 2014, the Group granted 2,000,000 share options to Directors and/or their nominees. The primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors. Options over ordinary shares of Southern Crown Resources Limited at the date of this report are as follows:

Item	Opening Balance	Exercise Price of Options	Exercised Options	Granted Options	Closing Balance	Expiry Date of Options
Unlisted Options	500,000	\$0.25	-	-	500,000	23 Jul 2015
	500,000	\$0.25	-	-	500,000	2 Jun 2016
	500,000	\$0.35	-	-	500,000	2 Jun 2016
	-	\$0.12	-	2,000,000	2,000,000	31 Mar 2017
	<b>1,500,000</b>		-	<b>2,000,000</b>	<b>3,500,000</b>	

## 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:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based remuneration
- 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 2015 \$	30 June 2014 \$	30 June 2013 \$	30 June 2012 \$	30 June 2011* \$
Net profit/(loss) after tax	(1,683,387)	(289,751)	(456,222)	(1,941,815)	(735,797)
Dividends (cents per share)	-	-	-	-	-
Share price	\$0.030	\$0.035	\$0.040	\$0.085	\$0.25
Basic EPS (cents)	(4.05)	(0.97)	(1.52)	(5.55)	(4.46)
Diluted EPS (cents)	(4.05)	(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 2014. The company received no specific feedback on its Remuneration Report at the Annual General Meeting held on 28 November 2014.

#### 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 2015	Short-term benefits	Post-employment	Equity based compensation		
Directors	Salary and Fees \$	Superannuation \$	Shares \$	Options \$	Total \$
<b>Executive Directors</b>					
Mr R Grivas <sup>1</sup>	137,875	11,400	-	2,816	152,091
<b>Non-Executive Directors</b>					
Mr M Papendieck	35,000	3,325	-	1,127	39,452
Mr A Hill	35,000	3,325	-	1,690	40,015
	<b>207,875</b>	<b>18,050</b>	<b>-</b>	<b>5,633</b>	<b>231,558</b>

30 June 2014	Short-term benefits	Post-employment	Equity based compensation		
Directors	Salary and Fees \$	Superannuation \$	Shares \$	Options \$	Total \$
<b>Executive Directors</b>					
Mr R Grivas <sup>1</sup>	113,306	10,481	-	-	123,787
<b>Non-Executive Directors</b>					
Mr M Papendieck	36,080	2,158	-	-	38,238
Mr A Hill	35,000	3,237	-	-	38,237
	<b>184,386</b>	<b>15,876</b>	<b>-</b>	<b>-</b>	<b>200,262</b>

<sup>1</sup>Mr R Grivas role changed from Non-Executive Director to Executive Director effective 1 April 2014.

Payments to Mr Grivas included an amount of \$17,875 paid to Goodheart Pty Ltd relating to due diligence work performed by Mr Grivas. Mr Grivas is a Director of Goodheart Pty Ltd.

#### 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 \$115,200 for these services in addition to \$10,800 Rent during the financial year ended 30 June 2015. 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 2015

On 17 December 2014, the Group granted 2,000,000 share options to Directors and/or their nominees valued at \$5,633. These options vested upon issue, the last exercise date is 31 March 2017. The primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors.

##### Shares Issued as Part of Remuneration for the financial year ended 30 June 2015

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 2015 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 Jul 2015
Mr R Grivas	-	-	1,000,000	\$0.12	-	31 Mar 2017
Mr M Papendieck	25,000	-	400,000	\$0.12	-	31 Mar 2017
Mr A Hill	485,594	-	600,000	\$0.12	-	31 Mar 2017

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:

2015	Opening Balance	Granted as Compensation	Exercised	Other Changes	Vested and exercisable at 30 June 2015
Mr R Grivas	500,000	1,000,000	-	-	1,500,000
Mr M Papendieck	-	400,000	-	-	400,000
Mr A Hill	-	600,000	-	-	600,000
<b>Total</b>	<b>500,000</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>2,500,000</b>

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

## Share holdings by Directors and Key Management Personnel or their nominees

2015	Opening Balance	Conversion of Options	Compensation	Purchased/ (Sold)	Balance 30 June 2015
Mr R Grivas	796,667	-	-	-	796,667
Mr M Papendieck	25,000	-	-	-	25,000
Mr A Hill	388,475	-	-	97,119	485,594
<b>Total</b>	<b>1,210,142</b>	<b>-</b>	<b>-</b>	<b>97,119</b>	<b>1,307,261</b>

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
<b>Total</b>	<b>976,667</b>	<b>-</b>	<b>-</b>	<b>233,475</b>	<b>1,210,142</b>

### f. Loans/Payables to Key Management Personnel

As 30 June 2015 \$17,875 was payable to Goodheart Pty Ltd relating to due diligence work performed by Mr R Grivas. Mr Rhod Grivas is a Director of Goodheart Pty Ltd. In addition \$6,387 was payable to Mr A Hill and Mr M Papendieck for salaries and superannuation.

### g. Other transactions with Key Management Personnel

Other transactions with Key Management Personnel during the financial year ended 30 June 2015 are detailed in Note 18.

## DIRECTORS' MEETINGS


The following table sets out the number of Directors' meetings held during the financial year ended 30 June 2015 and the number of meetings attended by each Director. During the period, 5 Board meetings were held. There is no separate nomination, remuneration or audit committee.

Name	Board Meetings	
	Held	Attended
Mr R Grivas	5	5
Mr M Papendieck	5	5
Mr A Hill	5	5

## 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 21.

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

8 September 2015

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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 2015, 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, 8 September 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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## 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

8 September 2015



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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 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 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.

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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 2015 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 2015. 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 2015, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M. A. Cunningham  
Partner - Audit & Assurance

Melbourne, 8 September 2015

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	30 June 2015 \$	30 June 2014 \$
Interest revenue		43,701	60,671
Administration expenses		(33,541)	(29,007)
Business development		(199,306)	(5,514)
Professional fees		(215,917)	(187,060)
Director fees		(123,907)	(128,841)
Share based payments expense		(5,633)	-
Exploration expenditure written off	13	(1,148,785)	-
<b>Loss before income tax expense</b>		<b>(1,683,387)</b>	<b>(289,751)</b>
Income tax expense	5	-	-
Loss attributable to members of the parent entity		(1,683,387)	(289,751)
Other comprehensive income		-	-
<b>Total comprehensive loss</b>		<b>(1,683,387)</b>	<b>(289,751)</b>
<b>Loss per share</b>	<b>22</b>	<b>Cents per Share</b>	<b>Cents per Share</b>
Basic loss per share		(4.05)	(0.97)
Diluted loss per share		(4.05)	(0.97)

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 2015

	Note	As at 30 June 2015 \$	As at 30 June 2014 \$
<b>Current Assets</b>			
Cash and cash equivalents	8	1,227,677	1,546,611
Trade and other receivables	9	8,921	4,788
Other current assets	10	6,900	11,313
Loans receivable	11	370,373	-
<b>Total Current Assets</b>		<b>1,613,871</b>	<b>1,562,712</b>
<b>Non-Current Assets</b>			
Other non-current assets	12	10,000	10,000
Tenement acquisition and exploration costs	13	320,693	746,350
<b>Total Non-Current Assets</b>		<b>330,693</b>	<b>756,350</b>
<b>Total Assets</b>		<b>1,944,564</b>	<b>2,319,062</b>
<b>Current Liabilities</b>			
Trade and other payables	14	187,958	55,559
<b>Total Current Liabilities</b>		<b>187,958</b>	<b>55,559</b>
<b>Net Assets</b>		<b>1,756,606</b>	<b>2,263,503</b>
<b>Equity</b>			
Share capital	15	6,565,574	5,394,717
Option Reserves		200,750	195,117
Accumulated losses		(5,009,718)	(3,326,331)
<b>Total Equity</b>		<b>1,756,606</b>	<b>2,263,503</b>

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 2015

	Share Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 30 June 2013</b>	<b>5,394,717</b>	<b>292,080</b>	<b>(3,133,543)</b>	<b>2,553,254</b>
Expired options	-	(96,963)	96,963	-
Total comprehensive loss for the period	-	-	(289,751)	(289,751)
<b>Balance at 30 June 2014</b>	<b>5,394,717</b>	<b>195,117</b>	<b>(3,326,331)</b>	<b>2,263,503</b>
Shares issued during the period	1,215,507	-	-	1,215,507
Costs associated with issuing of shares	(44,650)	-	-	(44,650)
Options granted	-	5,633	-	5,633
Total comprehensive loss for the period	-	-	(1,683,387)	(1,683,387)
<b>Balance at 30 June 2015</b>	<b>6,565,574</b>	<b>200,750</b>	<b>(5,009,718)</b>	<b>1,756,606</b>

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 2015

	Note	30 June 2015 \$	30 June 2014 \$
<b>Cash Flows From Operating Activities</b>			
Interest received		48,201	74,566
Payments to suppliers and employees		(445,572)	(340,522)
<b>Net cash from (used in) operating activities</b>	<b>21</b>	<b>(397,371)</b>	<b>(265,956)</b>
<b>Cash Flows From Investing Activities</b>			
Purchase of tenements, acquisitions and exploration costs		(722,047)	(290,601)
Loans to other entities		(370,373)	-
Proceeds from security deposit		-	2,500
<b>Net cash from (used in) investing activities</b>		<b>(1,092,420)</b>	<b>(288,101)</b>
<b>Cash Flows From Financing Activities</b>			
Proceeds from issue of equity securities		1,215,507	-
Payment for equity issue costs		(44,650)	-
<b>Net cash flows from financing activities</b>		<b>1,170,857</b>	<b>-</b>
Net change in cash and cash equivalents		(318,934)	(554,057)
Cash and cash equivalents at beginning of period		1,546,611	2,100,688
<b>Cash and cash equivalents at the end of period</b>	<b>8</b>	<b>1,227,677</b>	<b>1,546,611</b>

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 2015

### 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.

No new accounting standards have been adopted by the Group in the year ended 30 June 2015.

### 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 8 September 2015.

#### 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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 current funds are sufficient 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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.

#### 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:



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

- 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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Where an impairment loss subsequently reverses, the carrying amount of the asset excluding goodwill (cash-generating unit) 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 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

#### **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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

### 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 2015

### 5. INCOME TAX EXPENSE

	30 June 2015 \$	30 June 2014 \$
<b>(a) The components of income tax expense/(benefit) comprise:</b>		
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	-	-
<b>Income tax expense/(benefit) reported in profit or loss</b>	<b>-</b>	<b>-</b>
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable:</b>		
<b>Profit/(loss) from ordinary activities before income tax</b>	<b>(1,683,387)</b>	<b>(289,751)</b>
Prima facie tax benefit at the Australian tax rate of 30%	505,016	86,925
<b>Tax effect of amounts which are not deductible in calculating taxable income:</b>		
- Other non-deductible expenses	-	-
<b>Add/(Less) Temporary Differences</b>		
- Annual leave accrual	-	-
- Unpaid superannuation	(1,253)	(1,382)
Under/(over) provision – prior year	-	-
Tax effect of current period tax losses for which no deferred tax asset has been recognised	(503,763)	(85,543)
<b>Income tax expense/(benefit)</b>	<b>-</b>	<b>-</b>
<b>(c) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility occur:</b>		
Temporary differences	1,253	1,382
Tax losses: operating losses	1,504,749	1,000,986
	<b>1,506,002</b>	<b>1,002,368</b>

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

- 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;
- The Group continues to comply with the conditions for deductibility imposed by law; and
- 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 2015

### 6. KEY MANAGEMENT PERSONNEL

**a. The names of key management personnel of the entity at any time during the financial year ended 30 June 2015 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 2015.

### **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 2015 \$	30 June 2014 \$
Short-term employment benefits	207,875	184,386
Post employment benefits	18,050	15,876
Equity based payments	5,633	-
	231,558	200,262

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 \$115,200 for these services in addition to \$10,800 Rent during the financial year ended 30 June 2015. Mr Adrian Hill is an Executive Director of Westoria Capital Pty Ltd.

Payments to Mr Grivas as part of his short term employment benefits included an amount of \$17,875 paid to Goodheart Pty Ltd relating to due diligence work performed by Mr Grivas. Mr Grivas is a Director of Goodheart 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	30 June 2015 \$	30 June 2014 \$
<b>7. AUDITORS REMUNERATION</b>		
<b>Audit services</b>		
Auditing and/or reviewing the financial report	31,500	31,095
Other services	60,770	-
<b>Total audit services remuneration</b>	<b>92,270</b>	<b>31,095</b>

Other services relate to due diligence and an independent experts report on the proposed ROMIO acquisition.

## 8. CASH AND CASH EQUIVALENTS

Cash at Bank	10,394	2,489
Cash at Bank – USD Account	87,019	-
High Interest Account	712,273	84,814
Term Deposits	417,991	1,459,308
	<b>1,227,677</b>	<b>1,546,611</b>

## 9. TRADE AND OTHER RECEIVABLES

Goods and services tax receivables	8,921	4,519
Other receivables	-	269
	<b>8,921</b>	<b>4,788</b>

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

Pre-paid Expenses	5,814	5,585
Interest Receivable	1,086	5,728
	<b>6,900</b>	<b>11,313</b>

## 11. LOANS RECEIVABLE

<b>Romio</b>	<b>370,373</b>	<b>-</b>
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As at 30 June 2014 the Company had advanced \$370,373 to ROMIO to develop and market its software platform whilst the transaction process and due diligence was being undertaken. Subsequent to 30 June 2015, a further \$51,282 was advanced to ROMIO. The repayment date of the loan is 31 December 2015. If the loan is not repaid by the repayment date, the Company, at its sole

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

election, may elect to convert the outstanding monies to an equity interest in Homepeople Corporation.

30 June 2015	30 June 2014
\$	\$

### 12. OTHER NON-CURRENT ASSETS

Security Bond	10,000	10,000
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### 13. TENEMENT ACQUISITION AND EXPLORATION COSTS

<b>Movement in exploration and evaluation assets</b>		
Opening balance at cost	746,350	457,289
Capitalised exploration expenditure	723,128	289,061
<b>Balance Additions</b>	<b>1,469,478</b>	<b>746,350</b>
Exploration expenditure written off	(1,148,785)	-
<b>Carrying amount at the end of year</b>	<b>320,693</b>	<b>746,350</b>

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

During the year the Directors determined not to proceed to exercise the option over the Alaskan projects and the exploration expenditure previously capitalised against this project of \$666,813 has been taken to the Profit and Loss and written off, having satisfied the conditions of the agreement.

In addition, subsequent to the end of the year, the Directors have determined that The Dish project will not be renewed when the tenure expires in October 2015. The carrying amount of \$481,972 has also been written off as at 30 June 2015 in preparation for relinquishment of this tenement.

Expenditure of \$722,047 has been included in cash flows from investing activities in the statement of cash flows.

### 14. TRADE AND OTHER PAYABLES

Trade and other payables	187,958	55,559
	<b>187,958</b>	<b>55,559</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

### 15. ISSUE OF EQUITY SECURITIES

	30 June 2015 \$	30 June 2014 \$
Fully paid ordinary shares	6,565,574	5,394,717
<b>Ordinary shares</b>		
Balance at the beginning of the reporting period	30,001,482	30,001,482
Shares issued during the period	31,850,215	-
<b>Balance at reporting date</b>	<b>61,851,697</b>	<b>30,001,482</b>

During the financial year the company raised \$1,017,546 capital net of costs through the following issues:

- 7,500,000 Placement Shares at \$0.05 per share
- 5,500,000 Placement Shares at \$0.05 per share
- 10,750,000 Pro-Rata Non-Renounceable Rights Issue at \$0.03 per share
- 8,100,215 Rights Issue at \$0.03 per share

### 16. SHARE-BASED PAYMENTS

#### Share Options

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

2015							
Grant date	Expiry Date of Options	Exercise Price of Options	Balance at start of year	Exercised during the year	Issued during the year	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
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
17/12/2014	31/3/2017	\$0.12	-	-	2,000,000	2,000,000	2,000,000
			1,500,000	-	2,000,000	3,500,000	3,500,000
Weighted average exercise price			\$0.28	-	-	\$0.19	\$0.19

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

For the options granted during the current financial year the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry Date	Share price at grant date	Exercise Price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
17/12/2014	31/3/2017	\$0.03	\$0.12	70%	-	3.5%	\$0.003

### 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, an amount of \$5,633 (2014:\$nil) has been recognised as an employee remuneration expense (all of which related to equity-settled share-based payment transactions) and has been included in profit or loss for 2015 and credited to share option reserve.

## 17. DIVIDENDS

There have been no dividends paid or proposed during in respect of the period ended 30 June 2015.

## 18. 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 2015 \$	30 June 2014 \$
<b>Exploration Tenements – Commitments for expenditure</b>		
Not longer than 1 year	1,250,000	764,000
Longer than 1 year and not longer than 5 years	1,500,000	2,164,000
	<b>2,750,000</b>	<b>2,928,000</b>

In Queensland, Section 141C of the Mineral Resources Act 1989 allows for the holder of an exploration permit to apply to the Minister to have conditions of the exploration permit varied. On 2 June 2015 the Group applied to the Minister of Natural Resources and Mines to respectfully request variations to these expenditure commitments. If granted, this would reduce the current commitments on the Ropewalk tenement from \$2.75m over the next 2 years to \$400,000 over the same period.

The Minister will assess the variation request on the basis of the request itself, previous exploration activities and expenditure and the current standing of the exploration permit. The Minister will also



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

give regard to whether the permit holder has met the previous conditions of the permit and if any previous variations have been applied for.

With regards to EPM 17643, the Group does not have any contraventions recorded on the Department register and the tenement is considered to be in “good standing” with previous commitments being largely met. As at the date of this report there has been no correspondence to suggest that the variation request will not be approved.

Should the Minister accept the application to vary the expenditure conditions for EPM 17643, the proposed commitments will replace the current conditioned commitments. However, should the Minister refuse the variation application, the Holder is required to attempt to meet the current conditioned commitments to the best of their ability. Southern Crown has sufficient funds to continue exploration at Ropewalk and has previously held discussions with other interested parties regarding joint venture farm out arrangements or an outright sale of the tenement.

Failure to meet the conditioned commitments is seen by the Department as a breach of the permit conditions. If the breach is a first for the exploration permit holder, general Departmental practice is to issue the permit holder with a letter advising that they have breached the tenements conditions, and advising as it is a first offence no further action is to be taken. Further breaches may result in a contravention of conditions being recorded on the Departmental register, a mandatory relinquishment of sub-blocks at the Department’s choosing or cancellation of the exploration permit.

The Department does acknowledge the current economic climate faced by Explorers and is known to show leniency in times of hardship so long as the exploration permit holder can demonstrate that they are actively working on the permit.

## 19. RELATED PARTY DISCLOSURES

### Key Management Personnel Compensation

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

### Transactions with Key Management Personnel

Transactions between related parties are on normal commercial terms and conditions no more favourable than 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 \$115,200 for these services in addition to \$10,800 Rent during the financial year ended 30 June 2015. Mr Adrian Hill is an Executive Director of Westoria Capital Pty Ltd.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

The group also incurred costs of \$17,875 from Goodheart Pty Ltd relating to due diligence work performed by Mr R Grivas. Mr Rhod Grivas as a Director of Goodheart 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.

## 20. PARENT ENTITY INFORMATION

Set out below is supplementary information about the parent entity.

	Parent 30 June 2015 \$	Parent 30 June 2014 \$
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Loss after Income Tax	(1,683,387)	(289,751)
<b>Total Comprehensive Income</b>	<b>(1,683,387)</b>	<b>(289,751)</b>
<b>Statement of Financial Position</b>		
<b>Total Current Assets</b>	<b>1,613,871</b>	<b>1,562,712</b>
<b>Total Assets</b>	<b>1,944,564</b>	<b>2,319,062</b>
<b>Total Current Liabilities</b>	<b>187,958</b>	<b>55,559</b>
<b>Total Liabilities</b>	<b>187,958</b>	<b>55,559</b>
<b>Equity</b>		
Contributed Equity	6,565,574	5,394,717
Option reserves	200,750	195,117
Accumulated Losses	(5,009,718)	(3,326,331)
<b>Total Equity</b>	<b>1,756,606</b>	<b>2,263,503</b>

### Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2015.

### Capital commitments

Refer to Note 18 for details. The exploration commitments relate to the subsidiary in which the exploration tenements are being held.

### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

### 21. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated	
	30 June 2015	30 June 2014
	\$	\$
<b>(a) Reconciliation of Cash and Cash Equivalents</b>		
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	1,227,677	1,546,611
<b>(b) Financing Facilities</b>		
The Company had the following credit card facilities	10,000	10,000
Amounts utilised	(828)	(2,522)
	<b>9,172</b>	<b>7,478</b>
<b>(c) Reconciliation of Net Profit/(Loss) from ordinary activities after related income tax to net cash flows from operating activities</b>		
Profit/(Loss) after related income tax	(1,683,387)	(289,751)
<b>Non-cash activities:</b>		
Exploration expenditure written off	1,148,785	-
Share based payment expense	5,633	-
<b>Changes in assets and liabilities, net of effects from acquisition and disposal of businesses:</b>		
<b>(Increase)/Decrease in assets:</b>		
Interest Receivable	4,500	13,895
Prepayments and other receivables	(4,220)	2,292
<b>Increase/(Decrease) in liabilities:</b>		
Accounts Payable and Accrued Expenses	131,318	7,608
<b>Net cash used in operating activities</b>	<b>(397,371)</b>	<b>(265,956)</b>

### 22. 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.

#### 22.1 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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	315,434	2.45	14 August 2015
Fixed	102,556	2.45	18 September 2015
Variable	712,273	2.30	On-Call
Variable	10,395	-	On-Call
Variable	87,019	-	On-Call
<b>Total Cash</b>	<b>1,227,677</b>		

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 \$4,668 (2014: \$12,937) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

### 22.2 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 2015, 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	187,958	-	-	-
<b>Total</b>	<b>187,958</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 22.3 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 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:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Classes of financial assets	30 June 2015 \$	30 June 2014 \$
Cash and cash equivalents	1,227,677	1,546,611
Trade and other receivables	8,921	4,788
Interest receivable	1,086	5,728
<b>Carrying Amount</b>	<b>1,237,684</b>	<b>1,557,127</b>

### 22.4 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 2015.

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.

### 22.5 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.

Most of the Group's transactions are carried out in \$AUD. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are at time to time denominated in \$US dollars (\$USD). To mitigate the Group's exposure to foreign currency risk, non-\$AUD cash flows are monitored and a \$USD account has been established in accordance with the Group's risk management policies. Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into \$AUD at the closing rate:



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Assets		Liabilities	
	2015	2014	2015	2014
	\$	\$	\$	\$
USD Dollars	87,019	-	-	-
<b>Total</b>	<b>87,019</b>	<b>-</b>	<b>-</b>	<b>-</b>

Over the past year the Australian Dollar has varied up and down against all currencies. A 10% variance is considered reasonable for sensitivity analysis on this basis. If the \$AUD had strengthened against the \$USD by 10% the impact on equity and profit before tax would have been \$8,702, if the \$AUD had weakened against the \$USD by 10% the impact would have been (\$8,702) on equity and profit before tax respectively.

### 23. EARNINGS PER SHARE

	30 June 2015 Cents Per Share	30 June 2014 Cents Per Share
Basic loss per share	(4.05)	(0.97)
Diluted loss per share	(4.05)	(0.97)

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

	\$	\$
Earnings*	(1,683,387)	(289,751)

\*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:	41,609,326	30,001,482
Weighted average number of ordinary shares used in the calculation of diluted loss per share:	41,609,326	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 2015.

### 24. CONTINGENT LIABILITIES

The Group does not have any contingent liabilities as at 30 June 2015.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

#### 25. AFTER REPORTING DATE EVENTS

In April 2015, the Group executed a Binding Term Sheet to acquire all the shares in Homepeople Corporation, owners of ROMIO Inc (“ROMIO”) and the ROMIO social media platform, in a reverse takeover that would have seen the New York-based online recommendations provider list on the Australian Securities Exchange. After consultation with its advisors, Foster Stockbroking, the Group concluded that the completion of version 3 of the social media platform and the rollout of ROMIO’s marketing strategy to bring experts and users onto the platform was required prior to commencing a public offer and listing on the ASX via a merger with the Group. In addition, the Group found that current market conditions do not currently support a substantial capital raising. As such, the Group subsequently gave formal notice to terminate the agreement between the Group and ROMIO as announced on 31 July 2015.

On 28 August 2015, the Group issued 2,649,785 fully paid ordinary shares at \$0.03 per share (Shares) from the shortfall of the Company’s rights issue that closed on 29 May 2015. The Group has a total of 64,501,482 fully paid ordinary shares on issue as announced on 1 September 2015.

#### 26. 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%

#### 27. OPERATING SEGMENTS

The Group currently undertakes commodity exploration across one geographic region. All revenues and costs are handled centrally and management reviews financial information on a consolidated basis. The Group currently undertakes commodity exploration across one geographic region, Australia, with all Alaskan projects written off during the period. Capitalised exploration and acquisition expenditure for the period across the Australian segment after write offs was \$40,164. \$666,813 in exploration costs relating to the Alaskan projects was written off during the reporting period.

## 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 31 August 2015.

### 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	9	1,755	0.01
1,001 – 5,000	16	56,277	0.09
5,001 – 10,000	50	466,691	0.72
10,001 – 100,000	194	7,328,961	11.36
100,001 and over	84	56,647,798	87.82
<b>Total</b>	<b>353</b>	<b>64,501,482</b>	<b>100.00%</b>

There were 111 holders holding less than a marketable parcel of shares representing 1,013,626 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	3,854,168	5.98
2	MR GRANT POVEY	3,773,344	5.85
3	MR HARRY HATCH	3,179,800	4.93
4	PHEAKES PTY	2,649,785	4.11
5	MR HARRY HATCH	2,400,000	3.72
6	MR NICHOLAS SIMON DRAPER + MRS MELINDA JANE DRAPER <DRAPER SUPER FUND A/C>	2,200,000	3.41
7	MS JACKIE AU YEUNG	2,000,000	3.10
8	MR DIRK VAN DER STRUYF + MRS STEPHANIE VAN DER STRUYF <VAN DER STRUYF S/F A/C>	1,578,125	2.45
9	WESTORIA RESOURCE INVESTMENTS LIMITED	1,562,500	2.42
10	FIRST INVESTMENT PARTNERS PTY LTD	1,500,000	2.33
11	TEMPO CAPITAL PTY LTD <TEMPO GROWTH FUND A/C>	1,372,651	2.13
12	INVICTUS CAPITAL PTY LTD <MAIN FAMILY A/C>	1,342,153	2.08
13	MR ROSS FRANCIS STANLEY	1,100,000	1.71
14	GANDRIA CAPITAL PTY LTD <THE TEDBLAHNKI FAMILY A/C>	1,044,147	1.62
15	MRS KATRINA FRANCES BANKS-SMITH	1,020,000	1.58
16	GASMERE PTY LTD	1,000,000	1.55
17	MR BRIAN HENRY MCCUBBING + MRS ADRIANA MARIA MCCUBBING <B MCCUBBING SUPER FUND A/C>	1,000,000	1.55
18	MR ROBERT LINDSAY SHIRLEY + MRS GINA MICHELLE SHIRLEY<R L SHIRLEY SUPER FUND	1,000,000	1.55
19	UBS NOMINEES PTY LTD	1,000,000	1.55
20	PRESSURE DROP PTY LTD	833,334	1.29
<b>Top 20 holders of Ordinary Fully Paid Shares</b>		<b>35,410,007</b>	<b>54.90%</b>
<b>Total Remaining Holders Balance</b>		<b>29,091,475</b>	<b>45.10%</b>



### 3. RESTRICTED SECURITIES

There were 10,750,000 restricted securities at 31 August 2015.

### 4. SUBSTANTIAL SHAREHOLDERS

As at 31 August 2015 the substantial shareholders were as follows:

Name of Shareholder	No of Shares	% of Issued Capital
Mr Harry Hatch	5,579,800	8.65
Westoria Resource Investments Ltd	5,416,668	8.40
Mr Grant Povey	3,773,344	5.85

### 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 2015

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

Subsequent to the end of the year, the Directors have determined that The Dish project will not be renewed when the tenure expires in October 2015. The carrying amount of \$481,972 has been written off as at 30 June 2015 in preparation for relinquishment of this tenement

## 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. This Corporate Governance Statement is current as at 31 August 2015 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company has, during the financial year ending 30 June 2015, followed the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (Recommendations). The Recommendations are not mandatory, however the Recommendations that have not been followed for any part of the reporting period have been identified and reasons provided for not following them along with what (if any) alternative governance practices were adopted in lieu of the recommendation during that period.

The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties.

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the experience and skill set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

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](http://www.southerncrown.com.au).

RECOMMENDATIONS (3rd EDITION)	COMPLY	EXPLANATION
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<b>Recommendation 1.1</b>  A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.	YES	<p>The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management.</p> <p>The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p> <p>A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.</p>

RECOMMENDATIONS (3rd EDITION)	COMPLY	EXPLANATION
<p><b>Recommendation 1.2</b></p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.</p>	YES	<p>(a) The Company has guidelines for the appointment and selection of the Board in its Corporate Governance Plan. The Company's Nomination Committee Charter (in the Company's Corporate Governance Plan) requires the Nomination Committee (or, in its absence, the Board) to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director.</p> <p>(b) Under the Nomination Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.</p>
<p><b>Recommendation 1.3</b></p> <p>A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	YES	<p>The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p> <p>The Company has had written agreements with each of its Directors and senior executives for the past financial year.</p>
<p><b>Recommendation 1.4</b></p> <p>The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>	YES	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>
<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p>	PARTIALLY	<p>(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives if considered appropriate and to assess annually both the</p>



RECOMMENDATIONS (3rd EDITION)	COMPLY	EXPLANATION
		objectives, if any have been set, and the Company's progress in achieving them.
(b) disclose that policy or a summary of it; and		(b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website.
(c) disclose as at the end of each reporting period:		(c) Southern Crown Resources Ltd currently has no employees and only 3 Board members, none of which are women. The Board did not set measurable gender diversity objectives for the past financial year, because:
(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and		<ul style="list-style-type: none"> <li>the Board did not anticipate there would be a need to appoint any new Directors or senior executives due to the limited nature of the Company's existing and proposed activities and the Board's view that the existing Directors have sufficient skill and experience to carry out the Company's plans; and</li> </ul>
(ii) either:		<ul style="list-style-type: none"> <li>if it became necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit.</li> </ul>
a) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or		
b) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act.		
<b>Recommendation 1.6</b>	YES	
A listed entity should:		
(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and		(a) The Company's Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Board on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company's Corporate Governance Plan, which is available on the Company's website.
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		(b) The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company has not completed performance evaluations in respect of the Board and individual Directors for the past financial year.

RECOMMENDATIONS (3rd EDITION)	COMPLY	EXPLANATION
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>(a) The Company's Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Company's senior executives on an annual basis. The Board is responsible for evaluating the remuneration of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non-executive Director.</p> <p>The applicable processes for these evaluations can be found in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>(b) The Company has not completed performance evaluations in respect of the senior executives (if any) for the past financial year in accordance with the applicable processes.</p>
<b>Principle 2: Structure the Board to add value</b>		
<p><b>Recommendation 2.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director,</li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and</p>	NO	<p>(a) The Company's Nomination Committee Charter provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director.</p> <p>(b) The Company did not have a Nomination Committee for the past financial year as the Board did not consider the Company would benefit from its establishment. 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 in the Company's Corporate Governance Plan, which is available on the Company's website.</p>

RECOMMENDATIONS (3rd EDITION)	COMPLY	EXPLANATION
<p>knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p> <p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	NO	<p>Under the Nomination Committee Charter (in the Company's Corporate Governance Plan), the Nomination Committee (or, in its absence, the Board) is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.</p> <p>The Board Charter requires the disclosure of each Board member's qualifications and expertise. Full details as to each Director and senior executive's relevant skills and experience are available in the Company's Annual Report.</p>
<p><b>Recommendation 2.3</b></p> <p>A listed entity should disclose:</p> <p>(a) the names of the Directors considered by the Board to be independent Directors;</p> <p>(b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each Director</p>	YES	<p>(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Board currently comprises a total of three directors, of whom one is considered to be independent.</p> <p>(b) Mr Rhod Grivas is an executive of the Company and is therefore not considered independent, while Mr Adrian Hill is employed by a provider of professional services to the Company and also not considered independent. Mr Mark Papendieck is considered to be independent.</p> <p>(c) The Company's Annual Report discloses the length of service of each Director, as at the end of each financial year.</p>
<p><b>Recommendation 2.4</b></p> <p>A majority of the Board of a listed entity should be independent Directors.</p>	NO	<p>The Company's Board Charter requires that, where practical, the majority of the Board should be independent.</p> <p>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</p>

RECOMMENDATIONS (3rd EDITION)	COMPLY	EXPLANATION
<p><b>Recommendation 2.5</b></p> <p>The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.</p>	NO	<p>shareholders and that shareholders have the voting power to elect members to the Board regardless of their standing, independent or otherwise.</p> <p>The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director.</p> <p>The Chairman Rhod Grivas is not considered independent 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.</p>
<p><b>Recommendation 2.6</b></p> <p>A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.</p>	YES	<p>In accordance with the Company's Board Charter, the Nominations Committee (or, in its absence, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company Secretary is responsible for facilitating inductions and professional development.</p>
<b>Principle 3: Act ethically and responsibly</b>		
<p><b>Recommendation 3.1</b></p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its Directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	YES	<p>(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees.</p> <p>(b) The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website.</p>
<b>Principle 4: Safeguard integrity in financial reporting</b>		
<p><b>Recommendation 4.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, who is not the Chair of the Board,</p>	NO	<p>(a) The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair.</p> <p>(b) The Company did not have an Audit and Risk Committee for the past financial year as the</p>

RECOMMENDATIONS (3rd EDITION)	COMPLY	EXPLANATION
<p>and disclose:</p> <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the relevant qualifications and experience of the members of the committee; and</li> <li>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		<p>Board did not consider the Company would benefit from its establishment, and does not currently have one. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the processes to independently verify and safeguard the integrity of its financial reporting, the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>
<p><b>Recommendation 4.2</b></p> <p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	YES	<p>The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms.</p> <p>The Company has obtained a sign off on these terms for each of its financial statements in the past financial year.</p>
<p><b>Recommendation 4.3</b></p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	YES	<p>The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p> <p>The Company's external auditor attended the Company's last AGM during the past financial year.</p>
<b>Principle 5: Make timely and balanced disclosure</b>		
<p><b>Recommendation 5.1</b></p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	YES	<ul style="list-style-type: none"> <li>(a) The Company's Corporate Governance Plan details the Company's Continuous Disclosure policy.</li> <li>(b) The Corporate Governance Plan, which incorporates the Continuous Disclosure policy, is available on the Company's website.</li> </ul>

RECOMMENDATIONS (3rd EDITION)	COMPLY	EXPLANATION
<b>Principle 6: Respect the rights of security holders</b>		
<b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
<b>Recommendation 6.2</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.
<b>Recommendation 6.3</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.
<b>Recommendation 6.4</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	<p>The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>
<b>Principle 7: Recognise and manage risk</b>		
<b>Recommendation 7.1</b> The Board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director,</li> </ul> </li> </ul>	NO	<ul style="list-style-type: none"> <li>(a) The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director.</li> </ul> <p>A copy of the Corporate Governance Plan is available on the Company's website.</p>



RECOMMENDATIONS (3rd EDITION)	COMPLY	EXPLANATION
<p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>		<p>(b) The Company did not have an Audit and Risk Committee for the past financial year as the Board did not consider the Company would benefit from its establishment, and does not currently have one. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter to oversee the entity's risk management framework. 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 and associated internal compliance and control procedures into a detailed policy as its operations continue to grow.</p>
<p><b>Recommendation 7.2</b></p> <p>The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	YES	<p>(a) The Audit and Risk Committee Charter requires that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Company's risk management framework continues to be sound.</p> <p>(b) The Board has completed a review of the Company's risk management framework in the past financial year.</p>
<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	YES	<p>(a) The Audit and Risk Committee Charter provides for the Audit and Risk Committee to monitor the need for an internal audit function.</p> <p>(b) The Company did not have an internal audit function for the past financial year. The Board continually considers the entity's risk management effectiveness and associated internal compliance and control procedures.</p>
<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to</p>	YES	<p>The Company's Corporate Governance Plan requires the Company to disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it</p>

**RECOMMENDATIONS (3rd EDITION)****COMPLY****EXPLANATION**

manage those risks.

manages or intends to manage those risks. The Company discloses this information in its Annual Report on the Company's website and as an ASX Announcement where required to maintain compliance with its continuous disclosure obligations.

**Principle 8: Remunerate fairly and responsibly****Recommendation 8.1**

The Board of a listed entity should:

(a) have a remuneration committee which:

- (i) has at least three members, a majority of whom are independent Directors; and
- (ii) is chaired by an independent Director,

and disclose:

- (iii) the charter of the committee;
- (iv) the members of the committee; and
- (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

NO

(a) The Company's Corporate Governance Plan contains a Remuneration Committee Charter that provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom must be independent Directors, and which must be chaired by an independent Director.

(b) The Company did not have a Remuneration Committee for the past financial year as the Board did not consider the Company would benefit from its establishment, and does not currently have one. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter. 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 is available on the Company's website as part of the Company's Corporate Governance Plan.

**Recommendation 8.2**

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.

YES

The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed in the remuneration report contained in the Company's Annual Report.

RECOMMENDATIONS (3rd EDITION)	COMPLY	EXPLANATION
<p><b>Recommendation 8.3</b></p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	YES	<p>The Company did not have an equity based remuneration scheme during the past financial year. The Company did not have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise), which limit the economic risk of participating in the scheme.</p>