

SOUTHERN CROWN RESOURCES LIMITED

ABN: 52 143 416 531

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2015



CORPORATE DIRECTORY

BOARD OF DIRECTORS

Rhod Grivas
Chairman

Shannon Robinson
Non-Executive Director

Adrian Hill
Non-Executive Director

COMPANY SECRETARY

Adrian Hill

REGISTERED OFFICE

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AUDITOR

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

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Computershare Investor Services Pty Ltd
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STOCK EXCHANGE LISTING

Australian Securities Exchange (ASX)
ASX Code: SWR

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DIRECTORS' REPORT

The Directors of Southern Crown Resources Limited and its subsidiaries (the "Group") submit herewith the consolidated financial report of the Group for the half year ended 31 December 2015. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The names of the Company's Directors at any time during or since the half year are outlined below. Unless otherwise disclosed, all Directors held their office from 1 July 2015 until the date of this report.

Mr Rhod Grivas - Chairman

Mr Mark Papendieck - Non-Executive Director (Resigned 20 January 2016)

Mrs Shannon Robinson – Non-Executive Director (Appointed 20 January 2016)

Mr Adrian Hill - Non-Executive Director and Company Secretary

REVIEW OF OPERATIONS

During the period, Southern Crown Resources Limited ("Southern Crown" or the Company) reviewed numerous acquisition opportunities both within the resource industry and across other sectors that may add value to shareholders.

Acquisition of Yojee Pty Ltd

During the period Southern Crown executed a conditional exclusive agreement for an option to acquire 100% of the global logistics sharing-economy technology company, Yojee Pty Ltd ("Yojee") (the "Transaction") as announced on the ASX on 23 December 2015.

The Transaction is subject to the satisfaction (or waiver) of the following conditions precedent:

- ❖ Southern Crown obtaining and complying with all shareholder and regulatory approvals required including re-compliance with Chapters 1 and 2 of the ASX Listing Rules;
- ❖ Southern Crown and Yojee each conducting due diligence enquiries to their satisfaction;
- ❖ execution of share sale agreement with each of the shareholders of Yojee;
- ❖ completion of a capital raising, pursuant to a prospectus, to raise not less than \$2,500,000 at a minimum price of \$0.02 per share;
- ❖ the Company receiving conditional approval from ASX to the re-instatement to ASX on the basis of the Transaction;
- ❖ there being no material adverse change in respect of Southern Crown and Yojee;
- ❖ the parties obtaining any governmental and third party consents, approvals or waivers required for completion of the Transaction; and
- ❖ none of the warranties provided by Yojee becoming untrue, incorrect or misleading, prior to completion.

Transaction Consideration

The Company has paid a \$50,000 option fee to secure the exclusive right to conduct due diligence on Yojee. As consideration for the exercise of the option, \$250,000 was paid subsequent to the

reporting date in January 2016, upon the Company agreeing to exercise the option and the formal agreement being entered into.

As consideration for the acquisition of 100% of Yojee, the Company will issue the following securities to the shareholders of Yojee (**Consideration Securities**):

- ❖ 150 million shares (**Consideration Shares**);
- ❖ 100 million unlisted options (exercisable at \$0.02; expiring 5 years from issue) (**Consideration Options**);
- ❖ 200 million performance shares based on achievement of the following milestones (**Performance Shares**):
 - ❖ 50 million Class A Performance Shares – upon Yojee achieving \$3 million consolidated revenue within 36 months of completion of the transaction or upon Yojee launching the Yojee operational platform on two of the Android, iOS or Desktop devices and the 20 day volume weighted average price (“vwap”) of the Shares trading at \$0.20 or higher;
 - ❖ 50 million Class B Performance Shares – upon Yojee achieving \$5 million consolidated revenue within 48 months of completion of the transaction or upon Yojee launching the Yojee operational platform on two of the Android, iOS or Desktop devices and the 20 day vwap of the Shares trading at \$0.20 or higher;
 - ❖ 50 million Class C Performance Shares – upon Yojee achieving \$7 million consolidated revenue within 54 months of completion of the transaction or upon Yojee launching the Yojee operational platform on two of the Android, iOS or Desktop devices and the 20 day vwap of the Shares trading at \$0.20 or higher;
 - ❖ 50 million Class D Performance Shares – upon Yojee achieving \$10 million consolidated revenue within 60 months of completion of the transaction or upon Yojee launching the Yojee operational platform on two of the Android, iOS or Desktop devices and the 20 day vwap of the Shares trading at \$0.20 or higher.

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 gold deposits.

The Group was granted the exploration rights over the Ropewalk tenement (EPM 17643) for a five year term on 3 August 2012. The Ropewalk tenement covered an area of 324km² at the time of granting. During 2015 the Group relinquished 40% of the tenement area reducing the area to approximately 195km², while maintaining the most prospective targets in the retained tenement area.

Following a number of field reconnaissance exploration programs in 2013, Southern Crown completed an 18 hole RC drilling program to test 720m strike of the mineralized zone, located immediately east of the Aust Gold mining lease. A total meterage of 1,445m was drilled to an average depth of 80 metres with a maximum depth of 130m. Drill lines were nominally spaced 80m apart with up to 4 drill holes on each line.

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 excised Mt Jack M6781 lease boundary. 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, exploration conducted during 2015 has been limited to desktop studies including reviewing the existing exploration database to determine additional follow-up exploration targets, 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 original grant 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.

No further exploration work was conducted on the Ropewalk project during the period.

Competent Person's Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information previously reported and 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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under s.307C of the Corporation Act 2001 in relation to the review of the half year is included on page 6.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'Rhod Grivas', with a stylized, cursive script.

Rhod Grivas
Chairman

10 February 2015



Grant Thornton

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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 review of Southern Crown Resources Limited for the half-year ended 31 December 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD

Brad Taylor Chartered Accountants
Partner - Audit & Assurance

Melbourne, 10 February 2016

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	Half Year Ended 31 December 2015 \$	Half Year Ended 31 December 2014 \$
Interest revenue		10,449	27,190
Administration expenses		(7,924)	(14,700)
Business Development		(139,010)	(16,120)
Professional fees		(80,957)	(98,469)
Employee benefits		(85,022)	(56,113)
Impairment of loan receivable		(421,905)	-
Share based payment expense		-	(5,632)
Loss before income tax expense		(724,369)	(163,844)
Income tax expense		-	-
Loss attributable to members of the parent entity		(724,369)	(163,844)
Other comprehensive income		-	-
Total comprehensive loss		(724,369)	(163,844)
Loss per share	8	Cents per Share	Cents per Share
Basic loss per share		(1.14)	(0.45)
Diluted loss per share		(1.14)	(0.45)

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 31 DECEMBER 2015

	Note	As at 31 December 2015 \$	As at 30 June 2015 \$
Current Assets			
Cash and cash equivalents		770,449	1,227,677
Trade and other receivables		513	8,921
Other current assets		20,386	6,900
Loan receivable	2	-	370,373
Total Current Assets		791,348	1,613,871
Non-Current Assets			
Other non-current assets		-	10,000
Tenement acquisition and exploration costs	3	352,124	320,693
Total Non-Current Assets		352,124	330,693
Total Assets		1,143,472	1,944,564
Current Liabilities			
Trade and other payables		31,741	187,958
Total Current Liabilities		31,741	187,958
Net Assets		1,111,731	1,756,606
Equity			
Share capital	4	6,645,068	6,565,574
Option Reserves	5	200,459	200,750
Accumulated losses		(5,733,796)	(5,009,718)
Total Equity		1,111,731	1,756,606

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Share Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2014	5,394,717	195,117	(3,326,331)	2,263,503
Shares issued	635,000	-	-	635,000
Options issued	-	5,632	-	5,632
Total comprehensive loss for the period	-	-	(163,844)	(163,844)
Balance at 31 December 2014	6,029,717	200,749	(3,490,175)	2,740,291
Balance at 1 July 2015	6,565,574	200,750	(5,009,718)	1,756,606
Shares issued	79,494	-	-	79,494
Expired options	-	(291)	291	-
Total comprehensive loss for the period	-	-	(724,369)	(724,369)
Balance at 31 December 2015	6,645,068	200,459	(5,733,796)	1,111,731

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	Half Year Ended 31 December 2015 \$	Half Year Ended 31 December 2014 \$
Cash Flows From Operating Activities			
Interest received		10,419	26,487
Payments to suppliers and employees		(474,182)	(222,670)
Net cash from (used in) operating activities		(466,163)	(196,183)
Cash Flows From Investing Activities			
Purchase of tenements, acquisitions and exploration costs		(31,677)	(681,017)
Loans to other entities		(51,282)	-
Refund of security deposit		10,000	-
Net cash from (used in) investing activities		(72,959)	(681,017)
Cash Flows From Financing Activities			
Proceeds from issue of equity securities		79,494	650,000
Payment for equity issue costs		-	(15,000)
Net cash from (used in) financing activities		79,494	635,000
Net change in cash and cash equivalents		(457,228)	(242,200)
Cash and cash equivalents at beginning of period		1,227,677	1,546,611
Cash and cash equivalents at the end of period		770,449	1,304,411

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures the financial statements and notes also comply with IAS 34: Interim Financial Reporting.

This interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Southern Crown Resources as at 30 June 2015, together with public announcements made by Southern Crown Resources during the interim reporting period in accordance with its continuous disclosure obligations.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Company's presentation of or disclosure in, its half-year financial statements.

2. LOAN RECEIVABLE

	31 December 2015 \$	30 June 2015 \$
Romio loan receivable	421,655	370,373
Provision for impairment	(421,655)	-
Carrying amount at the end of year	-	370,373

As part of a proposed transaction with Homepeople Corporation in early 2015, Southern Crown provided a A\$421,655 loan to Homepeople to develop and market their ROMIO social media platform whilst the transaction process and due diligence was being undertaken. The repayment date of the loan was 31 December 2015.

The transaction was ultimately terminated in July 2015 and at the date of this report, the loan has not been repaid. The Company is in discussions regarding the status and recoverability of the outstanding loan repayment and, at its sole election, may convert the outstanding monies to an equity interest in Homepeople Corporation.

Despite these discussions, there remains considerable doubt about the immediate repayment of this loan and the Directors have made a decision to make a provision against the carrying value of this loan.

3. TENEMENT ACQUISITION AND EXPLORATION COSTS

	31 December 2015 \$	30 June 2015 \$
Movement in exploration and evaluation assets		
Opening balance at cost	320,693	746,350
Capitalised exploration expenditure	31,431	723,128
Balance Additions	352,124	1,469,478
Exploration expenditure written off	-	(1,148,785)
Carrying amount at the end of year	352,124	320,693

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

Exploration expenditure of \$31,677 has been included within investing activities in the statement of cash flows.

4. ISSUE OF EQUITY SECURITIES

	31 December 2015 \$	30 June 2015 \$
Fully paid ordinary shares	6,645,068	6,565,574
Ordinary shares		
Balance at the beginning of the reporting period	61,851,697	30,001,482
Shares issued during the period	2,649,785	31,850,215
Balance at reporting date	64,501,482	61,851,697

5. RESERVES

Options Reserve

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

Grant date	Expiry Date of Options	Exercise Price of Options	Balance at start of year	Issued during the year	Expired / Forfeited/ Other	Balance at end of the period	Value \$
23/7/2010	23 Jul 2015	\$0.25	500,000	-	(500,000)	-	-
3/6/2011	2 Jun 2016	\$0.25	500,000	-	-	500,000	92,061
3/6/2011	2 Jun 2016	\$0.35	500,000	-	-	500,000	102,765
17/12/2014	31 Mar 2017	\$0.12	2,000,000	-	-	2,000,000	5,633
			3,500,000	-	(500,000)	3,000,000	200,459

Option Valuation

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

6. 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.

	31 December 2015 \$	30 June 2015 \$
Exploration Tenements – Commitments for expenditure		
Not longer than 1 year	1,218,569	1,250,000
Longer than 1 year and not longer than 5 years	1,500,000	1,500,000
	2,718,569	2,750,000

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 following 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 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.

7. RELATED PARTY DISCLOSURES

The company undertakes transactions with related parties in the normal course of business. In the current period, arrangements with related parties continue to be in place, consistent with those reported in the 30 June 2015 annual financial report.

8. EARNINGS PER SHARE

	31 December 2015 Cents Per Share	31 December 2014 Cents Per Share
Basic loss per share	(1.14)	(0.45)
Diluted loss per share	(1.14)	(0.45)

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

	\$	\$
Earnings*	(724,369)	(163,844)

*Earnings are the same as the loss after tax in the statement of profit and 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:	63,661,659	36,717,329
Weighted average number of ordinary shares used in the calculation of diluted loss per share:	63,661,659	36,717,329

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".

9. CONTINGENT LIABILITIES

The Group does not have any contingent liabilities as at 31 December 2015.

10. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 31 December 2015, the Group executed definitive agreements and exercised its option to acquire 100% of Yojee Pty Ltd. The Group has also paid a \$250,000 non-refundable option fee.

Further details of the transaction are detailed in the Operations Review as well as ASX releases dated 23 December 2015 and 20 January 2016.

Subsequent to 31 December 2015 and as part of the transaction, Mark Papendieck resigned as a non-executive director and Shannon Robinson has been appointed as a non-executive director. Mrs Robinson has been appointed as a nominee by Yojee Pty Ltd.

There have been no other matters or circumstances that have arisen since 31 December 2015 that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

11. OPERATING SEGMENTS

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. Capitalised exploration and acquisition expenditure for the period across the Australian segment was \$31,431.

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 accordance with the Corporations Act 2001, including compliance with AASB134 and the Corporations Regulations 2001; and give a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'Rhod Grivas', with a stylized, cursive script.

Rhod Grivas
Chairman

10 February 2016



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

We have reviewed the accompanying half-year financial report of Southern Crown Resources Limited ("Company"), which comprises the consolidated statement of financial position as at 31 December 2015, and 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 half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Southern Crown Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Southern Crown Resources Limited financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Southern Crown Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Southern Crown Resources Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Brad Taylor
Partner - Audit & Assurance

Melbourne, 10 February 2016

