ASX Release

28th January 2011

Southern Crown Resources Limited

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Directors / Officers:

Bruce Fulton
Rhod Grivas
Mark Papendieck
Adrian Hill

Issued Shares and Options:

Shares: 29.5 million
Listed options: 10 million
Unlisted options: 5 million

ASX Codes: *SWR, SWRO*

December 2010 Quarterly Activities Report

Highlights

- **Successfully listed on the ASX on 2 December 2010 and the share price has remained at a premium to issue price.**
- **Commenced exploration on the Australian projects with preparation for a drilling program and aeromagnetic survey.**
- **Announced the conditional acquisition of Rare Earth International, a company with advanced rare earth projects and experienced management located in southern Africa.**

The Directors of Southern Crown Resources Limited ("Southern Crown" or "the Company") are pleased to present the Company's first quarterly report. On the 18th October 2010 the Company lodged a prospectus with the Australian Securities and Investments Commission ("ASIC") for the initial public offer of up to 20 million shares at an issue price of $0.20 each together with one free option for every two shares issued to raise up to $4 million. The offer closed oversubscribed on 19 November 2010. The Company was admitted to the official list of the Australian Securities Exchange ("ASX") on 2 December 2010 with shares quoted under the code SWR and the options quoted under SWRO. The shares have subsequently traded at a significant premium to the issue price.

Exploration

The Company has commenced exploration on the North Queensland and New South Wales (NSW) projects with preparation for a RC drilling program at the Bernadette prospect in North Queensland and a comprehensive airborne survey at The Dish project in NSW.

A detailed aeromagnetic geophysical survey over The Dish project will be undertaken in April 2011 on 50 metre line spacings. This detailed survey will provide management with a structural and lithological interpretation tool to assist in planning the follow-up exploration.

A data compilation of all previous exploration on the North Queensland project was commenced during December and a field reconnaissance program is expected this quarter, subject to weather conditions.

Rare Earth International

Consistent with Southern Crown's strategy for sourcing new projects, on 21 December 2010, the Company announced the signing of a binding Heads of Agreement to purchase all of the issued capital of Rare Earth International ("REI"), subject to various conditions, including shareholder approval. The Company is completing due diligence and providing shareholders with an independent experts report on whether the proposed acquisition is fair and reasonable.

The projects are all located in southern Africa and include previously operating rare earth element ("REE") mines and exploration targets on complexes of known REE enrichment.

As part of the acquisition, Southern Crown will appoint Dr Robin E. ("Jock") Harmer (PhD in geochemistry) as Managing Director. Dr Harmer is a recognised authority on carbonatites having authored numerous academic papers. Dr Harmer has recently developed and managed rare earth exploration programs on carbonatite complexes in Africa and Greenland.

Post acquisition, the Company plans to explore the possibility of near term production from the REE enriched soils at the Xiluvo Project in Mozambique, where a mining permit is already in place.

Key Terms of Agreement

The Directors of Southern Crown have agreed to acquire all the shares in REI for which the consideration will be satisfied by the issuance of ordinary fully paid shares and Performance Shares in Southern Crown. These Performance Shares will only convert to fully paid ordinary shares upon the satisfaction of certain performance hurdles as set out below. The shares will be issued and convertible in the following tranches:

1. The issue of 8 million fully paid ordinary shares following shareholder approval of the transaction.

2. The issue of Performance Shares following shareholder approval of the transaction, that will be converted to fully paid ordinary shares upon the satisfaction of the following performance hurdles:

    a. The conversion of 7 million Performance Shares when the Company has the right to commence exploration on any application submitted by REI within one (1) year of the date of issue of the Performance Shares. The only existing application in place is the application for the Gakara Project, Burundi.

    b. The conversion of 7.5 million Performance Shares when the Company has earned its 50% interest in the Nkombwa Project, Zambia within two (2) years of the date of issue of the Performance Shares.

    c. The conversion of 7.5 million Performance Shares when the Company has earned its 85% interest in the Xiluvo Project, Mozambique within two (2) years of the date of issue of the Performance Shares.

    d. The conversion of 15 million Performance Shares upon completion of a positive pre-feasibility (based on independent studies and conservative metal pricing) and a resolution of the Independent Directors of Southern Crown to undertake a full bankable feasibility study on any of REI's projects, within 3 years of the date of issue of the Performance Shares.

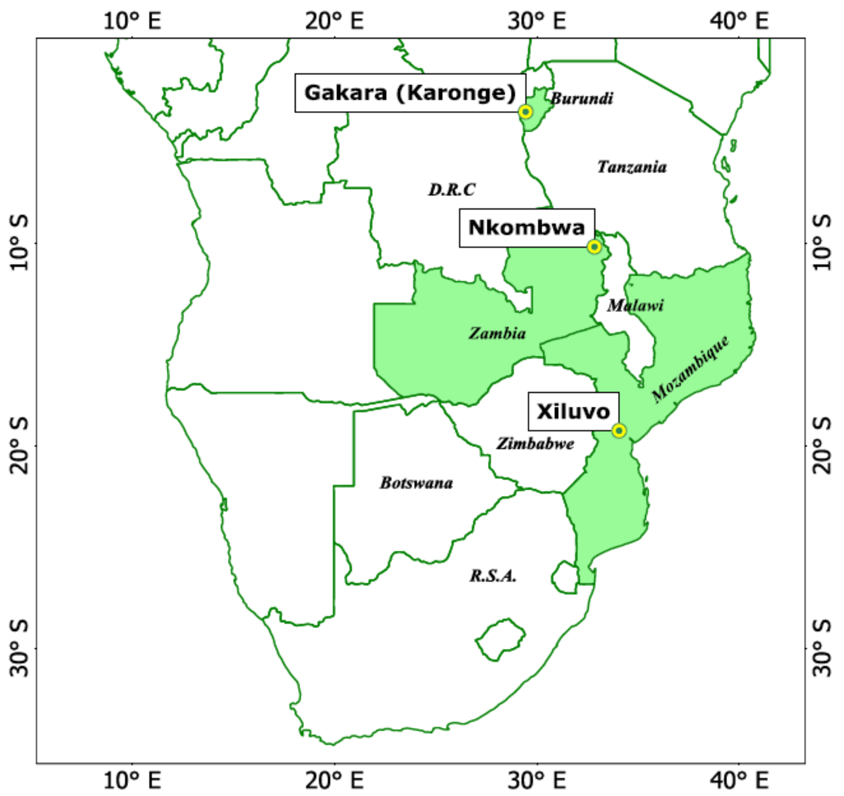
Completion of the Agreement is conditional upon satisfactory due diligence by both parties, all relevant shareholder approvals and Southern Crown receiving all necessary regulatory approvals.

The Company is currently undertaking due diligence. Shareholders will have the opportunity to vote on the transaction and a notice of meeting of shareholders is expected to be provided during February ahead of a meeting in March. The transaction is expected to settle immediately following the meeting of shareholders, assuming all relevant approvals are obtained.

More details of the acquisition terms are provided in the release dated 21 December 2010 which can be found on the Company website southerncrown.com.au.

Project Summaries

All projects represent quality development opportunities with previously documented REE mineralisation and are all located within 25km of paved major national roads close to regional centres.



Nkombwa Project, Zambia (REI earning up to 75%)

The Nkombwa project is located in the north east of Zambia, 22km east of the major T2 paved national road between Lusaka (Zambian capital) and the Tanzanian border. The project includes the prominent Nkombwa Hill REE, niobium, phosphate enriched carbonatite intrusion.

REI has signed a joint venture agreement with African Consolidated Resources Plc ("ACR") to secure the rights to explore for rare earth elements. ACR retains the rights to all non rare earth elements. REI can achieve a 30% interest on completion of a JORC Inferred Resource and expenditure of US$750,000 within 2 years. After achieving 30%, REI can achieve an additional 20% interest by converting half the JORC Inferred Resource to an Indicated Resource and spending a further US$600,000 within 2 years. ACR can elect thereafter to contribute with REI as manager or REI can achieve a 75% interest by fully funding a bankable feasibility study.

Drilling by Roan Selection Trust (RST) in 1968/69 returned numerous wide intercepts with over 4% La+Ce oxides in the two bore holes drilled to test for phosphate and niobium peripheral to the main body of the mineralised intrusions.

Recent re-assaying for all the REE in the mineralised intervals recognised by RST has confirmed high TREO grades of 5-8% and revealed that some of the RST intervals stop in grade: i.e. the intervals could be significantly wider. More complete re-sampling of these boreholes is planned once the Company has acquired ownership of REI.

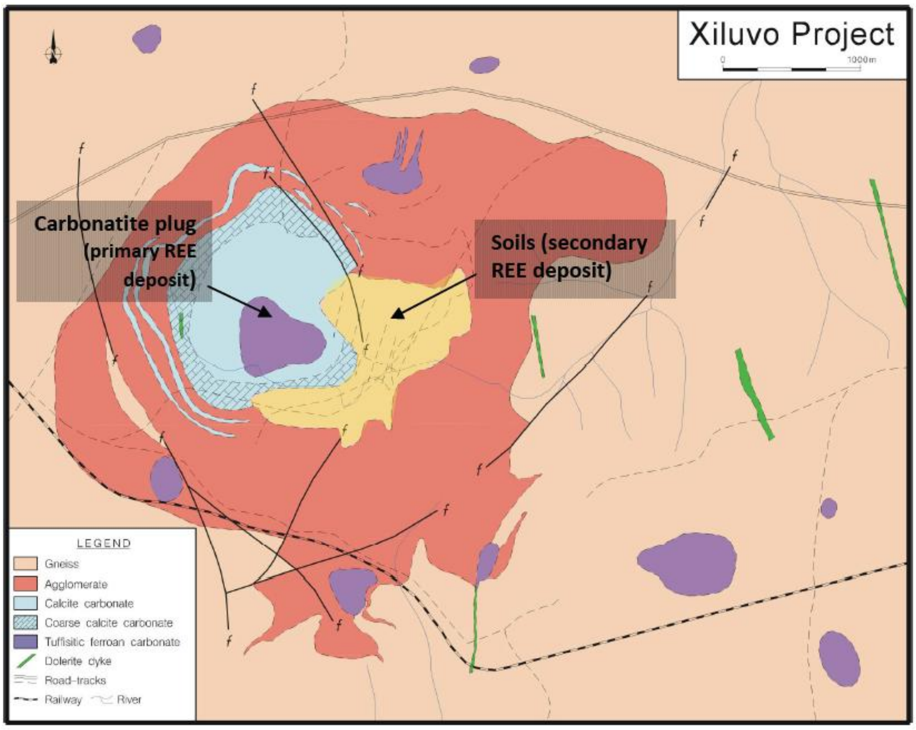
Hole	Northing	Easting	Azimuth (deg)	Dip (deg)	from metres	To metres	Width metres	%TREO
NB-1	8878565	483200	180	-45	69.68	75.9	6.22	7.98
					84.56	85.5	0.94	7.58
					183.49	185.6	2.11	7.78
					398.9	402.8	3.9	2.59
NB-2	8878622	483200	180	-60	298.3	302.4	4.1	5.47
					377.2	380.06	2.86	6.37

- *Coordinates are UTM Zone36S, 1950 Arc*
- *Widths are downhole intervals*
- *%TREO is percentage of total rare earth oxides*
- *Samples analysed by Genalysis Perth, November 2010*

Xiluvo Project, Mozambique (REI earning up to 85%)

The Xiluvo project is located 100km north-west of the major port of Beira, adjacent to a major paved road and rail linking Zimbabwe with the port. The project is a prominent hill which includes the intrusion of a rare earth and niobium enriched carbonatite complex. A 25 year mining permit is in place with the existence of a quarry for construction aggregate.

REI has signed a farm-in agreement with the mining permit owners for the rights to the REE. REI can achieve a 50% interest by spending US$300,000 on exploration within three years. REI can achieve 85% ownership by spending an additional US$700,000.



The Xiluvo Project has two drill ready targets, the primary REE enriched carbonatite target with petrological evidence of elevated LREE concentration and the secondary LREE enriched unconsolidated soil horizon at the base of the carbonatite hill.

Reconnaissance sampling of the LREE carbonatite derived soils over a 400m by 300m area in the central topographic bowl of the Xiluvo Complex has confirmed up to 3% TREO concentrations. The soils extend over an area of several hundred metres radius and have an exploration target of 1 to 5 million tonnes of REE and phosphate enriched soils* that have the potential to be easily exploited.

Preliminary metallurgical testwork has indicated that the soils could be concentrated further with magnetic separation which could remove approximately 50% of the waste material. The project represents an exciting near term development opportunity with several of the permits required for mining currently in place.

Sample	Easting	Northing	% TRE+Y
SOI 01	612170	7871815	1.61
SOI 02	612170	7871715	2.43
SOI 03	612170	7871615	1.98
SOI 04	612270	7871815	2.60
SOI 05	612270	7871715	2.20
SOI 06	612270	7871615	2.47
SOI 07	612270	7871517	0.88
SOI 08	612370	7871815	1.96
SOI 09	612370	7871715	2.60
SOI 10	612370	7871615	2.64
SOI 11	612370	7871515	2.10
SOI 12	612370	7871415	1.69
SOI 13	612470	7871815	1.93
SOI 14	612470	7871715	3.19
SOI 15	612470	7871615	2.79
SOI 16	612470	7871515	2.49
SOI 17	612570	7871815	1.07
SOI 18	612570	7871715	2.02
SOI 19	612570	7871615	2.74
SOI 20	612570	7871515	2.55
Average			2.20

- *Coordinates are UTM Zone 36S, 1950 Arc*
- *Soil samples were collected on a 100m by 100m grid from approximately 1m below the surface*
- *Samples analysed by Genalysis Perth, November 2010*

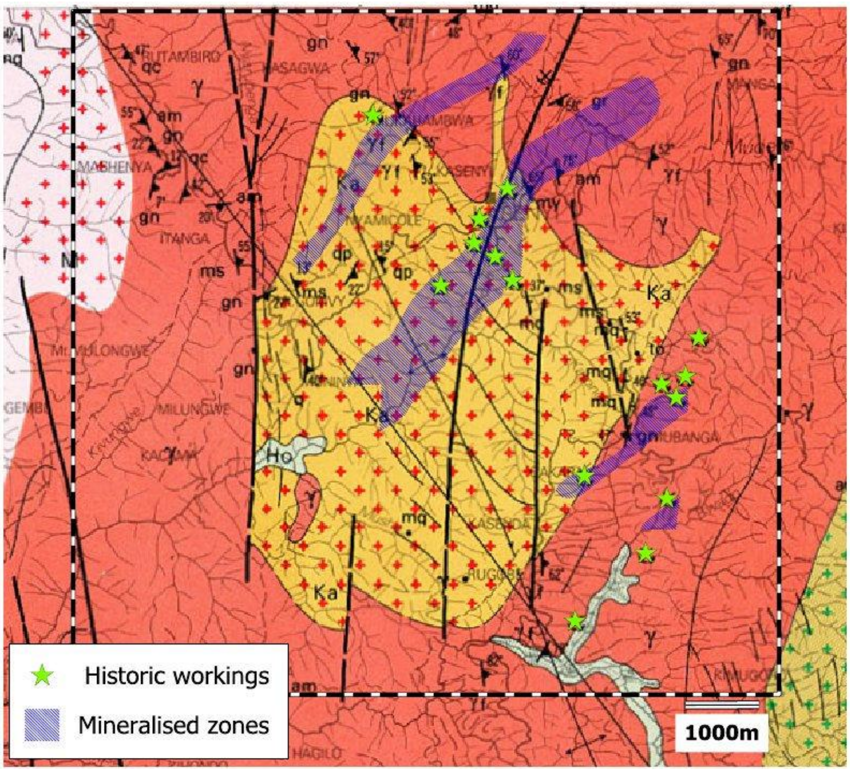
*References to targets of REE tonnage and grades are only conceptual in nature as, where these targets are mentioned there has been insufficient or unverified exploration data to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Gakara Project Application, Burundi (REI 100%)

The Gakara project which includes the historical high grade Karonge REE mine is located approximately 22km south southeast of the Burundi capital, Bujumbura. Access is via a paved road into the highlands and then 20-25km of unpaved road that serve numerous villages.

The application has been approved by the minister but requires cabinet approval for grant. In recent weeks a competing application has been lodged by a third party. Although the REI application was lodged first, other submission materials are taken into consideration by the cabinet before granting.

The REE deposits were first found in 1936 and were mined on and off through to 1979, approximately 5,000 tonnes of REE concentrate was mined from a number of open pit and underground operations. The mineralisation is located in swarms of veins in and proximal to the later granite plug. Historical data shows that the REE mineralisation is located in narrow irregular veins and stockworks but has elevated REE grades – 195 assays of ore from the Kasagwe deposit averaged 50.7% LREE oxides (La, Ce, Nd and Sm) (Brinckmann et al, 1983: table 6).*



*Brinckmann et al 1983 Exploration de la bastnasite-monzanite dans le region de Gakara/Burindi Rapport sur la phase 1. Office Federal des geosciences et des Resources Minerales (Hanover) BGR pp 169.

Corporate

On the 18th October 2010 the Company lodged a prospectus with the Australian Securities and Investments Commission ("ASIC") for the initial public offer of up to 20 million shares at an issue price of $0.20 each together with one free option for every two shares issued to raise up to $4 million. The offer closed early and oversubscribed and the Company listed on 2 December 2010.

Cash Position

At 31 December 2010, the Company held cash reserves of approximately $4.1 million.

Shareholder Information

At 31 December 2010, the Company had 29,495,837 shares on issue with the Top 20 holding approximately 35% of the total issued capital.

For further information please contact:
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Executive Director
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About Southern Crown Resources Limited

Southern Crown Resources Limited, named after a prominent arc constellation in the Southern Hemisphere listed on the ASX on 2nd December 2010 with approximately 29.5 million shares on issue.

Southern Crown was formed with the purpose of acquiring, exploring and developing mineral deposits and on 29 July 2010 entered into an agreement with Centaurus Metals Ltd to acquire The Dish and North East Queensland projects. The Company regards these projects as highly prospective principally for gold but also for base metals as both projects lie in terranes that host multi-million ounce gold and copper deposits.

In addition to these projects, the Company continues to evaluate additional mineral projects that it considers may add value to Shareholders.

The Board of Directors has a strong mix of technical, financial and corporate skills to successfully explore the prospects at The Dish and the North East Queensland projects as well as source and develop further potential acquisition opportunities both in Australia and overseas.

Competent Person's Statement

The information in this report that relates to Exploration Results, Mineral Resources and/or Ore Reserves is based on information provided by Dr Jock Harmer, PrSciNat, FGSSA and compiled by Mr R Grivas, MAIG, MAusIMM an employee of Southern Crown Resources Limited. Dr Harmer and Mr Grivas have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Harmer and Mr Grivas, consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.