Southern Crown
Resources Limited

ANNUAL REPORT

Southern Crown Resources Limited

ABN 52 143 416 531

For the period from the date of incorporation on 30 April 2010 to 30 June 2011.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Bruce Fulton
Non-Executive Chairman

Rhod Grivas
Executive Director

Robin 'Jock' Harmer
Managing Director

Mark Papendieck
Non-Executive Director

Dave Reeves
Non-Executive Director

COMPANY SECRETARY

Adrian Hill

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CHAIRMAN'S REVIEW

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 period from incorporation on 30 April 2010 to 30 June 2011.

Southern Crown is a mineral exploration company established for the purpose of acquiring, exploring and developing prospective mineral deposits. Following incorporation, Southern Crown implemented its strategy and entered into an agreement with Centaurus Metals Limited (Centaurus) to acquire a highly prospective tenement package in two richly mineralised areas of Australia.

In October 2010 the Company issued a Prospectus 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 due to oversubscription and the Company listed on 2 December 2010 with approximately 29.5 million shares and 15 million options on issue.

Soon after listing the Company was presented with an opportunity to acquire an attractive package of rare earth exploration projects in southern Africa. Following completion of due diligence, and with approval from shareholders, Southern Crown completed the acquisition of Rare Earth International ("REI") which holds an interest in two exciting rare earth opportunities in Zambia and Mozambique.

Both Nkombwa (Zambia) and Xiluvo (Mozambique) are large rare earth enriched carbonatite complexes. Historical core drilling at Nkombwa has identified intercepts of mineralised carbonatite returning high grades between 5 – 8% TREO. Sampling at Xiluvo has highlighted enriched soils up to 3.2% TREO at shallow depths between 1 – 8m. Southern Crown commenced exploration activity on both projects in June 2011.

The 2011/2012 financial year will see the scaling up of exploration activities at both the Nkombwa project in Zambia and the Xiluvo project in Mozambique. The Company will also pursue further investment opportunities including drill-ready exploration projects through to advanced projects with existing resources and upside potential. Southern Crown's objective is to acquire projects that complement the Company's existing projects.

The Board is committed to pursuing a strategy that will deliver long-term growth to shareholders and the company has the necessary cash reserves available to pursue these objectives over the coming year.

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 support and we look forward to continued success in the financial year ahead.

Yours faithfully

B. Fulton

Bruce Fulton
Chairman

REVIEW OF OPERATIONS

HIGHLIGHTS

- SUCCESSFULLY LISTED ON THE ASX ON 2 DECEMBER 2010.
- ACQUIRED RARE EARTH INTERNATIONAL, A COMPANY WITH ADVANCED RARE EARTH PROJECTS AND EXPERIENCED MANAGEMENT LOCATED IN SOUTHERN AFRICA.
- COMMENCED EXPLORATION ON THE AUSTRALIAN AND AFRICAN PROJECTS.

INTRODUCTION

Southern Crown Resources Limited was incorporated on 30 April 2010 with the purpose of acquiring, exploring and developing mineral deposits. On 29 July 2010, the Company entered into an agreement with Centaurus Metals Ltd to acquire The Dish and North East Queensland projects in Australia.

On 18 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 due to oversubscription and the Company listed on 2 December 2010 with approximately 29.5 million shares and 15 million options on issue.

AUSTRALIAN EXPLORATION

The Company commenced exploration on the North Queensland and New South Wales (NSW) projects with preparation for a 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 was 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 the year and a field reconnaissance program is being planned.

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").

REI holds projects located in southern Africa with exploration targets on complexes of known rare earth element ("REE") enrichment.

In June 2011, Southern Crown Resources Limited completed the acquisition of REI, securing two advanced rare earth exploration projects – Nkombwa Project in Zambia and Xiluvo Project in Mozambique; and an application over a third historical mining project. The terms of the acquisition included the appointment of Dr Robin 'Jock' Harmer as Managing Director and Mr David Reeves as Non-Executive Director.

Dr Robin E. ("Jock") Harmer (PhD in geochemistry) 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.

The Directors of Southern Crown agreed to acquire all the shares in REI for which the consideration was satisfied by the issuance of 5 million ordinary fully paid shares and 37 million Performance Shares in Southern Crown on 3 June 2011. A further 3 million ordinary fully paid shares will be issued on the granting of a Prospecting Permit at the Xiluvo project, Mozambique within 12 months of the date of settlement being 3 June 2011. The Performance Shares will only convert to fully paid ordinary shares upon the satisfaction of certain performance hurdles as set out below:

a. The conversion of 7 million Performance Shares when the Company has the right to commence exploration on an application previously submitted by the REI Vendors within one (1) year of the date of issue of the Performance Shares.

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 three (3) years of the date of issue of the Performance Shares.

The Performance Shares have no voting rights prior to conversion.

Figure 1: Location of Rare Earths projects in southern Africa

REVIEW OF OPERATIONS

NKOMBWA PROJECT, ZAMBIA (SOUTHERN CROWN 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 complex is situated near the village of Isoka and is linked to the T2 national road by well-maintained gravel regional roads.

The Nkombwa Complex is a composite intrusion of several textural and compositional types of magnesian carbonatites. Historical exploration has shown the carbonatites to be enriched to varying degrees in phosphate, niobium and the rare earth elements.

Figure 2: Nkombwa Hill

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 total rare earth oxide (TREO) grades of 5-8%.

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.

Figure 3: Nkombwa Core

XILUVO PROJECT, MOZAMBIQUE (SOUTHERN CROWN EARNING UP TO 85%)

The Xiluvo project is located 100km north-west of the major Mozambican port of Beira and covers part of the rare earth and niobium enriched Monte Xiluvo carbonatite complex. Access to Xiluvo is excellent – the complex is bound on the northern side by the paved EN6 national road and on the west and south by the national rail routes linking Zimbabwe (via Mutare) and Beira.

The Xiluvo Project has two targets, a primary REE target in phases of the carbonatite complex where petrological studies revealed elevated REE concentrations; and a secondary target of REE enriched unconsolidated soils at the base of the carbonatite hill.

The company has a Joint Venture Agreement with Promac Lda, a Mozambican quarrying and construction company that holds a mining license over the area and operates a quarrying operation exploiting the calcitic carbonatite for use as construction aggregate. Promac holds a 25 year mining permit over the area. According to the Agreement Southern Crown can achieve a 50% interest by spending US$300,000 on exploration within three years and up to 85% ownership by spending an additional US$700,000.

Figure 4: View of Xiluvo from radar station

REVIEW OF OPERATIONS

AFRICAN EXPLORATION

The Company has commenced exploration activities on both the Nkombwa and Xiluvo projects.

NKOMBWA PROJECT

A program of orientation outcrop sampling was undertaken over the Nkombwa Hill complex in June 2011. Areas of anomalous Thorium (Th) radiation – a common pathfinder to rare earth element mineralisation – were delineated using a portable gamma ray spectrometer. Accessible outcrops within and around the anomalies were systematically sampled during the field program: in total, 476 rock chip samples were collected.

The assay results are extremely encouraging and continue to show REE mineralisation to high levels at Nkombwa Hill: 43 samples contained over 3% TREO, 4 samples had more than 10% TREO with the most enriched sample having 15.37% TREO.

Evaluation of the complete set of geochemical data accumulated from Nkombwa (i.e. core and outcrop) reveals the presence of two distinct styles of REE mineralisation: a "primary" type where REE mineralisation is hosted in coarse, vari-textured iron-rich carbonatite (all the mineralised intersections in the historical drill holes are of this type); and a "secondary" type where elevated REE are found in high-silica rocks – mapped by previous workers as "silicified carbonatite". The majority of the >7% TREO outcrop samples, and all of the >10% TREO samples, recovered are of the silica-rich type.

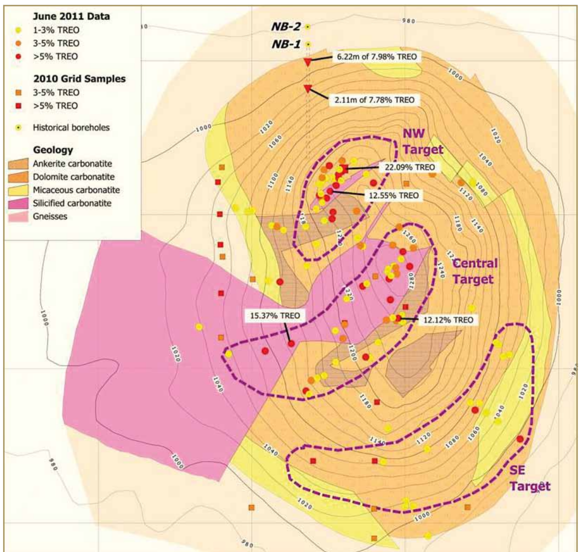

Figure 5: Geological sketch map of the Nkombwa Complex summarising the REE concentrates in all rock chip samples assayed by Southern Crown Resources

Preliminary mineralogical studies on silica-rich REE mineralised samples reveal that monazite is the predominant REE mineral accompanied by minor amounts of bastnaesite and traces of cerianite in some samples. Importantly, the low level of acid-consuming carbonates contained in the samples (average of 0.89% CO3) has positive implications for eventual economic extraction of the REE from the host rocks.

A program of exploration drilling to test the identified targets is scheduled to occur during the 2011-12 financial year.

XILUVO PROJECT

Reconnaissance sampling of the carbonatite-derived soils over a 400m by 300m area in the central topographic bowl of the Xiluvo Complex confirmed TREO concentrations of up to 3% (average 2.2%). The soils extend over an area of several hundred metres radius and suggest an exploration target of 1 to 3 million tonnes of REE and phosphate enriched soils that have the potential to be easily exploited.

Preliminary metallurgical test work has indicated that the soils could be concentrated further with magnetic separation which could remove approximately 50% of the waste material.

Since 30 June 2011, progress has been made on a program of 50m x 50m spaced auger holes over a pocket of REE enriched alluvial soils identified during early exploration on the Xiluvo carbonatite complex. The program is being undertaken by specialists in the sampling of unconsolidated deposits. The program will use a powered sheathed auger technique and involve drilling and sampling of more than 250 holes with depths averaging between 3 – 6m.

Assay data from the drilling program and soil density measurements will be used to derive a JORC-compliant resource estimate during the 2011-12 financial year.

Concentrations of the more valuable heavy REEs (Eu, Gd, Tb, Dy, Ho, Er, Tm, Yb, Lu plus Y) are significant in the Xiluvo soils contributing 7.7% of the total average REE concentration. The unconsolidated Xiluvo soils offer the prospect of a relatively easily and cheaply exploitable source of rare earths, with no or limited stripping of overburden, no blasting or crushing, and excellent road and rail access to the port of Beira. The project represents an exciting near term development opportunity with several of the permits required for mining currently in place.

Should the resource estimate confirm the REE concentration recovered from the exploration pits, the Company will proceed immediately with intensive test work to identify an optimum process to concentrate the REE from the soils.

FINANCIAL REPORT

DIRECTOR'S REPORT

DIRECTORS' REPORT

The Directors of Southern Crown Resources Limited and its subsidiaries (the "Company") submit herewith their report and the consolidated financial statements of the Company for the period from incorporation on 30 April 2010 until 30 June 2011. 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 in office from the date of incorporation until the date of this report are as follows: Directors were in office for this entire period unless otherwise stated.

Name	Particulars
Mr Bruce Fulton	**Non Executive Chairman**
Experience	Mr Bruce Fulton is a geologist with over 20 years technical and corporate experience in the resources sector. Mr Fulton is the Managing Director of Ophir Partners, an executive search firm specialising in the placement of executives within the global mining and resources industry. He is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Company Directors. He is also a member of the Canadian Institute of Mining, Metallurgy and Petroleum and The Society of Economic Geologists.
Mr Rhod Grivas	**Executive Director**
Experience	Mr Rhod Grivas is a geologist with over 20 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 NL prior to its takeover by Avoca Resources Limited in early 2010.
Dr Robin 'Jock' Harmer	**Managing Director (Appointed 3 June 2011)**
Experience	Dr Harmer is an experienced exploration geologist and academic who has published 37 peer-reviewed papers, relating to carbonatites. Dr Harmer is a recognised authority on carbonatites and alkaline rocks; he co-authored the section on rare-earth elements in the publication "The Mineral Resources of South Africa" and has managed rare earth element exploration campaigns on several carbonatite complexes in Africa and Greenland.

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Mr Mark Papendieck	**Non-Executive Director**
Experience	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 CEO of an unlisted public Company exploring for bulk commodities in West Africa. 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.
Mr Dave Reeves	**Non-Executive Director (Appointed 3 June 2011)**
Experience	Mr Reeves holds a first class honours degree in mining engineering, a graduate diploma in applied finance and investment, and a Western Australian first class mine managers certificate of competency. Mr Reeves has been involved with mining precious, base and industrial minerals throughout his career. He has spent the last 13 years in Africa, including Zimplats and Afplats where he was responsible for the successful feasibility studies and development of those projects as well as being intimately involved in the sale of both companies. He has most recently been Managing Director of a private, African focused mineral development company, Southern Minerals.

COMPANY SECRETARY

Mr Adrian Hill	Mr Hill is a Chartered Accountant and Fellow of the Financial Services Institute of Australia. Mr Hill has more than 17 years Australian and international experience in strategic and finance roles in the energy, infrastructure and investment banking industries. He has an established record in strategy development, investment analysis, transaction management, corporate structuring and capital raising.

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are the exploration and development of mineral resources in Australia, Zambia and Mozambique.

REVIEW OF OPERATIONS

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

FINANCIAL POSITION

The net assets of the consolidated entity were $5,376,291 as at 30 June 2011. The working capital, being current assets less current liabilities was $3,408,722. The variance between the net assets and working capital is predominately due to the acquisition of the Company's non-current investments in The Dish, Percyvale, Nkombwa and Xiluvo Projects and the subsequent exploration activities.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Company Acquisitions

Since incorporation, Southern Crown Resources Limited has made two acquisitions.

On 17 May 2010, the Company acquired SC Resources Pty Ltd for the nominal sum of $1. SC Resources Pty Ltd did not consist of any assets or liabilities at the date of acquisition.

In June 2011, Southern Crown Resources Limited completed the acquisition of all the issued capital of Rare Earth International ("REI"). The acquisition secured two advanced rare earth exploration projects - Nkombwa Project in Zambia and Xiluvo Project in Mozambique; and an application over a third historical mining project. The terms of the acquisition included the appointment of Dr Robin 'Jock' Harmer as Managing Director and Mr Dave Reeves as a Non-Executive Director.

As consideration for shares in the Capital of REI, the Company agreed to pay the Vendors consideration of:

(i) Up to 8,000,000 Shares;
(ii) 7,000,000 Class A Performance Shares
(iii) 7,500,000 Class B Performance Shares
(iv) 7,500,000 Class C Performance Shares
(v) 15,000,000 Class D Performance Shares

The Class A Performance Shares, Class B Performance Shares, Class C Performance Shares and Class D Performance Shares are together, ***Performance Shares.***
The REI Shares, Class A Performance Shares, Class B Performance Shares, Class C Performance Shares and Class D Performance Shares are together, ***Consideration Shares.***

No entities were disposed of during the period.

FUTURE DEVELOPMENTS

Disclosure of further information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice for the consolidated entity. Accordingly, this information has not been disclosed in this report.

EVENTS SUBSEQUENT TO REPORTING DATE

There has not been any matter or circumstance, other than that referred to in Note 25 that has arisen since 30 June 2011 that has significantly affected, or may significantly affect, the operations of the consolidated entity in future financial years.

DIVIDENDS

No dividend has been declared or paid since the incorporation of the Company on 30 April 2010 and the Directors do not recommend the payment of any dividend in respect of the period ended 30 June 2011.

ENVIRONMENTAL REGULATIONS

The consolidated entity holds participating interests in a number of mining and 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 period ended 30 June 2011.

SHARE OPTIONS

There have been no share options granted to Directors and executives or their nominees in the period since 30 June 2011.

Item	Number of Options	Exercise Price of Options	Exercised Options	Balance	Expiry Date of Options
Listed Options	10,000,000	$0.35	5,645	9,994,355	31 Dec 2012
Unlisted Options	2,000,000	$0.25	-	2,000,000	23 July 2013
	2,000,000	$0.25	-	2,000,000	24 Nov 2013
	1,000,000	$0.25	-	1,000,000	23 July 2015
	500,000	$0.25	-	500,000	2 June 2016
	500,000	$0.35	-	500,000	2 June 2016
				6,000,000	

REMUNERATION REPORT (AUDITED)

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

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

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

(a) Principles used to determine the nature and amount of remuneration

The remuneration of the Company 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 Company, 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 Company 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.

All remuneration paid to Directors and Executives is valued at the cost to the Company 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 Company's overall operational achievements. All Directors and Executives hold shares and options in the Company to facilitate goal congruence between Executives with that of the business and shareholders. Further information has not been disclosed as it is commercially confidential.

Relationship between the remuneration policy and company performance

The table below sets out summary information about the Company's earnings and movements in shareholder wealth for the period since listing in December 2010.

	30 June 2011 $
Revenue	142,435
Net profit/(loss) before tax	(735,797)
Net profit/(loss) after tax	(735,797)
Share price at time of listing**	$0.20
Share price at 30 June 2011	$0.25
Basic loss per share (cents)	(4.46)
Diluted loss per share (cents)	(4.46)

** Southern Crown Resources Limited listed on the Australian Securities Exchange on 2 December 2010.

The remuneration of the Directors and Executives are not linked to the performance, share price or earnings of the consolidated entity.

(b) Details of Remuneration

Details of the nature and amount of each element of the remuneration of each key management personnel for the period from incorporation until 30 June 2011 were as follows:

	Short-term employment benefits	Post-employment	Equity		
Directors	Salary, Fees and Commissions	Superannuation Contribution	Shares Received as Compensation	Options Received as Compensation	Total
	$	$	$	$	$
Executive Directors					
Dr R Harmer	7,692	-	-	194,825	202,517
Mr R Grivas	55,000	4,950	-	291	60,241
Non-Executive Directors					
Mr B Fulton*	22,258	-	-	291	22,549
Mr M Papendieck**	20,983	-	-	-	20,983
Mr D Reeves***	2,998	-	-	-	2,998
	108,931	**4,950**	**-**	**195,407**	**309,288**

* Mr B Fulton's fees were paid to Maple Fern Pty Ltd, an entity associated with Mr Fulton.

** Mr M Papendieck's fees were paid to his previous employer, Centaurus Metals under the terms of his employment.

*** Mr D Reeve's fees were paid to Wilgus Investments Pty Ltd, an entity associated with Mr Reeves.

Other key management personnel include the Company Secretary Mr Adrian Hill. The company has a management services agreement in place with Westoria Capital Pty Ltd who provides company secretarial, accounting and other administrative services. Westoria Capital was paid $84,000 for these services during the period.

(c) Service Agreements

On 15 October 2010 Mr R Grivas entered into an Employment Agreement with Southern Crown Resources to commence on the listing of the Company and was appointed Executive Director for a period of 12 months with an option to extend for an additional 12 months.

On 7 May 2011 Dr R Harmer entered into an Employment Agreement with Southern Crown Resources Limited and was appointed Managing Director for a period of 12 months, with an option to extend the period for an additional two years.

(d) Share Based Remuneration

Options Issued as Part of Remuneration for the Period from incorporation until 30 June 2011

Following the incorporation of Southern Crown Resources Limited, Mr B Fulton and Mr R Grivas were granted 500,000 options respectively.

In June 2011, Dr Robin 'Jock' Harmer was appointed Managing Director as a result of the acquisition of REI. The terms of his appointment entitled Dr Harmer to 1,000,000 options as part of his remuneration.

Each option gives the option holder the right to subscribe to one Share. If the Director resigns or is removed as a director of the Company prior to the expiry date then the Options shall expire on the earlier of the Expiry Date or that date which is three (3) months after the date that the director resigns or is removed.

Further details of the fair value and terms of the options are provided in Note 16 to the Financial Statements.

The options were provided at no cost to the recipients.

Shares Issued as Part of Remuneration for the Period from incorporation until 30 June 2011

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

	Shares		Options				
	Ordinary Shares No.	Performance Shares No.	Director Options No.	Exercise Price $	First exercise date	Last exercise date	Listed Options No.
Mr B Fulton	333,334	-	500,000	$0.25	-	23 July 2015	-
Mr R Grivas	676,667	-	500,000	$0.25	-	23 July 2015	5,000
Dr R Harmer	-	-	500,000	$0.25	-	2 June 2016	-
			500,000	$0.35	-	2 June 2016	
Mr M Papendieck	25,000	-	-	-	-	-	12,500
Mr D Reeves	621,389	4,598,269*	-	-	-	-	62,500
Mr A Hill	125,000	-	-	-	-	-	62,500

* The Performance Shares comprise of the following:

Class A Performance Shares - 869,941
Class B Performance Shares - 932,084
Class C Performance Shares - 932,084
Class D Performance Shares - 1,864,160

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings held during the period from incorporation until 30 June 2011 and the number of meetings attended by each Director. During the period, 12 Board meetings were held. There is no separate nomination, remuneration or audit committee.

	BOARD OF DIRECTORS	
DIRECTORS	**HELD**	**ATTENDED**
Mr B Fulton	12	12
Mr R Grivas	12	12
Dr R Harmer *	1	1
Mr M Papendieck	12	11
Mr D Reeves *	1	1

*Dr R Harmer and Mr D Reeves became Directors of the company on 3 June 2011 and therefore did not attend Board Meetings in an official capacity prior to that date.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial period, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above), the company secretary and all executive officers of the Company 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 Company 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 Company 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 Company 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

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 17.

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

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

On behalf of the Directors

Rhod Grivas
Executive Director

13 September 2011

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 audit of Southern Crown Resources Limited for the period ended 30 June 2011, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M. A. Cunningham
Director - Audit & Assurance

Melbourne, 13 September 2011

DIRECTOR'S DECLARATION

In the Director's opinion:

a) there are reasonable grounds to believe that the Company 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 accounting standards and give a true and fair view of the financial position and performance of the consolidated entity.

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
Executive Director

13 September 2011

INDEPENDENT AUDITOR'S REPORT

Grant Thornton

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

Report on the financial report

We have audited the accompanying financial report of Southern Crown Resources Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the period's end or from time to time during the financial period.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are 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, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report 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.

Electronic presentation of audited financial report

This auditor's report relates to the financial report of Southern Crown Resources Limited and controlled entities for the period ended 30 June 2011 included on Southern Crown Resources Limited's web site. The Company's Directors are responsible for the integrity of Southern Crown Resources Limited's web site. We have not been engaged to report on the integrity of Southern Crown Resources Limited's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

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 2011 and of its performance for the period 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 pages 11 to 14 of the directors' report for the period ended 30 June 2011. 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 period ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M.A. Cunningham
Director - Audit & Assurance

Melbourne, 13 September 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2011

	Note	Consolidated Period ended 30 June 2011 $
Interest revenue		140,810
Other income		1,625
Administration expenses		(115,461)
Professional fees		(469,826)
Employee benefits expenses		(96,372)
Share based payments expense		(196,573)
Loss before income tax expense		**(735,797)**
Income tax expense	5	-
Loss attributable to members of the parent entity		**(735,797)**
Other comprehensive income		-
Total comprehensive loss		**(735,797)**
Loss per share	23	**Cents per Share**
Basic loss per share		(4.46)
Diluted loss per share		(4.46)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Note	Consolidated 30 June 2011 $
Current Assets		
Cash and cash equivalents	8	3,328,481
Trade and other receivables	9	45,870
Other current assets	10	106,620
Total Current Assets		**3,480,971**
Non-Current Assets		
Property, plant & equipment	11	2,300
Other non-current assets	12	5,005
Tenement acquisition and exploration costs	13	1,960,264
Total Non-Current Assets		**1,967,569**
Total Assets		**5,448,540**
Current Liabilities		
Trade and other payables		70,189
Employee provisions		2,060
Total Current Liabilities	14	**72,249**
Net Assets		**5,376,291**
Equity		
Share capital	15	5,819,717
Option Reserves	16	292,371
Accumulated losses		(735,797)
Total Equity		**5,376,291**

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2011

	Share Capital $	Option Reserve $	Accumulated Losses $	Total $
Consolidated Equity at incorporation	**1**	**-**	**-**	**1**
Shares and options issued during the period	6,193,474	292,371	-	6,485,845
Costs associated with issuing of shares and options	(373,758)	-	-	(373,758)
Loss for the period**	-	-	(735,797)	(735,797)
Equity as at 30 June 2011	**5,819,717**	**292,371**	**(735,797)**	**5,376,291**

**** Loss for the period equals total comprehensive loss for the period.**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2011

	Note	For period ended 30 June 2011 $
Cash Flows From Operating Activities		
Interest received		80,084
Payments to suppliers and employees		(574,523)
Net cash used in operating activities	**21**	**(494,439)**
Cash Flows From Investing Activities		
Purchase of tenements, acquisitions and exploration costs		(301,967)
Payments for property, plant and equipment		(2,325)
Payment for security deposit		(5,005)
Net cash used in investing activities		**(309,297)**
Cash Flows From Financing Activities		
Proceeds from issue of equity securities		4,505,974
Payment for equity issue costs		(373,757)
Net cash flows from financing activities		**4,132,217**
Net Increase in cash and cash equivalents		**3,328,481**
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at the end of period	**8**	**3,328,481**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION UNTIL 30 JUNE 2011

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). 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 Company) are described in the Director's Report.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

2.1 Standards and Interpretations affecting amounts reported in the current period

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the reporting period ended 30 June 2011. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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,* Accounting Standards and Interpretations, and comply with other requirements of the law.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Company and the Company comply with International Financial Reporting Standards ('IFRS").

The financial statements were authorised for issue by the directors on 13 September 2011.

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 (its subsidiaries) as listed in Note 26 (collectively the "Company"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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 consolidated entity is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors continue to monitor the ongoing funding requirements of the consolidated entity. The Directors are confident that sufficient funds can be secured if required by a combination of capital raising, sale of assets or joint ventures to enable the consolidated entity 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 consolidated entity 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 Company 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 Company's estimate of shares that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the option reserve.

No amounts have been recognised in the financial statements in respect of other equity-settled shared based payments.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

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

3.7 Taxation

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

3.7.1 Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

3.7.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related assets or liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company 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:

- 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
- 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 six 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:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:

  a) 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

  b) Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

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

3.12 Operating Segments

Operating Segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

3.13 Contributed Equity

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

3.14 Impairment of non-financial assets

At each reporting date or more frequently if events or changes in circumstances indicate a possible impairment, the Company 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

3.15 Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

3.16 Business Combination

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

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

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

3.17 Trade and other receivables

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

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

3.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity 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.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

4.1 Critical judgments in applying accounting policies

Tax Losses

The company 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 Company 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 consolidated entity 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 either the Binomial or 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.

5. INCOME TAX EXPENSE

(a) The components of income tax expense/(benefit) comprise:

Current income tax charge	-
Deferred income tax relating to utilisation/(recognition) of tax losses	-
Deferred income tax relating to origination and reversal of temporary differences	-
Income tax expense/(benefit) reported in profit or loss	**-**

(b) Numerical reconciliation of income tax expense to prima facie tax payable:

Profit/(loss) from ordinary activities before income tax	**(735,797)**
Prima facie tax benefit at the Australian tax rate of 30%	220,739
Tax effect of amounts which are not deductible in calculating taxable income:	
- Other non-deductible expenses	(19,926)
Add/(Less) Temporary Differences	
- Annual leave accrual	(618)
Tax effect of current period tax losses for which no deferred tax asset has been recognised	(200,195)
Income tax expense/(benefit)	**-**

(c) Unrecognised deferred income tax

Net deferred tax asset	618
Net deferred tax asset not recognised	(618)
Deferred tax asset	-

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

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

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

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

6. KEY MANAGEMENT PERSONNEL

(a) The Key Management Personnel of Southern Crown Resources Limited during the period were:

Mr B Fulton	Non-executive Chairman	appointed	30 April 2010
Mr R Grivas	Executive Director	appointed	30 April 2010
Dr R Harmer	Managing Director	appointed	3 June 2011
Mr A Hill	Company Secretary	appointed	30 April 2010
Mr M Papendieck	Non-executive Director	appointed	30 April 2010
Mr D Reeves	Non-executive Director	appointed	3 June 2011

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

(b) Compensation practices

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

(c) Aggregate Key Management Personnel Compensation

	30 June 2011 $
Short-term employment benefits	108,931
Post employment benefits	4,950
Equity based payments	195,407
	309,288

Other key management personnel include the Company Secretary Mr Adrian Hill. The company has a management services agreement in place with Westoria Capital Pty Ltd who provides company secretarial, accounting and other administrative services. Westoria Capital was paid $84,000 for these services during the period.

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

(d) Option holdings by Directors and Key Management Personnel or their nominees

	Balance 30 June 2011	Director Options	Listed Options	Vested and exercisable
Mr B Fulton	500,000	500,000	-	500,000
Mr R Grivas	505,000	500,000	5,000	505,000
Dr R Harmer	1,000,000	1,000,000	-	1,000,000
Mr M Papendieck	12,500	-	12,500	12,500
Mr D Reeves	62,500	-	62,500	62,500
Mr A Hill	62,500	-	62,500	62,500

(e) Share holdings by Directors and Key Management Personnel or their nominees

	Ordinary Shares	Performance Shares	Options Exercised	Balance 30 June 2011
Mr B Fulton	333,334	-	-	333,334
Mr R Grivas	676,667	-	-	676,667
Mr M Papendieck	25,000	-	-	25,000
Mr D Reeves	621,389	4,598,269*	-	5,219,658
Mr A Hill	125,000	-	-	125,000

* The Performance Shares comprise of the following:

Class A Performance Shares - 869,941
Class B Performance Shares - 932,084
Class C Performance Shares - 932,084
Class D Performance Shares - 1,864,160

(f) Loans/Payables to Key Management Personnel

There are no amounts payable to Key Management Personnel at 30 June 2011.

(g) Other transactions with Key Management Personnel

Other transactions with Key Management Personnel during the period from incorporation until 30 June 2011 are detailed in Note 19.

7. AUDITORS REMUNERATION

	Consolidated 30 June 2011 $
Audit services	
Auditors of the Parent Entity – Grant Thornton Audit Pty Ltd	
Auditing and/or reviewing the financial report.	34,500
Total audit services remuneration	34,500
Other services	
Auditors of the Parent Entity – Grant Thornton Audit Pty Ltd	
Investigating Accountants Report	8,000
Employee Share Scheme Advice	3,950
Total other services remuneration	11,950
Total Auditor's remuneration	46,450

8. CASH AND CASH EQUIVALENTS

Cash at Bank	6,733
High Interest Account	121,748
Term Deposits	3,200,000
	3,328,481

9. TRADE AND OTHER RECEIVABLES

Goods and services tax receivables	44,245
Other receivables	1,625
	45,870

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	45,894
Interest Receivable	60,726
	106,620

11. PROPERTY, PLANT & EQUIPMENT

Equipment – at cost	2,325
Less : Accumulated depreciation	(25)
	2,300

12. OTHER NON-CURRENT ASSETS

Security Bond	5,005

13. TENEMENT ACQUISITION AND EXPLORATION COSTS

Additions	
Nkombwa Project*	1,133,536
Xiluvo Project*	302,911
The Dish	367,281
Percyvale	156,536
Balance Additions	**1,960,264**
Disposals	-
Write-offs	-
Total tenement acquisition and exploration costs	**1,960,264**

* The Xiluvo and Nkombwa Projects are advanced rare earth exploration projects secured through the acquisition of REI, detailed in the Review of Operations section. Southern Crown will earn equity in these tenements by meeting expenditure hurdles and other milestones.

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

Expenditure of $301,967 has been included in cash flows from investing activities in the statement of cash flows.

14. TRADE AND OTHER PAYABLES

Trade and other payables	70,189
Employee Provisions	2,060
	72,249

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

15. ISSUE OF EQUITY SECURITIES

		Options	Ordinary Shares	Share Capital
		No.	No.	$
Private placement	(i)	3,000,000	6,650,000	66,500
Reconstruction of shares issued through private placement	(ii)	-	(2,216,663)	-
Private placement	(iii)	-	3,500,000	437,500
Securities issued to Centaurus Metals Ltd	(iv)	2,000,000	1,562,500	312,500
Securities issued through Initial Public Offer	(v)	10,000,000	20,000,000	4,000,000
Exercised Options	(vi)	(5,645)	5,645	1,975
Securities Issued to the shareholders of Southern Minerals Limited	(vii)	-	2,439,024	609,756
Securities Issued to Umbono Capital Partners LLC	(vii)	-	2,439,024	609,756
Securities Issued to Swan Bridge Resources	(vii)	-	121,952	30,488
Securities Issued to Westoria Capital Pty Ltd	(viii)	-	500,000	125,000
Securities Issued to Robin 'Jock' Harmer	(ix)	1,000,000	-	-
Capital raising costs	(x)	-	-	(373,757)
Total		**15,994,355**	**35,001,482**	**5,819,717**

(i) Private Placement

Following incorporation, the Company raised capital from directors and investors via an initial seed raising. 100 ordinary shares were issued at incorporation on 30 April 2010 at 1 cent per share and 6,649,900 ordinary shares were issued on 20 July 2010 at 1 cent per share.

The directors of the company were also issued with 1,000,000 options exercisable at 25 cents with an expiry date of 23 July 2015. The grant date fair value of options issued was 0.06 cents per option.

Westoria Capital Pty Ltd (formerly Lachlan Group Pty Ltd) was issued with 2,000,000 options exercisable at 25 cents with an expiry date of 23 July 2013. The grant date fair value of options issued was 0.06 cents per option.

(ii) Share Consolidation

On 28 September 2010, the shareholders resolved to consolidate the share capital of investors and directors who had been issued securities under the above private placement on the basis that every three ordinary shares be consolidated into two ordinary shares.

(iii) Private Placement

The Company raised capital from investors via the issue of 3,500,000 shares at 12.5 cents per share on 7 October 2010.

(iv) Vendor Shares

SC Resources Pty Ltd (a wholly-owned subsidiary of Southern Crown Resources Limited) entered into a sale agreement with Centaurus Metals Limited on 29 July 2010. As part of the Initial Public Offer, 1,562,500 shares and 2,000,000 options were issued as consideration for the acquisition of the Tenements held by Centaurus Metals Limited.

The amount payable upon exercise of each option will be 25 cents. The options expire on 24 November 2013. The grant date fair value of shares issued was measured at 20 cents per share and the grant date fair value of options issued was measured at 4.8 cents per option.

(v) Initial Public Offer

20,000,000 shares were issued through the initial public offer for cash consideration of 20 cents per share. One option was issued for every two shares issued. The amount payable upon exercise for each option will be 35 cents with an expiry date of 31 December 2012. A total of 10,000,000 options were issued under the offer.

(vi) Exercised Options

5,645 Options were exercised in March 2011 at 35 cents each.

(vii) Acquisition of Rare Earth International (REI)

Southern Crown Resources Ltd completed the acquisition of 'REI' as approved by shareholders at the General Meeting held on 5 May 2011. As consideration for the acquisition, 5,000,000 ordinary shares were issued to the vendors of REI with a fair value of $0.25 per share.

(viii) Corporate Advisors

500,000 ordinary shares with a fair value of $0.25 per share were issued to Westoria Capital Pty Ltd for its role in introducing the REI acquisition to Southern Crown Resources Ltd and for the successful settlement of the acquisition.

(ix) Director Options

As a result of the successful acquisition of REI, Dr Robin 'Jock' Harmer was appointed as Managing Director of the company. 1,000,000 options were granted to Dr Harmer for his ongoing commitment and contribution to the company. The options expire on 2 June 2016 with the amount payable on 500,000 options at 25 cents and the amount payable on the remaining 500,000 options at 35 cents.

(x) Capital Raising Costs

Capital raising costs represents the cost of issuing options and shares under the Prospectus dated 18 October 2010.

16. RESERVES

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

Number of Options Issued	Exercise Price of Options	Expiry Date of Options	Exercised	Expired / Forfeited/Other	Value $
1,000,000	$0.25	23 July 2015	-	-	582
2,000,000	$0.25	23 July 2013	-	-	1,166
2,000,000	$0.25	24 Nov 2013	-	-	95,798
500,000	$0.25	2 June 2016	-	-	92,061
500,000	$0.35	2 June 2016	-	-	102,764
6,000,000					**292,371**

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

17. DIVIDENDS

There have been no dividends paid or proposed in the period from incorporation until 30 June 2011.

18. COMMITMENTS FOR EXPENDITURE

Exploration Tenements – Commitments for expenditure

In order to maintain current rights of tenure to exploration tenements, the Company and consolidated entity are 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.

Exploration tenements – commitments for expenditure	**30 June 2011 $**
Not Longer than 1 year	140,000
Longer than 1 year and not longer than 5 years	100,000
	240,000

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 favorable then those available to other parties unless otherwise stated.

Transactions with Director Related Entities

There were no transactions with director related entities during the period.

Dr R Harmer and Mr D Reeves were directors of REI at time of the REI acquisition by Southern Crown Resources Ltd. As part of the acquisition, Dr R Harmer has been appointed Managing Director and Mr D Reeves appointed non-executive director of the Company.

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.

Statement of Comprehensive Income	Parent 30 June 2011 $
Loss after Income Tax	(735,797)
Total Comprehensive Income	(735,797)
Statement of Financial Position	
Total Current Assets	**3,480,971**
Total Assets	**5,448,540**
Total Current Liabilities	**72,249**
Total Liabilities	**72,249**
Equity	
Contributed Equity	5,819,717
Option reserves	292,371
Accumulated Losses	(735,797)
Total Equity	**5,376,291**

Contingent liabilities
The parent entity did not have any contingent liabilities as at 30 June 2011.

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

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

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

21. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated For period ended 30 June 2011 $
(a) Reconciliation of Cash and Cash Equivalents	
For the purpose of the statement of cash flows, cash includes cash in hand and in banks and term deposits. Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:	
Cash and cash equivalents	3,328,481
(b) Financing Facilities	
The Company had no credit card or other finance facilities during the period.	
(c) Reconciliation of Net Profit/(Loss) from ordinary activities after related income tax to net cash flows from operating activities	
Profit/(Loss) after related income tax	(735,797)
Non-cash activities:	
Depreciation and amortization of non-current assets	25
Option Premium Expense	196,573
Advisory Fees	125,000
Changes in assets and liabilities, net of effects from acquisition and disposal of businesses:	
(Increase)/Decrease in assets:	
Interest Receivable	(60,726)
Prepayments and other receivables	(91,763)
Increase/(Decrease) in liabilities:	
Accounts Payable and Accrued Expenses	72,251
Net cash used in operating activities	**(494,439)**

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

22.1 Cash flow interest rate risk

The consolidated entity'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 consolidated entity to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The consolidated entity does not engage in any hedging or derivative transactions to manage interest rate risk. Instead consideration is given to a mixture of fixed and variable interest rates.

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

Rate Type	Amount $	Effective Rate %	Maturity Date
Fixed	700,000	6.05	18 November 2011
Fixed	2,500,000	6.10	17 August 2011
Variable	121,748	5.25	On-Call
Variable	6,733	-	On-Call
Total Cash	**3,328,481**		

An increase/decrease in interest rates of 30% or 1.83 percentage points would have a favourable/adverse affect on profit before tax of $60,911 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 Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company aims at maintaining flexibility in funding by having in place operational plans to source further capital as required.

As at 30 June 2011, 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	72,249	-	-	-
Total	72,249	-	-	-

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 Company has assessed that there is minimal risk that the cash and receivables balances are impaired.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

Classes of financial assets	30 June 2011 $	Expected Receipt Date
Cash and cash equivalents	3,328,481	-
Trade and other receivables	44,245	15 August 2011
Trade and other receivables	1,625	1 July 2011
Interest receivable	55,611	17 August 2011
Interest receivable	5,115	18 November 2011
Carrying Amount	**3,435,077**	

22.4 Capital Risk Management

When managing capital, management's objectives are to ensure the Company 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 Company.

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

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

No dividends are expected to be paid in 2011.

There is no current intention to incur debt funding on behalf of the Company as on-going exploration expenditure will be funded via equity or joint ventures with other companies.

The consolidated entity 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. The Company's exposure to foreign exchange risk during the period related to transactions associated with on-going exploration costs on the Nkombwa and Xiluvo Projects in Zambia and Mozambique respectively.

23. EARNINGS PER SHARE

	30 June 2011 Cents Per Share
Basic loss per share	**(4.46)**
Diluted loss per share	**(4.46)**

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

	$
Earnings*	(735,797)

*Earnings are the same as the loss after tax in the statement of comprehensive income

	Number of Shares
Weighted average number of ordinary shares used in the calculation of basic loss per share:	16,482,378
Weighted average number of ordinary shares used in the calculation of diluted loss per share:	16,482,378

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 Company's share price as at 30 June 2011.

24 a. CONTINGENT EVENTS

As detailed in the Review of Operations, the Directors of Southern Crown agreed to acquire all the shares in REI for which the consideration was satisfied by the issuance of 5 million ordinary fully paid shares and 37 million Performance Shares in Southern Crown on 3 June 2011. A further 3 million ordinary fully paid shares will be issued on the granting of a Prospecting Permit at the Xiluvo project, Mozambique within 12 months of the date of settlement being 3 June 2012. The Performance Shares will only convert to fully paid ordinary shares upon the satisfaction of certain performance hurdles as set out below:

(a) The conversion of 7 million Performance Shares when the Company has the right to commence exploration on an application previously submitted by the REI Vendor within one (1) year of the date of issue of the Performance Shares.

(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 three (3) years of the date of issue of the Performance Shares.

The Performance Shares have no voting rights prior to conversion.

24 b. CONTINGENT LIABILITIES

The Company does not have any contingent liabilities as at 30 June 2011.

25. AFTER REPORTING DATE EVENTS

There has not been any matter or circumstance that has arisen since 30 June 2011 that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

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%
Rare Earth International Limited (controlled entity)	British Virgin Islands	Ordinary	100%

27. OPERATING SEGMENTS

The company currently undertakes commodity exploration across two geographic regions. All revenues and costs are handled centrally and only exploration expenditures are considered across the two regions separately. There are no revenues from these exploration activities. Capitalised exploration and acquisition expenditure for the period across the African segment was $1,436,447 and across the Australian segment was $523,817.

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 7 September 2011.

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	6	1,721	0.00
1,001 – 5,000	26	85,944	0.25
5,001 – 10,000	95	875,148	2.50
10,001 – 100,000	311	11,618,451	33.19
100,001 and over	62	22,420,218	64.06
Total	**500**	**35,001,482**	**100.00%**

There were 9 holders holding less than a marketable parcel of shares representing 6,050 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	3,233,334	9.24%
2	UMBONO CAPITAL PARTNERS LLC	2,439,024	6.97%
3	CENTAURUS METALS LTD	1,562,500	4.46%
4	TEMPO CAPITAL PTY LTD <TEMPO GROWTH FUND A/C>	1,090,000	3.11%
5	KIMBRIKI NOMINEES PTY LTD <KIMBRIKI HAMILTON S/F A/C>	1,000,000	2.86%
6	GOODHEART PTY LTD	666,667	1.90%
7	MR DAVID RUSSELL STUART REEVES + MRS ELEANOR JEAN REEVES <ELANWI A/C>	621,389	1.78%
8	BLUE SKY MINING LIMITED	514,319	1.47%
9	DIRK VAN DER STRUYF + STEPHANIE VAN DER STRUYF <VAN DER STRUYF S/F A/C>	504,062	1.44%
10	MRS KATRINA FRANCES BANKS-SMITH	425,000	1.21%
11	MR GRANT POVEY	418,900	1.20%
12	NATIONAL NOMINEES LIMITED	414,428	1.18%
13	NICHOLAS SIMON DRAPER + MELINDA JANE DRAPER <DRAPER SUPER FUND A/C>	364,876	1.04%
14	INVICTUS CAPITAL PTY LTD <MAIN FAMILY A/C>	360,000	1.03%
15	MAPLEFERN PTY LTD	333,334	0.95%
16	ZENIX NOMINEES PTY LTD	333,334	0.95%
17	MR BRIAN MARK BATES	310,000	0.89%
18	MR BRIAN MCCUBBING <BRIAN MCCUBBING S/F A/C>	300,000	0.86%
19	R L SHIRLEY + G M SHIRLEY <R L SHIRLEY SUPER FUND A/C>	300,000	0.86%
20	TRISTESSE PTY LTD <THE BANKS-SMITH FAMILY A/C>	290,000	0.83%
Top 20 holders of Ordinary Fully Paid Shares (Total)		**15,481,167**	**44.23%**
Total Remaining Holders Balance		**19,520,315**	**55.77%**

3. Twenty Largest Option Holders

The names of the twenty largest option holders by account holding of listed options are listed below:

Rank	Name	Listed Options	% of Options
1.	TEMPO CAPITAL PTY LTD <TEMPO GROWTH FUND A/C>	360,000	3.60
2.	MR GRANT POVEY	352,547	3.53
3.	BRIGHTSTAR TRADING CO PTY LTD	300,000	3.00
4.	NICHOLAS SIMON DRAPER + MELINDA JANE DRAPER <DRAPER SUPER FUND A/C>	200,000	2.00
5.	MR BRIAN MCCUBBING <BRIAN MCCUBBING S/F A/C>	200,000	2.00
6.	INVICTUS CAPITAL PTY LTD <MAIN FAMILY A/C>	180,000	1.80
7.	MR BRADLEY GEORGE BOLIN	175,000	1.75
8.	MR BRIAN MARK BATES	155,000	1.55
9.	BATAVIA CAPITAL PTY LTD <AUSTLEY A/C>	130,000	1.30
10.	CLODENE PTY LTD	125,000	1.25
11.	JACOBSON GEOPHYSICAL SERVICES PTY LTD <JACOBSON INVESTMENT A/C>	125,000	1.25
12.	DIRK VAN DER STRUYF + STEPHANIE VAN DER STRUYF <VAN DER STRUYF S/F A/C>	125,000	1.25
13.	BROOKMAN RESOURCES PTY LTD <DAVID MCSWEENEY S/F A/C>	112,500	1.13
14.	CITYLIGHT ASSET PTY LTD <GRAHAM SUPER FUND A/C>	112,500	1.13
15.	VENUS CORPORATION PTY LTD <JAH SUPER FUND A/C>	105,000	1.05
16.	EARLEWOOD INVESTMENTS PTY LTD	100,000	1.00
17.	J P MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	100,000	1.00
18.	STARLET COURT PTY LTD <MUSGRAVE SUPER FUND A/C>	100,000	1.00
19.	SWANCAVE PTY LTD <THE BMC FAMILY A/C>	100,000	1.00
20.	VIAVAN PTY LTD <THE BERSON INVESTMENT A/C>	95,000	0.95
Top 20 holders of Listed Options Expiry 31/12/2012 @$0.35		**3,252,547**	**32.54**
Total Remaining Holders Balance		**6,741,808**	**67.46**

4. Restricted Securities

There were 11,020,005 restricted securities at 7 September 2011.

5. Substantial Shareholders

As at 7 September 2011 the substantial shareholders were as follows:

Name of Shareholder	No of Shares	% of Issued Capital
Westoria Resource Investments Ltd	3,233,334	9.24
Umbono Capital Partners LLC	2,439,024	6.97

6. 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.

7. Schedule of Mining and Exploration Tenements as at 30 June 2011

Project Name	Locality	Tenement	Equity
Percyvale	Queensland	Exploration Permit 16117	100%
The Dish	New South Wales	Exploration Licence 6910	100%
Xiluvo*	Mozambique		0%
Nkombwa*	Zambia		0%

* The Xiluvo and Nkombwa Projects are advanced rare earth exploration projects secured through the acquisition of REI, detailed in the Review of Operations section. Southern Crown will earn equity in these tenements by meeting expenditure hurdles and other milestones.

CORPORATE GOVERNANCE STATEMENT

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

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

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

PRINCIPLE		Compliance
Principle 1 – Lay solid foundation for management and oversight		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	✓
1.2	Disclose the process for evaluating the performance of senior executives.	✓
1.3	Provide the information indicated in the Guide to reporting on Principal 1.	✓
Principle 2 – Structure the Board to add value		
2.1	A majority of the Board should be independent directors. *Due to the Company's size and its specialized operations, the Board considers that a majority of Independent Directors is not currently warranted. As the Company's activities expand, this policy will be reviewed, with a view to aligning the Company's policies to conformity with this recommendation. The Board recognizes that Directors remain in office for the benefit of and are accountable to shareholders and that shareholders have the voting power to elect members to the Board regardless of their standing, independent or otherwise.*	×
2.2	The chair should be an independent director.	✓
2.3	The roles of chair and chief executive officer should not be exercised by the same person	✓
2.4	The board should establish a nomination committee. *Given the size and scale of Southern Crown Resources Limited, it has been determined that a nomination committee is not warranted at this stage. The role of a nomination committee is carried out by the full Board. The full board considers the appointment of new directors, on an informal basis. The Board's policy for appointment of new directors to the Board can be accessed at www.southerncrown.com.au*	×
2.5	Disclose the process for evaluating the performance of the board, its committee and individual directors *As noted, the role of the nomination committee is carried out by the full Board.*	×

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2.6	Provide the information indicated in the Guide to reporting on Principle 2.	✓

Principle 3 – Promote ethical and responsible decision-making

3.1	Establish a code of conduct and disclose the code or a summary of the code as to: • the practice necessary to maintain confidence in the Company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	✓
3.2	Establish a policy concerning trading in Company securities by directors, senior executive and employees, and disclose the policy or a summary of the policy.	✓
3.3	Provide the information indicated in the Guide to reporting in Principle 3.	✓

Principle 4 – Safeguard integrity in financial reporting

4.1	The board should establish an audit committee. *Given the size and scale of Southern Crown Resources Limited the company does not have a separate audit committee. The role of the audit committee is carried out by the full Board. The need for an audit committee will be reviewed by the board as the Company's activities expand with a view to aligning the Company's policies to conformity with this recommendation*	×
4.2	The audit committee should be structured so that it: • Consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; • has at least three members *As noted in 4.1, the role of the audit committee is carried out by the full board.*	×
4.3	The audit committee should have a formal charter.	✓
4.4	Provide the information in the Guide to reporting on Principle 4.	✓

Principle 5 – Make timely and balanced disclosure

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

Principle 6 – Respect the rights of shareholders

6.1 Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy. ✓

The Company has adopted a Shareholder Communications Policy which can be accessed at: www.southerncrown.com.au

6.2 Provide the information indicated in the Guide to reporting on Principle 6. ✓

Principle 7 – Recognize and manage risk

7.1 Establish policies for the oversight and management of material business risk and disclose a summary of those policies. ✓

The Risk Management Policy can be accessed at: www.southerncrown.com.au

7.2 The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. ×

Management has not formally reported to the board as to the effectiveness of the Company's management of its material business risks. Given the nature and size of the Company and the Board's ultimate responsibility to manage the risks of the Company this is not considered critical. The Company intends to develop the risk reporting framework into a detailed policy as its operations continue to grow.

7.3 The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A in the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting tasks. ✓

7.4 Provide the information indicated in the Guide to reporting on Principle 7. ✓

Principle 8 – Remunerate fairly and responsibly

8.1 The board should establish a remuneration committee. ×

It is not a company policy to have a nomination committee, given the size and scale of Southern Crown Resources Limited. The role of a nomination committee is carried out by the full Board. The full board considers the appointment of new directors, on an informal basis. The Board's policy for appointment of new directors to the Board can be accessed at www.southerncrown.com.au

8.2 Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. ✓

8.3 Provide the information indicated in the guide to reporting on Principle 8. ✓

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