



AND CONTROLLED ENTITIES

A.B.N.64 087 595 980

ANNUAL REPORT

2016

CORPORATE DIRECTORY

DIRECTORS

Sia Hok Kiang

(Chairman)

Eric Vesel

(Executive Director)

Geoffrey S Eupene

(Non Executive Director)

Stanislaw (Stan) Wassylko

(Non Executive Director)

COMPANY SECRETARY

Grahame Clegg

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AUDITORS

BDJ Partners Audit Pty Ltd

BANK

Westpac Banking Corporation

National Australia Bank

SHARE REGISTRY

Boardroom Pty Limited

Level 12, 225 George Street

Sydney NSW 2000

Phone – 1300 737 760

CROSSLAND STRATEGIC METALS LIMITED

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
CHAIRMAN'S REVIEW**

Although Rare Earth Element (REE) prices remained depressed throughout 2016, we at Crossland have joined a growing band that believe that the outlook for the Australian REE sector has decidedly improved. REE usage has steadily become mainstream in consumer and industrial products. While most people do not appreciate the roles of REE in the goods they use, increasingly, their lifestyle depends on them. It's no wonder, as the many rare-earth metals impart unique properties to composite and alloy materials, frequently with only minute additions. Just to remind us of a few applications: super-strength magnets, alloys with high conductivity, glasses that filter and refract like no others, doped media such as crystals used in medical lasers, as well as special ceramics, phosphors, and catalysts. We can only imagine what future uses will be. In fact, there are vast numbers of patented uses for the REE that await reliable supplies of the rarer species for commercial development. In short, REE usage will continue to grow into the future, particularly when stable supplies of the full spectrum of REE are available. Our current price hiatus reflects slowed economic growth world-wide and the special influence of Chinese production.

We consider that the present supply headwinds cannot last much longer. The high technology industries of the world are irretrievably dependent upon REE, and this trend will increase, subject to reliable and responsibly sourced supplies. Despite this, much current supply originates from mining and processing activities in China that are unacceptable. While the Government of the People's Republic of China makes serious efforts to reform its REE sector, clearly illicit supplies are still undermining these, which in turn impedes development of sustainable operations elsewhere. The "back-yard" nature of the illegal operators cannot accommodate the environmental controls and infrastructure needed to operate responsibly, and I believe the illegal operations are unlikely to survive much longer.

My views that there will soon once again be great scope for the emergence of a healthy REE supply industry outside of China are reinforced not only by the existence of large sources of versatile, large, potential REE supplies such as our Charley Creek Project, but also by the impressive strides in REE process development that have been made since the Chinese supply crunch of several years ago. These innovative processes offer hope that reliable, competitively priced, environmentally responsible supplies of REE from countries such as Australia will not be far away. As with conflict minerals, responsible society will move to demand traceability of REE supplies. None of this has been factored into the price at present, and once it is, this will level the playing field. Manufacturers will need to establish dependable, sustainable supply free of ethical issues that may tarnish their product.

The Charley Creek Project is situated in the well-regulated environment of Australia's Northern Territory, where any approval to develop will incorporate socially responsible environmental stewardship.

It is not common for REE mineral deposits to contain the full spectrum of those metals known as Rare Earths. The constituent minerals of REE deposits frequently contain concentrations of either "Light" REE, or "Heavy" REE. This generally boils down to the constituent valuable minerals of the deposit. The Charley Creek alluvial deposits contain concentrations of monazite, which is dominated by the Light REE, and xenotime, dominated by Heavy REE and yttrium. Crossland has long recognised the potential strategic value of this mix: the content of the various individual REE species of our average product closely corresponds to the present global demand for the various REE. Given the large areas of REE bearing alluvial fans at Charley Creek, our project offers long-term supplies of the full spectrum of the REE, while it is potentially scalable, so capacity can be expanded as the market gains confidence in our ability to produce.

Crossland's 2013 Charley Creek Scoping Study demonstrated the potential viability of a simple, conventional process flowsheet from alluvial sands, via a wet heavy mineral concentrate, to a conventional magnetic/ electrostatic dry plant product of very high grade monazite/ xenotime concentrate, and the ability to "crack" this using a well-tried conventional process to a REE carbonate mix that is a generally acceptable feedstock for REE separation facilities.

Our efforts to advance these studies had to be curtailed due to the adverse market conditions and the inability of our then Joint Venture partner, Pancontinental Uranium Corporation, to raise funds. Essential Mining Resources Pty Ltd (EMR) have since purchased Pancontinental's interest in our joint venture, and have assisted in arranging survival funding for Crossland and the joint venture. The market has been advised of the proposal to merge EMR's holdings in the JV back into Crossland, and to issue equity for the debt of EMR and Crossland to EMR's parent. These transactions will free Crossland of a significant portion of its debt, bring 100% of the Charley Creek Project back into Crossland, and facilitate our efforts to seek further funding. These proposals must be approved at a general meeting of our shareholders. **Crossland has now received regulatory approval of our draft Notice of Meeting and the date for the EGM to put these proposals for shareholder approval is set for 12 May 2017. The Notice of Meeting will be sent within the next 2 weeks..**

During 2016, our team continued operations on a very tight budget. While severely trimming operating costs, Crossland with help from EMR, has retained the core tenements necessary for the Charley Creek Project, and initiated carefully targeted investigations to improve our current operating concepts. These studies have produced encouragement that substantial improvements to the 2013 Scoping Study flowsheet concepts are possible. These results promise to lead to a further reductions in capital and operating costs. **In 2017, we are looking to undertake a pre-feasibility study**, the next step towards development. This will require substantial new funds. Our Board is developing a work plan and cost estimate for presentation to the market. The consolidation of the Charley Creek Project within Crossland will be important to our ability to fund this.

If the viability of the Project can be demonstrated, Charley Creek will have a long future. Even at current REE prices, our project economics look hopeful. Our impetus increases as we find smarter ways to process our alluvial sands, by introducing lower cost alternatives and finding the best capital versus operating cost trade-offs.

Charley Creek is a unique project with low-impact, low cost, production potential that offers a scalable, sustainable source of the full spectrum of REE for generations ahead.

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
CHAIRMAN'S REVIEW**

Your Board will strive to add Charley Creek to the list of rare-earth producers by 2020. A lot of work and funding is still required but it's not beyond our reach. Thank you for your continuing belief in Crossland.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Sia Hok Kiang', with a long, sweeping flourish extending upwards and to the right.

Sia Hok Kiang
Chairman

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
REVIEW OF OPERATIONS**

The operations of the Company are described in detail in the quarterly operations reports to the ASX. This annual report summarises the information contained in the quarterly reports and on the company's website, which is being updated and will be kept current with the most recent announcements and reports. We invite shareholders to visit the company's revised website which can be accessed at www.crosslandstrategic.com.

During 2016, we began an effort to rationalise/streamline our administrative functions with a view to reducing continuing overheads whilst being mindful of our fiduciary duties. We also settled outstanding tenement fees and creditors with funds provided by our JV partner, EMR. Further loans were obtained from EMR's owner, EMMCO Malaysia, post execution of the S&P agreement for EMR, to maintain our site presence at Milton Park, run a basic office in Darwin and continue our work on the project. A skeleton crew is maintained on site to caretake the area and our assets, maintain liaison with other stakeholders in the district, and to take environmental and other samples as required.

Our project optimisation work gained momentum during the year, where we focused on the efficiency of the mining and wet concentration areas, which accounts for over 50% of prospective operating cost. As is the case for most low grade mineral sands operations, economies of scale are key to reducing the impact of fixed running costs. We have considered scaling up our operation by direct loading into a feeder using front-end loaders, or alternatively using dozer traps for larger sized operations ranging from 1,600 t/hr to 3,000 t/hr. This contrasts to the truck/excavator concept planned in our 2013 Scoping Study. We also investigated dry processing options to reduce the handling of large volumes of water but with limited success.

At the same time, our team suspected that de-sliming and pre-screening could be an inexpensive way to upgrade the feed to the wet concentrator. Our ASX 4th (December) quarterly report of 2016 discusses the follow up to this assertion, as 'sighter' test work in November was completed by IHC Robbins on our behalf. The results were encouraging, as: "This process would remove 45- 50% of the mass whilst maintaining TREO recoveries contained within the recovered fraction at >90%. **This results in an effective doubling of the ROM head grade into half of the initial feed.**" There are several practical issues that need to be addressed, such as infrastructure, associated costs, and the efficiency of this added step. To advance this, we now need to complete a larger scale continuous test as a "proof of concept" (PoC) to verify the assertion. Engineering work would follow this, to design the circuit and allow order of magnitude cost estimates.

Equipment suppliers have assisted us to examine various pre-screening options, based upon results from the November sighter test work. For PoC test work, we will obtain material from pits from our proposed mine start up area, after first delineating this with closer spaced Resource drilling.

This year we assayed 341 samples, including reference materials and duplicates, from Resource extension drilling conducted in 2013. Results were received on 16th September 2016, and await completion of data processing and interpretation. Ultimately, this will lead to a revised JORC compliant Resource Statement for the Charley Creek Project. This work is proceeding as funds permit.

Another crucial aspect of the Charley Creek development will be the choice of power sources. There are several options for the incorporation of natural gas for electricity generation and heating. Factors that influence our choices will be the geographic vastness of our ultimate project area, and, even though some facilities are centralised, the mining sites will require power sources that are regularly moved, as the first phases of the process flow will be at mine sites. Other forms of energy, such as solar, will probably form part of the energy supply mix. The PFS will address the energy supply alternatives in detail.

The 2013 Scoping Study showed that Charley Creek concentrates were amenable to "cracking" using established technology suited to an on-site refinery to produce a mixed- carbonate product for shipment for REE separation off site. In the intervening years, REE processing research has focused on "cracking", as well as the development of new technologies for REE separation. In 2017, Crossland will research the latest processing technology that could further add value to Charley Creek.

As mentioned in the Chairman's statement, the proposed transactions to vend EMR into Crossland will extinguish most debt and tidy up the Balance Sheet. This will place Crossland in a position where it can seek funds from the market for 100% of the Charley Creek Project, not just its joint venture share. Crossland will then seek further funds from the market to continue operations and commence studies intended to produce first a Pre-Feasibility Study and, if the results support it, to extend this to a Definitive Feasibility Study that will underpin rapid financing and development of the Charley Creek Project. EMR shares Crossland's optimism about the longer-term prospects for successful development of Charley Creek and has been supporting the Joint Venture financially.

It is important to prepare the project for resurgence in the REE market. Crossland believes that the unique properties of Charley Creek will eventually see it as a substantial long term supplier of the full spectrum of Lanthanide REE and yttrium from sustainable, low cost operations that benefit all stakeholders.

The list of tenements current as at 31 December 2016 is included at page 49 of this report



Eric Vesel
CEO/Director

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

The directors of Crossland Strategic Metals Limited submit herewith the annual financial report for the financial year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and positions of the directors and company secretary of the company during or since the end of the financial year are:

Dato' Sia Hok Kiang - Non-Executive Chairman

Dato' Sia is Managing Director of the successful Malaysian private mining company, Malaco Mining Sdn. Bhd. He is a graduate of the University of Malaya in Applied Geology, an economic geologist with more than 30 years world-wide experience. He is an active member of the Malaysian Geological Society and a Council Member of the Malaysian Chamber of Mines.

Mr Sia has a solid business reputation throughout Asia, with useful contacts in several Asian countries. He has extensive experience in bulk alluvial mining in Malaysia, including the extraction of the rare earth minerals xenotime and monazite as by-products of tin mining. Mr Sia's experience is very appropriate for Crossland's Charley Creek Alluvial Rare Earth Project, which is also based on the extraction of monazite and xenotime from alluvial material.

Geoff Eupene – Non - Executive Director

Geoff Eupene, B.Sc(Hons), FAusIMM, CPGeo, is a Darwin-based geologist. Geoff spent the 1969 field season, his first after graduation from the University of Queensland, looking for uranium in the East Kimberley. In 1970 he joined Geopeko as they started their field work at Ranger. As Mine Geologist, he logged every hole drilled into the Ranger No. 1 ore body, interpreted the geology, and developed a resource estimate that agreed closely with the total material mined over the following decades.

In 1976, he headed the team that discovered the Ranger 68 deposit beneath the Magela Creek floodplains.

Geoff worked for Geopeko for over ten years before founding a consulting practice in Darwin in 1980. Eupene Exploration Enterprises Pty Ltd has provided advice and services to many uranium explorers, and assisted in the development of several other mining projects in the NT, including Mount Bonnie silver/ gold deposit, Tanami gold, Goodall gold, Rustlers Roost gold, and Woodcutters base metal projects. Geoff put the original Crossland prospect package together, and initially recognised the REE potential of the Charley Creek Project. He has also acquired a depth of experience in SE Asia.

Eric Vesel - Executive Director

Mr Vesel, B.Eng.Min.Eng. MAusiMM, is a qualified Mining Engineer with 30 years professional experience in the mining industry. He is adept in broad range of disciplines. His experience spans a range of technical, operations, management and corporate roles. He has worked for both small and large mining companies in Australia, Namibia, Papua New Guinea, Indonesia, CIS and Malaysia. He was formally Chief Operating Officer for Avocet Mining PLC and has considerable international project experience. He has managed group operations including exploration projects (grass-roots through to advanced), feasibility, mine development and operating mines. He also has extensive business evaluation and project acquisition skills. Currently he is a mining consultant, business advisor and investor based in Kuala Lumpur. Eric is an active Council Member of the Malaysian Chamber of Mines.

Stanislaw (Stan) Wassylo – Non - Executive Director

(Appointed 21 March 2016)

Mr Stan Wassylo was appointed to the Board of Directors on 21 March 2016 to fill a vacancy created by the resignation of directors. Mr Wassylo represents our Joint Venture partners, EMR. Stan has extensive experience in the resources sector, and has 46 years' experience in businesses servicing the sector, in logistics, shipping, infrastructure, project construction, contract management and marketing. His long and diverse experience will be valuable as Crossland steers the Charley Creek Project towards development.

Peter Walker - Non-Executive Director

(Resigned 19 January 2016)

Peter Walker, B.Juris, LL.B, is a Darwin based lawyer who has practised in the resource industry for over 40 years. He has long experience with land access issues including the special situations that exist in the Northern Territory. Peter acted for Peko EZ (a joint venture between Peko-Wallsend Operations Limited and Electrolytic Zinc Company of Australasia Limited) on permitting matters for the Ranger project, and for Pancontinental Mining Limited, which discovered the Jabiluka deposit. Peter has been a director of several companies including Australian Diamond Exploration NL, which discovered and developed the Merlin diamond mine.

Mal Smartt – Finance Director/ Company Secretary

(Resigned 16 February 2016)

Mal Smartt, BA (Accounting), Grad Dip Corporate Management, FCPA, FCIS, FCIM is a Corporate Consultant to listed and unlisted public companies. He is a qualified accountant and company secretary having had considerable experience in Directorial, Financial and Company Secretarial roles with a number of listed companies in the resource sector in Australia, South East Asia and Africa.

Bob Richardson - Non-Executive Chairman

(Resigned 16 February 2016)

Bob Richardson, B.Sc, B.E(Hons), MASEG, has 45 years' experience in mineral exploration management, geophysics and exploration technology. During 15 years with the Peko- Wallsend Group as Chief Geophysicist and later Exploration Manager, he supervised all geophysical work carried out by Peko-Wallsend including during the Ranger uranium discovery period. During this period Bob and his team developed a leading-edge understanding of the application of geophysical methods to uranium exploration. He was co-founder and Managing Director of Austrex Aerial Surveys that became an international airborne geophysical contractor. Following his time with Peko-Wallsend he co-founded several exploration companies including Lachlan Resources NL in 1983, PlatSearch NL in 1986, and WPG Resources NL in 2005. He was Managing Director of PlatSearch until 2010 and a Director of WPG Resources until 2011.

Grahame Clegg - Company Secretary

Grahame Clegg, JP, B.Com., CA, AGIA, MAICD, SA Fin, FNTAA, CTA was appointed to the position of Company Secretary on 17 February 2016 and has over 45 years experience in audit, financial and corporate roles including 15 years in Company secretarial roles for ASX-listed companies. He is a director of Oxley Resources Limited and of Oakhill Hamilton Pty Limited and Taen Pty Limited, both of which companies provide secretarial, accounting and corporate advisory services to a range of listed and unlisted companies

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Principal Activities

The principal activities of the consolidated entity are the exploration for rare earth elements (REE) and uranium in the Northern Territory and economic hard rock gold deposits. There has been no change in the principal activities during the year.

Review of Operations

Information on the operation and financial position of the consolidated entity and its business strategies and prospects are set out in the review of operations.

Results

The results of the operations of the company and the consolidated entity during the financial year were as follows:

	Consolidated	
	2016	2015
	\$	\$
Net loss after income tax	(494,769)	(2,394,612)

Changes in State of Affairs

There was no significant change in the state of affairs of the consolidated entity and parent entity other than that referred to in the financial statements or notes thereto.

Post Balance Date Events

There were at the date of this report no other matters or circumstances which have arisen since 31 December 2016 that have significantly affected or may significantly affect:

- (i) the operations of the consolidated entity,
- (ii) the results of those operations, or
- (iii) the state of affairs of the consolidated entity in the financial year subsequent to 31 December 2016.

Future Developments

The Company is hoping to identify precious and rare earth metals, uranium and base metal exploration and evaluation opportunities which are perceived to offer outstanding value. At this stage, it is expected that the Joint Venture will resume studies to determine the optimum flow sheet for the Charley Creek REE Project once suitable arrangements are made between the Joint Venture partners.

Directors' benefits

During the year no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the notes to the accounts) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Environmental Regulations

Crossland Strategic Metals Limited, through its subsidiaries, holds exploration tenements in Australia that are subject to various governmental statutes and guidelines for environmental impacts in relation to exploration activities. These provide for the satisfactory rehabilitation of the areas of exploration.

There have been no known material breaches of the licence conditions.

Dividends

No dividends have been paid or declared since the start of the financial year. The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2016.

Share Options

Particulars of options granted over unissued shares:

	2016	2015
Total number of options granted by the Company over unissued ordinary shares	Nil	Nil
Options issued during the period (see note below)	Nil	Nil
Shares issued in the period as the result of the exercise of options	Nil	Nil
Options expired during the period	Nil	20,000,000

Full details of options on issue are shown in note 20.

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Indemnification of Officers And Auditors

The Company has not, either during or since the end of the financial period, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

During or since the financial period, the Company has paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

Directors' Meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, no audit committee meetings were held.

	Board of Directors		Audit Committee	
	Held	Attended	Held	Attended
H K Sia	6	6	-	-
G S Eupene	6	6	-	-
E Vesel	6	6	1	1
S Wassylko	4	4	1	1
R Richardson	2	2	-	-
M Smartt	2	2	-	-
P Walker	1	1	-	-

Auditor

BDJ Partners Audit Pty Ltd holds office in accordance with section 327 of the Corporations Act 2001.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

Details of the amounts paid or payable to the auditor (BDJ Partners Audit Pty Limited) for non-audit services provided during the year are set out in Note 9.

The board of directors, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not adversely affect the integrity and objectivity of the auditor,
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the year no fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Remuneration Report (Audited)

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

- A. Principles used to determine the nature and amount of remuneration
- B. Service agreements
- C. Details of remuneration
- D. Share based compensation

The information provided under headings A- D includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

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

The objective of the Group's executive reward framework is to ensure reward for performance, being the development of the Crossland Strategic Metals exploration tenements. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management

The Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to programme participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long term incentives. As executives gain seniority with the group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

Non-executive directors

Fees and payments to non-executive directors reflect the demands, which are made on, and the responsibilities of, the directors. The Board reviews non-executive directors' fees and payments annually. The Board may from time to time seek the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Directors' fees

The current base remuneration was last reviewed with effect from 1 July 2007.

Directors are entitled to remuneration out of the funds of the company but the remuneration of the non-executive Directors may not exceed in any year the amount fixed by the company in general meeting for that purpose. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$200,000 per year in aggregate.

**CROSSLAND STRATEGIC METALS LIMITED
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DIRECTORS' REPORT**

Remuneration Report (Audited)

Executive pay

The executive pay and reward framework has four components:

- base pay and benefits;
- short-term performance incentives;
- long-term incentives through participation in Crossland Strategic Metals Ltd incentive shares, and
- other remuneration such as superannuation.

Base pay

Structured as a total employment cost package, which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any senior executives' contracts.

B. Service Agreements

There are no service agreements in place.

C. Details of Remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Crossland Strategic Metals Ltd and the Crossland Strategic Metals Limited Group are set out in the following tables.

The key management personnel of Crossland Strategic Metals Limited and the Group includes the directors.

Remuneration paid to key management personnel of Crossland Strategic Metals and of the Group

2016	Short-term employee benefits			Post - Employment benefits		Share-based payments	
Name	Salary	Directors' Fees	Consulting Fees	Superannuation	vice Leave	Options	Total
Non-executive directors	\$	\$	\$	\$	\$	\$	\$
R Richardson *	-	-	-	-	-	-	-
P Walker *	-	-	-	-	-	-	-
Sia Hok Kiang	-	-	-	-	-	-	-
E Vesel	-	-	-	-	-	-	-
S Wassylko	-	-	-	-	-	-	-
Sub-total non-executive directors	-	-	-	-	-	-	-
Executive directors							
G S Eupene	-	-	99,750	-	-	-	99,750
MK Smartt *	7,000	-	-	665	-	-	7,665
Totals	7,000	-	99,750	665	-	-	107,415

Of the \$107,415 shown above only \$39,932 has been paid. The balance of \$67,488 forms part of the balance of trade and other payables and leave provisions as at 31 December 2016.

2015	Short-term employee benefits			Post - Employment benefits		Share-based payments	
Name	Salary	Directors' Fees	Consulting Fees	Superannuation	vice Leave	Options	Total
Non-executive directors	\$	\$	\$	\$	\$	\$	\$
R Richardson *	-	50,000	24,375	4,750	-	-	79,125
P Walker *	-	35,000	-	3,325	-	-	38,325
Sia Hok Kiang	-	36,000	-	-	-	-	36,000
E Vesel	-	-	-	-	-	-	-
S Wassylko	-	-	-	-	-	-	-
Sub-total non-executive directors	-	121,000	24,375	8,075	-	-	153,450
Executive directors							
G S Eupene	-	-	49,500	-	-	-	49,500
MK Smartt *	132,000	-	-	12,540	33,513	-	178,053
Totals	132,000	121,000	73,875	20,615	33,513	-	381,003

* Of the \$381,003 shown above only \$91,980 has been paid. The balance of \$289,023 forms part of the balance of trade and other payables and leave provisions as at 31 December 2015. In May 2015, Directors took approximately 50% of their debt in shares and the balance was paid in 2016. At the time of resignation, Messrs Richardson, Walker and Smartt were owed a total of \$249,757.

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Remuneration Report (Audited)

D. Share-based compensation

Options

Options are granted on the recommendation of the directors.

Options are granted for no consideration. Options are granted for a five year period, and are exercisable immediately after the vesting date.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

The exercise price of options is based on the weighted average price at which the company's shares are traded on the Australian Stock Exchange during the five trading days immediately before the options are granted.

No options over ordinary shares in the company were provided as remuneration to each director of Crossland Strategic Metals Ltd and each of the key management personnel of the Group during the financial year.

Shares provided on exercise of remuneration options.

No ordinary shares in the company were provided as a result of the exercise of remuneration options to each director of Crossland Strategic Metals Ltd and other key management personnel of the Group.

Shares under option

There are no options on issue at 31 December 2016.

Shares issued on the exercise of options

No ordinary shares of Crossland Strategic Metals were issued during the year ended 31 December 2016 on the exercise of options granted. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Directors' interests in shares and options

The relevant interest of each Director in the share capital of the Company as at the date of this report is as follows:

2016	GS Eupene	Sia Hok Kiang	E Vesel	S. Wassylko			
Ordinary shares	13,258,492	44,000,000	Nil	Nil			
Options	-	-	-	-			

2015	GS Eupene	Sia Hok Kiang	E Vesel	S. Wassylko	R Richardson	P Walker	M Smartt
Ordinary shares	13,258,492	44,000,000	Nil	Nil	6,849,889	5,374,899	7,450,000
Options	-	-	-	-	-	-	-

This report is made in accordance with a resolution of the Directors.



Eric Vesel, Director
29 March 2017

directors

G W Cliffe CA
A J Dowell CA

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Auditor's Independence Declaration

To the directors of Crossland Strategic Metals Limited

As lead auditor for the audit of Crossland Strategic Metals Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

BDJ Partners Audit Pty Limited



.....

Gregory W Cliffe

Director

24 March 2017

directors

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A J Dowell CA

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Independent Auditor's Report

To the members of Crossland Strategic Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Crossland Strategic Metals Limited (the company and its subsidiaries) (the Group), which comprises the consolidated statements of financial position as at 31 December 2016, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which states that the directors are investigating options to raise additional funds. Should these measures be unsuccessful, it would indicate a material uncertainty which may cast doubt about the Group's ability to continue as a going concern and the Group's ability to pay its debts as and when they fall due. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Capitalised Deferred Exploration and Evaluation Expenditure \$4.3 million Refer to Note 15	
<p>The Group owns the rights to several exploration licenses in the Northern Territory. Expenditure relating to these areas is capitalised and carried forward to the extent they are expected to be recovered through the successful development of the respective area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.</p> <p>This area is a key audit matter due to:</p> <ul style="list-style-type: none">• The significance of the balance;• The inherent uncertainty of the recoverability of the amount involved; and• The substantial amount of audit work performed.	<p>Our audit procedures included amongst others:</p> <ul style="list-style-type: none">• Assessing whether any facts or circumstances exist that may indicate impairment of the capitalised assets;• Performing detailed testing of source documents to ensure capitalised expenditure was allocated to the correct area of interest;• Performing detailed testing of source documents to ensure expenditure was capitalised in accordance with Australian accounting standards;• Obtaining external confirmations to ensure the exploration licences are current and accurate;• Assessing the reasonableness of the capitalisation of employees' salaries; and• Assessing whether the amount contributed to the project by the joint venture partner was in accordance with the agreement.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Crossland Strategic Metals Limited for the year ended 31 December 2016 complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

BDJ Partners Audit Pty Limited



.....
Gregory W Cliffe
Director

31 March 2017

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION**

In accordance with a resolution of directors, I state that in the opinion of the directors:

- 1 the financial statements and notes, as set out on pages 17 to 45, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 31 December 2016 and of the financial performance for the year ended on that date of the company and consolidated group; and
- 2 in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 3 the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Finance Officer.

On behalf of the Board of Directors



Eric Vesel
Director

Darwin 29 March 2017

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Note	Consolidated 2016 \$	2015 \$
Revenue and other income	5	34,167	24,326
Administration expenses		(214,573)	(161,967)
Borrowing costs	6	(3,757)	(1,927)
Consultants fees		(75,821)	(57,125)
Depreciation	6	(3,490)	(13,810)
Employee benefits expense and directors remuneration		(71,066)	(398,710)
Exploration expenditure written off	6	(127,251)	(1,724,675)
Impairment costs		-	15,028
Occupancy expenses	6	(25,862)	(60,465)
Other expenses		(7,116)	(15,287)
Loss before income tax benefit		(494,769)	(2,394,612)
Income tax benefit	7	-	-
Net loss after related income tax benefit	22	(494,769)	(2,394,612)
Other comprehensive income			
Foreign currency translation gains/(losses)		-	-
Other comprehensive income before income tax expense		-	-
Income tax expense		-	-
Other comprehensive income for period		-	-
TOTAL COMPREHENSIVE INCOME FOR PERIOD		(494,769)	(2,394,612)
Total		(494,769)	(2,394,612)
Basic and diluted loss per share (cents)	8	(0.12)	(0.72)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	Consolidated 2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	10	109,053	24,830
Trade and other receivables	11	16,985	18,529
Other current assets	12	9,511	226
TOTAL CURRENT ASSETS		135,549	43,585
NON-CURRENT ASSETS			
Trade and other receivables	13	50,254	50,254
Property, plant and equipment	14	2,437	5,927
Exploration expenditure	15	4,383,459	4,318,993
TOTAL NON-CURRENT ASSETS		4,436,150	4,375,174
TOTAL ASSETS		4,571,699	4,418,759
CURRENT LIABILITIES			
Trade and other payables	16	237,965	873,663
Interest bearing liabilities	17	1,168,911	95,000
Provisions	18	15,663	47,258
TOTAL CURRENT LIABILITIES		1,422,539	1,015,921
NON-CURRENT LIABILITIES			
Provisions	18	20,000	33,481
TOTAL NON-CURRENT LIABILITIES		20,000	33,481
TOTAL LIABILITIES		1,442,539	1,049,402
NET ASSETS		3,129,160	3,369,357
EQUITY			
Issued capital	19	19,996,460	19,741,888
Reserves	21	343,790	343,790
Accumulated losses	22	(17,211,090)	(16,716,321)
TOTAL EQUITY		3,129,160	3,369,357

The above statement of financial position should be read in conjunction with the accompanying notes.

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

CONSOLIDATED	Equity	Reserves	Accumulated losses	Total attributable to equity holders of the
	\$	\$	\$	\$
Balance at 1 January 2015	19,062,386	343,790	(14,321,709)	5,084,467
Shares issued during the year (net of costs)	679,502	-	-	679,502
Other comprehensive income	-	-	-	-
(Loss) for the year	-	-	(2,394,612)	(2,394,612)
Balance at 31 December 2015	19,741,888	343,790	(16,716,321)	3,369,357
Shares issued during the year (net of costs)	254,572	-	-	254,572
Amounts added to option expense reserve	-	-	-	-
Other comprehensive income	-	-	-	-
(Loss) for the year	-	-	(494,769)	(494,769)
Balance at 31 December 2016	19,996,460	343,790	(17,211,090)	3,129,160
	-	-	-	-

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Note	Consolidated 2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(420,634)	(360,202)
Interest paid		(8)	(1,927)
Interest received		1,093	50
Other income		-	202
		<hr/>	<hr/>
Net cash used in operating activities	31 (b)	(419,549)	(361,877)
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on plant and equipment		-	-
Expenditure on mining interests (exploration)		(433,098)	(328,798)
Recoveries from JV partner		236,437	-
Proceeds from sale of tenements		38,000	-
Refunds from and (payments for) security deposits		-	37,638
		<hr/>	<hr/>
Net cash provided by/(used in) investing activities		(158,661)	(291,160)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue		-	316,002
Proceeds from borrowings		662,415	95,000
Share issue costs		-	-
		<hr/>	<hr/>
Net cash provided by financing activities		662,415	411,002
NET DECREASE IN CASH AND CASH EQUIVALENTS		<hr/> 84,205	<hr/> (242,035)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		24,830	266,865
Effect of exchange rates on cash holdings in foreign currencies		18	-
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	31 (a)	109,053	24,830
		<hr/>	<hr/>

The above statement of cash flows should be read in conjunction with the accompanying notes.

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

1. SUMMARY OF ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements and notes represent those Crossland Strategic Metals Limited and its Controlled Entities (the “consolidated group” or “group”). Crossland Strategic Metals Ltd is a for profit company limited by shares, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Crossland Strategic Metals Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 29th March 2017 by the directors of the company.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

The financial report has been prepared on a going concern basis.

	2016	2015
	\$	\$
Net loss for year	(494,769)	(2,394,612)
Negative cash flows from operations for the year	(419,549)	(361,877)
Net assets as at 31 December	3,129,160	3,369,357
Cash balances as at 31 December	109,053	24,830

The directors believe that the group will have sufficient working capital to meet its minimum project development and administrative expenses in the twelve months following the date of signing of the financial report.

The directors are investigating options to raise additional funds to allow the group to pursue its project opportunities beyond the minimum expenditure required with the intent that the consolidated group continues as a going concern.

If all of these options are unsuccessful, this may indicate that there is a material uncertainty that may cast significant doubt on the group’s ability to continue as a going concern.

Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the consolidated entity consisting of Crossland Strategic Metals Ltd and its subsidiaries.

Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

The Company has adopted relevant new and revised accounting standards and pronouncements with no material impact.

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (continued)

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

(a) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

(b) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(c) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash on hand, cash in banks and investments in money market instruments are shown as current assets in the statement of financial position. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(e) Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(f) Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (continued)

(f) Employee Benefits (continued)

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Retirement benefit obligations

All employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligations with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions unpaid at the end of the reporting period. All obligation for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

(g) Exploration for and Evaluation of Mineral Resources

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(h) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (continued)

(i) Financial Instruments issued by the company

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

(j) Foreign Currency

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction.

Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rates at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when the fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised in directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
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1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (continued)

(k) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Crossland Strategic Metals Ltd's functional and presentation currency.

(l) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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 authorities is classified as operating cash flows.

(m) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
 - (ii) any non-controlling interest; and
 - (iii) the acquisition date fair value of any previously held equity interest
- over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (*proportionate interest method*). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(n) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

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NOTES TO THE FINANCIAL STATEMENTS
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1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (continued)

(o) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

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 and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

(p) Joint ventures

The Group's share of the assets, liabilities, revenue and expenses of jointly controlled operations have been included in the appropriate line items of the consolidated financial statements. Details of the Group's interests are provided in Note 27.

The Group's interests in joint venture entities are recorded using the equity method of accounting (refer to Note 1(o) for details) in the consolidated financial statements.

Where the Group contributes assets to the joint venture or if the Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Group's share of the joint venture shall be recognised. The Group recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(q) Plant and equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(m) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation is provided on a straight line basis on all plant and equipment at rates calculated to write off the cost, less estimated residual value at the end of the useful lives of the assets, over those estimated useful lives.

The following estimated useful lives are used in the calculation of depreciation.

Plant and equipment	5-8 years
Motor Vehicles	5 years

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (continued)

(r) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Crossland Strategic Metals Ltd, and all of its subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability affect those returns through its power over the entity. A list of the subsidiaries is contained in Note 28 to the financial statements.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(s) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(t) Revenue Recognition

Interest Income

Interest income is recognised using the effective interest rate method.

Other Income

Other income is recognised as it is earned.

All revenue is stated net of the amount of goods and services tax.

(u) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(v) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(m) for further discussion on the determination of impairment losses.

(w) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability.

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
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1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)
Significant Accounting Policies (continued)

New Accounting Standards for Application in Future Periods

Certain new accounting standards have been published that are not mandatory for 31 December 2016 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB	Summary	Impact on group
Operative date 1 January 2018 with an application date for the group of 1 January 2018.		
AASB 9: Financial Instruments and AASB 2015-11: Amendments to Australian Accounting Standards arising from AASB 9	<p>The changes made to accounting requirements include:</p> <ul style="list-style-type: none"> - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; - simplifying the requirements for embedded derivatives; - removing the tainting rules associated with held-to-maturity assets; - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost; - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and - reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on: <ul style="list-style-type: none"> (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows. 	Implementation may be required
AASB 2014-10: Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an investor and its Associate or Joint Venture	<p>This Standard amends AASB 10: Consolidated Financial Statements with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3: Business Combinations to an associate or joint venture and requires that:</p> <ul style="list-style-type: none"> - a gain or loss be recognised only to the extent of the unrelated investor's interest in that associate or joint venture; - the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and - any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment. 	Implementation may be required

No other new or proposed accounting standards or interpretations are expected to have a material impact on the Group.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

(a) Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. There is negligible credit risk on financial assets of the Group since there is limited exposure to individual customers and the economic entity's exposure is limited to the amount of cash, short-term deposits and receivables which have been recognised in the balance sheet. The parent entity has exposure to credit risk in the amounts receivable from subsidiaries but this is limited as these amounts have been fully provided for.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed finance facilities.

(c) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

The Group has no interest rate risk as its loans are at fixed rates.

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The following critical estimates and judgements have been made in respect of the following items :

(a) Income taxes

The Group is subject to income taxes in Australia. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(b) Exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$4,549,912.

4. PARENT COMPANY INFORMATION

The following information has been extracted from the books and records of the parent company and has been prepared in accordance with Accounting Standards.

	2016 \$	2015 \$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
<i>Current assets</i>	134,854	42,653
<i>Non current assets</i>	5,576,603	5,512,114
TOTAL ASSETS	5,711,457	5,554,767
LIABILITIES		
<i>Current liabilities</i>	1,422,539	1,015,921
<i>Non current liabilities</i>	15,000	24,731
TOTAL LIABILITIES	1,437,539	1,040,652
NET ASSETS	4,273,918	4,514,115
EQUITY		
<i>Issued capital</i>	19,996,460	19,741,888
<i>Share based payments reserve</i>	343,790	343,790
<i>Accumulated losses</i>	(16,066,332)	(15,571,563)
TOTAL EQUITY	4,273,918	4,514,115
STATEMENT OF COMPREHENSIVE INCOME		
<i>Total loss</i>	(494,768)	(2,409,491)
TOTAL COMPREHENSIVE INCOME (LOSS)	(494,768)	(2,409,491)

Guarantees

Crossland Strategic Metals Ltd has not entered into any guarantees, in the current financial period, in relation to the debts of any of its subsidiaries.

Contingent liabilities

At 31 December 2016, Crossland Strategic Metals Limited had no contingent liabilities.

Contractual commitments

At 31 December 2016, Crossland Strategic Metals Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment.

**CROSSLAND STRATEGIC METALS LIMITED
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5. REVENUE	Consolidated	
	2016	2015
	\$	\$
Other income		
Interest - other entities	1,093	50
Exchange gains	18	202
Sale of tenements	33,056	-
Other income	-	24,074
	34,167	24,326

6. LOSS FROM ORDINARY ACTIVITIES

Loss from ordinary activities before income tax includes the following items of expense:

Expenses

Depreciation	3,490	13,810
Employee entitlements	(15,593)	29,678
Exploration expenditure written off	127,251	1,724,675
Interest paid	3,757	1,927
Office rent	25,862	60,465
Superannuation	9,997	29,165

7. INCOME TAX

(a)

The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:

Loss for year before income tax benefit	(494,769)	(2,394,612)
Income tax benefit calculated at 30%	(148,431)	(718,384)
Temporary differences and tax losses not recognised	148,431	718,384
Other permanent differences		
- Non deductible expenses	-	-
Income tax benefit attributable to loss	-	-

(b) Income tax expense on other comprehensive income

The prima facie income tax benefit on pre-tax other comprehensive income reconciles to the income tax benefit in the financial statements as follows:

Other comprehensive income for year	-	-
Income tax benefit calculated at 30%	-	-
Temporary differences and tax losses not recognised (refer Note 7(d))	-	-
Income tax benefit attributable to other comprehensive income	-	-

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7. INCOME TAX (CONTINUED)

(c) Deferred tax balances not recognised

Calculated at 30% not brought to account as assets:

Consolidated	Balance Sheet		Income Statement	
	2016	2015	2016	2015
	\$	\$	\$	\$
Deferred tax assets relating to tax losses				
Revenue tax losses available for offset against future taxable income	6,728,812	6,780,851	(52,039)	781,759
Capital tax losses available for offset against future taxable income	17,340	27,257	(9,917)	(27,000)
Net deferred tax asset not recognised in respect of tax losses	6,728,812	6,780,851	(52,039)	781,759
Deferred tax assets relating to temporary differences				
Provision for amortisation of intangibles	2,884	17,967	(15,083)	(15,083)
Provision for employee entitlement	11,007	26,300	(15,293)	(8,903)
Accruals	6,600	6,600	-	6,600
	20,491	50,867	(30,376)	(17,386)
Deferred tax liabilities relating to temporary differences				
Difference between book and tax values of fixed assets	44,428	55,597	(11,169)	-
	44,428	55,597	(11,169)	-
Net deferred tax asset not recognised in respect of temporary differences	64,919	106,464		

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

- the company and the consolidated entity derive further assessable income of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
- the company and the consolidated entity continue to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the company's and the consolidated entity's ability in realising the benefit from the deductions.

8. LOSS PER SHARE

	Consolidated	
	2016	2015
	Cents	Cents
(a) Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the Company	(0.12)	(0.72)
(b) Reconciliation of loss used in calculating loss per share	2016	2015
<i>Basic and diluted loss per share</i>	\$	\$
Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share	(494,769)	(2,394,612)
(c) Weighted average number of shares used as the denominator	2016	2015
	Number	Number
<i>Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share.</i>	400,739,420	334,859,720
<i>The options on issue as stated in note 20 have not been taken into account for dilution purposes as they are not considered to be dilutive due to the exercise prices being in excess of the current share price.</i>		

9. AUDITORS' REMUNERATION

	Consolidated	
	2016	2015
	\$	\$
Remuneration of BDJ Partners Audit Pty Ltd for :		
Audit and review of the financial report	38,891	30,000
Other services	-	-
Total auditors remuneration	38,891	30,000

10. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	109,053	24,830
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The carrying amounts of the Group's cash are a reasonable approximation of their fair values.

**CROSSLAND STRATEGIC METALS LIMITED
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11. CURRENT TRADE AND OTHER RECEIVABLES	Consolidated	
	2016	2015
	\$	\$
GST receivable	11,372	10,090
Other debtors	5,613	8,439
	<u>16,985</u>	<u>18,529</u>

The carrying amounts of the Group's current trade and other receivables are a reasonable approximation of their fair values.

12. OTHER CURRENT ASSETS

Prepayments	<u>9,511</u>	<u>226</u>
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The carrying amounts of the Group's other current assets are a reasonable approximation of their fair values.

13. NON-CURRENT TRADE AND OTHER RECEIVABLES

Security deposits	<u>50,254</u>	<u>50,254</u>
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The carrying amounts of the Group's security deposits are a reasonable approximation of their fair values.

14. PLANT AND EQUIPMENT

Plant & Equipment	407,727	407,727
Less accumulated depreciation	(405,290)	(401,800)
Net Plant & Equipment	<u>2,437</u>	<u>5,927</u>
Motor Vehicles	280,691	280,691
Less accumulated depreciation	(280,691)	(280,691)
Net Motor Vehicles	<u>-</u>	<u>-</u>
Total Plant & Equipment	<u>2,437</u>	<u>5,927</u>

Reconciliations of the carrying amount of each class of plant and equipment at the beginning and end of the current financial year are set out below.

	Plant & Equipment	Motor Vehicles	Total
	\$	\$	\$
Gross Carrying Amount			
Balance at 31 December 2014	407,727	280,691	688,418
Additions	-	-	-
Balance at 31 December 2015	<u>407,727</u>	<u>280,691</u>	<u>688,418</u>
Additions	-	-	-
Balance at 31 December 2016	<u>407,727</u>	<u>280,691</u>	<u>688,418</u>
Accumulated Depreciation			
Balance at 31 December 2014	389,630	279,051	668,681
Depreciation Expense	12,170	1,640	13,810
Balance at 31 December 2015	<u>401,800</u>	<u>280,691</u>	<u>682,491</u>
Depreciation Expense	3,490	-	3,490
Balance at 31 December 2016	<u>405,290</u>	<u>280,691</u>	<u>685,981</u>
Net Book Value			
Balance at 31 December 2015	<u>5,927</u>	<u>-</u>	<u>5,927</u>
Balance at 31 December 2016	<u>2,437</u>	<u>-</u>	<u>2,437</u>

	Consolidated	
	2016	2015
	\$	\$
Aggregate depreciation allocated during the year:		
- Plant and equipment	3,490	12,170
- Motor Vehicles	-	1,640
	<u>3,490</u>	<u>13,810</u>

The carrying amounts of the Group's plant and equipment are a reasonable approximation of their fair values.

**CROSSLAND STRATEGIC METALS LIMITED
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15. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE	Consolidated	
	2016	2015
	\$	\$
Deferred exploration expenditure	4,383,459	4,318,993
Movement		
Balance at 1 January	4,318,993	5,394,852
Additions	433,098	648,816
JV recoveries	(236,437)	-
Sales	(4,944)	-
Amounts written off	(127,251)	(1,724,675)
Balance at 31 December	4,383,459	4,318,993

The ultimate recoupment of deferred exploration and evaluation expenditure carried forward in respect of an area of interest is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value.

Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

The carrying amounts of the Group's deferred exploration and evaluation expenditure are a reasonable approximation of their fair values.

16. CURRENT TRADE AND OTHER PAYABLES

Unsecured:		
Trade payables	136,597	185,177
Other payables and accruals	76,696	510,099
GST payable	23,644	-
Amounts owing to former directors	-	171,458
Annual leave entitlements	1,028	6,929
	237,965	873,663

The carrying amounts of the Group's current trade and other payables are a reasonable approximation of their fair values.

17. CURRENT INTEREST BEARING PAYABLES

Loans from directors (Note 27(i))	15,000	-
Loans from associates of directors (Note 27 (k))	350,000	-
Loans from shareholders	-	95,000
Loans from related parties	803,911	-
	1,168,911	95,000

The carrying amounts of the Group's current interest bearing payables are a reasonable approximation of their fair values.

18. PROVISIONS

CURRENT PROVISIONS		
Long service leave	15,663	47,258
NON CURRENT PROVISIONS		
Site Restoration	20,000	23,750
Long service leave	-	9,731
	20,000	33,481

	Current	Non current	
	Long service leave	Long service leave	Site Restoration
Movement			
Balance at beginning of financial year	47,258	9,731	23,750
Amounts provided during the year	40	(9,731)	(3,750)
Amounts paid during the year	(31,635)	-	-
Balance at end of financial year	15,663	-	20,000

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18. PROVISIONS (CONTINUED)

Nature and timing of provisions

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(f).

Provision for Site Restoration

A provision has been recognised for the costs to be incurred for the restoration of the sites used for exploration of minerals. It is anticipated that the sites will require restoration within 10 years. A discount rate adjusted to reflect the risk inherent in the mining operation has been applied.

The carrying amounts of the Group's current and non-current provisions are a reasonable approximation of their fair values.

19. SHARE CAPITAL

	Consolidated	
	2016	2015
	\$	\$
422,316,516 fully paid ordinary shares (2015: 378,986,542)	20,578,212	20,323,640
Options Rights Issue	287,297	287,297
Less share issue costs	(869,049)	(869,049)
	19,996,460	19,741,888

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

For the purposes of these disclosures, the Group considers its capital to comprise its ordinary share capital, and accumulated losses. Neither the option expense reserve nor the foreign currency translation reserve is considered as capital. There have been no changes in what the Group considers to be capital since the previous period.

Movements in share capital

	2016 Number	2016 \$	2015 Number	2015 \$
Balance at beginning of financial year	378,986,542	19,741,888	281,914,757	19,062,386
Shares issued during the year	43,374,974	254,572	97,071,785	679,502
Balance at end of financial year	422,361,516	19,996,460	378,986,542	19,741,888

20. OPTIONS

<i>Expiry Date</i>	<i>Exercise Price</i>	<i>Issued 01-Jan-16</i>	<i>Granted</i>	<i>Exercised</i>	<i>Lapsed</i>	<i>Issued 31-Dec-16</i>
		-	-	-	-	-
		<i>01-Jan-15</i>				<i>31-Dec-15</i>
30-Jun-15	0.10	15,000,000	-	-	(15,000,000)	-
30-Jun-15	0.05	5,000,000	-	-	(5,000,000)	-
		20,000,000	-	-	(20,000,000)	-

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21. RESERVES	Consolidated	
	2016	2015
	\$	\$
Share based payments reserve	343,790	343,790
	<u>343,790</u>	<u>343,790</u>
Share based payments reserve		
Balance at beginning of financial year	343,790	343,790
Value of options expensed during year	-	-
Balance at end of financial year	<u>343,790</u>	<u>343,790</u>

Nature and purpose of reserve

The share based payments reserve records the value of options issued to employees, consultants and Directors, as part of the remuneration for their services.

22. ACCUMULATED LOSSES	\$	\$
<i>Accumulated losses at the beginning of the financial year</i>	(16,716,321)	(14,321,709)
<i>Net loss for the year</i>	(494,769)	(2,394,612)
Accumulated losses at the end of the financial year	<u>(17,211,090)</u>	<u>(16,716,321)</u>

23. PARTICULARS RELATING TO CONTROLLED ENTITIES	Country of Incorporation	Ownership Interest 2016	Ownership Interest 2015
		%	%
Crossland Diamonds Pty Ltd	Australia	100	100
Crossland Mines Pty Ltd	Australia	100	100
Crossland Nickel Pty Ltd	Australia	100	100
Paradigm Mexico Pty Ltd	Australia	100	100

24. COMMITMENTS FOR EXPENDITURE

(a) Exploration Tenement Expenditure Requirements

In order to maintain the consolidated entity's tenements in good standing with Australian mining authorities, the Company will be required to incur exploration expenditure under the terms of each claim.

	Consolidated	
	2016	2015
	\$	\$
Payable not later than one year	1,309,475	342,500
Payable later than one year, but not later than two years	-	-
	<u>1,309,475</u>	<u>342,500</u>

It is likely that variations to the terms of the current and future tenement holdings, the granting of new tenements and changes in tenement areas at renewal or expiry, will change the expenditure commitment to the consolidated entity from time to time.

If funds are not available to meet the required expenditure on a tenement the relevant Australian mining authority would be contacted to negotiate a reduction of the expenditure. Should the negotiations not be satisfactory then the company would withdraw from the tenement

(b) Operating lease commitments

Operating leases relate to the rental of the Milton park homestead and outbuildings. The consolidated entity does not have an option to purchase the leased asset at the expiry of the lease period.

	Consolidated	
	2016	2015
	\$	\$
Payable not later than one year	8,000	52,000
Payable later than one year, but not later than two years	-	8,000
	<u>8,000</u>	<u>60,000</u>

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25. KEY MANAGEMENT PERSONNEL DISCLOSURES

- (a) The directors of Crossland Strategic Metals Limited during the year were:

Sia Hok Kiang	(Chairman)
Geoffrey S Eupene	(Non Executive Director)
Eric Vesel	(Executive Director)
Stanislaw (Stan) Wassylo	(Non Executive Director)

- (b) **Other key management personnel**

All directors are identified as key management personnel under AASB 124 "Related Party Disclosures".

There are no other staff that meet the definition of key management personnel.

- (c) **Key management personnel compensation**

	<i>Consolidated</i>	
	2016	2015
	\$	\$
Short-term employee benefits	106,750	326,875
Post-employment benefits	665	54,128
Share-based payments	-	-
	107,415	381,003

The Company has taken advantage of the relief provided by the Corporations Regulations and has transferred the detailed remuneration disclosures to the Directors' report. The relevant information can be found in sections A-D of the remuneration report included in the Directors report.

- (d) **Equity instrument disclosures relating to key management personnel**

- (i) **Share holdings**

The numbers of shares in the company held at the end of the financial year by each Director of the Company and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Ordinary shares

Directors of Crossland Strategic Metals Ltd

	<i>2016</i>			
Name	Balance at the start of the year	Received during the year as incentive shares	Other changes during the year	Balance at the end of the year
Geoffrey S Eupene	13,258,492	-	-	13,258,492
Sia Hok Kiang	44,000,000	-	-	44,000,000
Stanislaw Wassylo	-	-	-	-
Eric Vesel	-	-	-	-

	<i>2015</i>			
Geoffrey S Eupene	9,258,492	-	4,000,000	13,258,492
Sia Hok Kiang	40,000,000	-	4,000,000	44,000,000
Stanislaw Wassylo	-	-	-	-
Peter W Walker	2,874,899	-	2,500,000	5,374,899
Robert L Richardson	1,349,889	-	5,500,000	6,849,889
Malcolm K Smartt	1,450,000	-	6,000,000	7,450,000
Eric Vesel	-	-	-	-

- (ii) **Options provided as remuneration and shares issued on exercise of such options**

No options were provided as remuneration and no shares were issued on the exercise of such options.

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25. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(d) Equity instrument disclosures relating to key management personnel (continued)

(iii) Option holdings

As detailed below as at 31 December 2016.

The relevant interest of each Director in options of the Company as at the date of this report is as follows:

Options

Directors of Crossland Strategic Metals Ltd

<i>Name</i>	<i>Balance at the start of the year</i>	<i>Granted during the year</i>	<i>Exercised during the year</i>	<i>Other changes during the year (lapsed)</i>	<i>Balance at the end of the year</i>	<i>Vested and exercisable at the end of the year</i>
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2016

Geoffrey S Eupene	-	-	-	-	-	-
Sia Hok Kiang	-	-	-	-	-	-
Stanislaw Wassytko	-	-	-	-	-	-
Eric Vesel	-	-	-	-	-	-

2015

Geoffrey S Eupene	-	-	-	-	-	-
Sia Hok Kiang	10,000,000	-	-	(10,000,000)	-	-
Stanislaw Wassytko	-	-	-	-	-	-
Peter W Walker	-	-	-	-	-	-
Robert L Richardson	-	-	-	-	-	-
Malcolm K Smartt	-	-	-	-	-	-
Eric Vesel	-	-	-	-	-	-

26. JOINT VENTURES

The Group is engaged in the following exploration joint ventures, whose principal activities are exploration for uranium and rare earth elements.

EMR Joint Venture (formerly Pancontinental Joint Venture)

Consolidated
2016 **2015**
% **%**

56.28% 56.28%

Interests were shown in the statement of financial position as

Exploration and evaluation expenditure

Amounts receivable from joint venture parties

Total non-current assets

2016	2015
\$	\$
4,383,459	4,318,993
-	-
4,383,459	4,318,993

Results were shown in the statement of comprehensive income as

Exploration and evaluation expenditure written off

Impairment of amounts receivable from joint venture parties

Total loss attributable to joint venture

2016	2015
127,251	1,724,675
-	-
127,251	1,724,675

Contributions made by EMR for JV exploration and evaluation expenditure

2016	2015
236,437	-

27. RELATED PARTY DISCLOSURES

(a) Directors

The directors of Crossland Strategic Metals Limited during the year were :

Sia Hok Kiang	(Chairman)
Geoffrey S Eupene	(Non Executive Director)
Eric Vesel	(Executive Director)
Stanislaw (Stan) Wassytko	(Non Executive Director)

(b) Remuneration of directors and key management personnel

Details of remuneration of directors are disclosed in Note 24 to the financial statements.

At 31 December 2016 there were no key management personnel other than directors.

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27. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Directors interests

Interests in the shares and options of the Company held by current directors and their director-related entities are shown in note 25.

(d) Associates of directors

Directors fees were paid to the following associates of directors:

Director	Associated company
GS Eupene	Eupene Exploration Enterprises Pty Ltd
Sia Hok Kiang	HK Rare Earth Sdn Bhd
RL Richardson	GeoTangent Pty Ltd
S Wassylko	Atlas Offshore Services Pty Ltd
	EMMCO Mining Sdn Bhd
	Essential Mining Resources Pty Ltd

(e) Transactions with associates of directors

Consolidated
2016 2015
\$ \$

Eupene Exploration Enterprises (EEE), a Company in which Mr Eupene is a Director and shareholder, is utilised to provide geophysical and geological services in relation to Crossland Tenements. Fees paid are on normal commercial terms.

Consulting geologists	99,750	49,500
Equipment hire	-	1,050
Rent	14,747	13,485
Software Maintenance	3,600	3,300

GeoTangent Pty Ltd, a Company in which Mr Richardson is a Director and shareholder, is utilised to conduct geophysical and exploration on Crossland Tenements. Fees paid are on normal commercial terms.

- 24,375

(f) Outstanding directors fees owed to former directors as at 31 December

Peter W Walker (Resigned 19 January 16)	-	46,264
Robert L Richardson (Resigned 16 February 16)	-	52,779
Malcolm K Smartt (Resigned 16 February 16)	-	62,415

(g) Outstanding leave entitlements owed to former directors as at 31 December

Malcolm K Smartt (Resigned 16 February 16)	-	33,513
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(h) Outstanding balances owed to associates of directors as at 31 December

Eupene Exploration Enterprises Pty Ltd	61,439	49,883
GeoTangent Pty Ltd	-	51,514
HK Tin Sdn Bhd	49,000	49,000

(i) JV contributions from associates of directors as at 31 December

Essential Mining Resources Pty Ltd	236,437	-
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(j) Loans from directors as at 31 December

Eric Vesel	15,000	-
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(k) Loans from associates of directors as at 31 December

Atlas Offshore Services Pty Ltd (Stanislaw (Stan) Wassylko)	350,000	-
(7.5% interest, advance is repayable 6 months after date of drawdown.)		
EMMCO Mining Sdn Bhd (Stanislaw (Stan) Wassylko)	530,165	-
Essential Mining Resources Pty Ltd	273,746	-
(No interest, advance is repayable by issue of shares at the same time as EMMCO vends in EMR to CUX)		

(k) Interest accrued on Loans from associates of directors as at 31 December

Atlas Offshore Services Pty Ltd (Stanislaw (Stan) Wassylko)	3,749	-
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28. FINANCIAL INSTRUMENTS DISCLOSURES

(a) Capital Management

The Group considers its capital to comprise its ordinary share capital and accumulated retained earnings.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

It is the Group's policy to maintain its gearing ratio within the range of 0-25% (2014: 0-25%). The Group's gearing ratio at the end of the financial year is shown below:

	2016	2015
	\$	\$
Cash and cash equivalents	109,053	24,830
Loans	(1,168,911)	(95,000)
Net debt	(1,059,858)	(70,170)
Share capital	19,996,460	19,741,888
Reserves	343,790	343,790
Accumulated losses	(17,211,090)	(16,716,321)
Total capital	3,129,160	3,369,357
Gearing ratio	33.87%	2.08%

(b) Financial instrument risk exposure and management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(c) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- other receivables;
- cash at bank;
- trade and other payables.
- loans

(d) General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Credit risk

Credit risk arises principally from the Group's trade receivables and investments in corporate bonds. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument.

Other receivables

Other receivables comprise GST receivable.

The maximum exposure to credit risk at balance date is as follows

	2016	2015
	\$	\$
Security Deposits	50,254	50,254
Amounts receivable from joint venture parties	-	-
Other receivables	5,613	8,439
GST receivables	11,372	10,090
	67,239	68,783

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28. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(ii) Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Board receives cash flow projections in a monthly basis as well as information regarding cash balances. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The Board noted the intention of directors and other related parties not to require payment for the next twelve months or until a capital raising of sufficient funds is made.

The Group does not have any financing facilities in place and does not have a bank overdraft.

Maturity analysis of financial assets and liability based on contractual obligations.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital (e.g., trade receivables). These assets are considered in the Group's overall liquidity risk.

Maturity Analysis - Consolidated 2016	Carrying Amount		Contractual Cash flows				
	\$	\$	< 6 mths	6- 12 mths	On demand *	1-3 years	> 3 years
			\$	\$	\$	\$	\$
<i>Financial Assets</i>							
Cash at bank and on hand	109,053	109,053	109,053	-	-	-	-
Other receivables	11,372	11,372	11,372	-	-	-	-
Security deposits	50,254	50,254	-	-	-	50,254	-
TOTAL	170,679	170,679	120,425	-	-	50,254	-
<i>Financial Liabilities</i>							
Trade Creditors	136,597	136,597	136,597	-	-	-	-
Other payables and accruals	101,368	101,368	-	-	101,368	-	-
Loans	1,168,911	1,168,911	-	-	1,168,911	-	-
TOTAL	1,406,876	1,406,876	136,597	-	1,270,279	-	-
NET MATURITY	(1,236,197)	(1,236,197)	(16,172)	-	(1,270,279)	50,254	-
Maturity Analysis - Consolidated 2015	Carrying Amount		Contractual Cash flows				
	\$	\$	< 6 mths	6- 12 mths	On demand *	1-3 years	> 3 years
			\$	\$	\$	\$	\$
<i>Financial Assets</i>							
Cash at bank and on hand	24,830	24,830	24,830	-	-	-	-
Other receivables	10,090	10,090	10,090	-	-	-	-
Security deposits	50,254	50,254	-	-	50,254	-	-
TOTAL	85,174	85,174	34,920	-	50,254	-	-
<i>Financial Liabilities</i>							
Trade Creditors	185,177	185,177	185,177	-	-	-	-
Other payables and accruals	517,028	517,028	-	-	517,028	-	-
Loans	95,000	95,000	-	-	95,000	-	-
TOTAL	797,205	797,205	185,177	-	612,028	-	-
NET MATURITY	(712,031)	(712,031)	(150,257)	-	(561,774)	-	-

(iii) Market risk

Market risk does not arise as the Group does not use interest bearing, tradable and foreign currency financial instruments.

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28. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(iv) Interest rate risk

- (a) The Company receives interest on its cash balance and at balance date was exposed to a floating weighted average interest rate on cash balances of 1.00% (2015 – 1.00%). As surplus funds become available, they are deposited in its cash management account and are exposed to receiving a floating rate, which varies according to the amount of funds deposited. All other financial assets are non-interest bearing.
- (b) Net fair value of financial assets and liabilities: the net fair value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities approximates their carrying value.
- (c) The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

Consolidated -	NOTE	WEIGHTED AVERAGE INTEREST RATES	FLOATING INTEREST RATES	FIXED MATURING IN 1 YEAR TO 5 YEARS	NON-INTEREST BEARING	TOTAL
Financial Assets						
Cash	10	1.00%	109,053	-	-	109,053
Receivables - Current	11	0.00%	-	-	16,985	16,985
Receivables – Non Current	13	0.00%	-	-	50,254	50,254
Total Assets			109,053	-	67,239	176,292
Financial Liabilities						
Payables	16	0.00%	-	-	237,965	237,965
Loans	17	7.50%	-	350,000	818,911	1,168,911
Total Liabilities			-	350,000	1,056,876	1,406,876
Net financial assets (liabilities)			109,053	(350,000)	(989,637)	(1,230,584)
Consolidated -2015						
Financial Assets						
Cash	10	1.00%	24,830	-	-	24,830
Receivables - Current	11	0.00%	-	-	18,529	18,529
Receivables – Non Current	13	0.00%	-	-	50,254	50,254
Total Assets			24,830	-	68,783	93,613
Financial Liabilities						
Payables	16	0.00%	-	873,663	-	873,663
Loans	17	0.00%	-	-	95,000	95,000
Total Liabilities			-	873,663	95,000	968,663
Net financial assets (liabilities)			24,830	(873,663)	(26,217)	(875,050)

The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date. The analysis assumes all other variables remain constant.

Sensitivity Analysis

	Carrying amount	Consolidated +1% interest rate Profit & Loss	-1% interest rate Profit & Loss
Consolidated - 2016			
Cash at bank	109,053	1,091	(1,091)
	109,053	1,091	(1,091)
Tax charge of 30%		(327)	327
Post tax profit increase / (decrease)		764	(764)
Consolidated - 2015			
Cash at bank	24,830	248	(248)
	24,830	248	(248)
Tax charge of 30%		(74)	74
Post tax profit increase / (decrease)		174	(174)

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28. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(e) Currency risk

The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The Group's exposure to foreign currency risk is nil.

(f) Sovereign risk

Country or sovereign risk relates to the likelihood that changes in the business environment will occur that reduce the profitability of doing business in a country. These changes can adversely affect operating profits as well as the value of assets. Types of country risk include:-

Political changes.

Governments may change economic policies. Changes in the ruling party in Australia (brought about by elections, coups or wars) may result in major policy changes. This could result in expropriation of the Group's exploration leases, inability to repatriate future profits, higher taxes, higher tariffs and import costs, elimination of FDI incentives, domestic ownership requirements and local content requirements.

Macroeconomic mismanagement.

The Australian government may pursue unsound monetary and fiscal policies which may lead to inflation, higher interest rates, recession and hard currency shortage.

Other types of country risk include war and labour unrest which could result in higher costs and work stoppages.

The Group has maintained a working policy of keeping all relevant Government offices informed and updated on activities to allow clear avenues of communication with Government authorities and an understanding of any policy changes and any affects that they may have on the Group's work.

(g) Accounting policies

(i) Financial assets

The Group's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired. The Group does not use derivative financial instruments in economic hedges of currency or interest rate risk. The Group has not classified any of its financial assets as held to maturity.

Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

(ii) Other receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the sale of assets and GST receivable. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these financial instruments is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(iii) Available for sale

Non-derivative financial assets not included in the above categories are classified as available for sale. They are carried at fair value with changes in fair value recognised directly in the available for sale reserve. Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously charged to equity, is recognised in the income statement. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available for sale reserve. On sale, the amount held in the available for sale reserve associated with that asset is removed from equity and recognised in the income statement. Interest on corporate bonds classified as available for sale is calculated using the effective interest method and is recognised in finance income in the income statement.

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(f) Accounting policies (continued)

(iv) Financial liabilities

The Group classifies its financial liabilities as measured at amortised cost. The Group does not use derivative financial instruments in economic hedges of currency or interest rate risk.

Unless otherwise indicated, the carrying amounts of the Groups financial liabilities are a reasonable approximation of their fair values.

These financial liabilities include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method

(v) Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Groups ordinary shares are classified as equity instruments.

For the purposes of these disclosures, the Group considers its capital to comprise its ordinary share capital, and accumulated retained earnings. Neither the available for sale reserve nor the translation reserve is considered as capital. There have been no changes in what the Group considers to be capital since the previous period.

The Group is not subject to any externally imposed capital requirements.

29. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The group is managed primarily on the basis of mineral exploration in Australia. Operating segments are therefore determined on the same basis.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

**CROSSLAND STRATEGIC METALS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

29. SEGMENT INFORMATION (CONTINUED)

Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

impairment of assets and other non-recurring items of revenue or expense;
income tax expense;
deferred tax assets and liabilities;
current tax liabilities;
other financial liabilities; and
intangible assets

Consolidated	Head Office	Exploration Australia	Intersegment	Total	Head Office	Exploration Australia	Intersegment	Total
Segment performance	2016	2016	2016	2016	2015	2015	2015	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Interest revenue	1,093	-	-	1,093	-	50	-	50
Other income	-	33,056	-	33,056	-	24,276	-	24,276
Total revenue	1,093	33,056	-	34,149	-	24,326	-	24,326

Operating result

Segment net loss before
income tax benefit

	(2,646)	(274,060)	-	(276,706)	-	(2,218,835)	-	(2,218,835)
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Reconciliation of segment result to group net loss before tax

Amounts not included in segment result but reviewed by board

Corporate charges				(214,573)				(161,967)
Depreciation				(3,490)				(13,810)

Total net loss before income tax benefit				(494,769)				(2,394,612)
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Consolidated	Head Office	Exploration Australia	Intersegment	Total	Head Office	Exploration Australia	Intersegment	Total
	2016	2016	2016	2016	2015	2015	2015	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Segment assets and liabilities								
Segment assets	134,854	4,436,845	-	4,571,699	-	4,418,759	-	4,418,759
Unallocated assets				-				-
Group assets				4,571,699				4,418,759
				-				-
Segment liabilities	1,231,764	210,775	-	1,442,539	-	1,049,402	-	1,049,402
Unallocated liabilities				-				-
Group liabilities				1,442,539				1,049,402
				-				-

29. SUBSEQUENT EVENTS

There were at the date of this report no other matters or circumstances which have arisen since 31 December 2015 that have significantly affected or may significantly affect:

- (i) the operations of the consolidated entity,
 - (ii) the results of those operations, or
- the state of affairs of the consolidated entity in the financial year subsequent to 31 December 2016.

30. CONTINGENT LIABILITIES

There are no contingent liabilities.

**CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
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31. NOTES TO STATEMENTS OF CASH FLOWS

		Consolidated	
		2016	2015
(a)	Cash on hand comprises:	\$	\$
	Cash at bank and on hand	109,053	24,830
		109,053	24,830
(b)	Reconciliation of loss from ordinary activities after income tax to net cash outflows from operating activities as follows:	Consolidated	
		2016	2015
		\$	\$
	Operating (loss) after income tax	(494,769)	(2,394,612)
	Depreciation	3,490	13,810
	Exploration expenditure written off	127,251	1,724,675
	Gain on exploration expenditure sold	(33,056)	-
	Provision for leave entitlements	(47,227)	29,677
	Provision for doubtful debts	-	(15,028)
	Change in operating assets and liabilities:		
	- Decrease / (Increase) in receivables	1,544	178,861
	- Decrease / (Increase) in other assets	(9,285)	5,282
	- Increase / (Decrease) in accounts payable	36,253	95,458
	- Increase / (Decrease) in provisions	(3,750)	-
	Net cash inflow (outflow) from operating activities	(419,549)	(361,877)

-

CROSSLAND STRATEGIC METALS LIMITED

Shareholder information

The shareholder information set out below was applicable as at 13 February 2017

A. Distribution of Ordinary Shareholders -Analysis of Holdings

Class of equity security	Ordinary shares	Number of shareholders	Number of shares	%
1-1,000		64	30,706	0.007%
1,001-5,000		173	566,718	0.134%
5,001-10,000		189	1,622,006	0.384%
10,001-100,000		495	19,853,961	4.701%
100,001 and over		231	400,288,125	94.774%
Totals		1152	422361516	100.000%

Unmarketable Parcels - As at 13 February 2017 there were 844 shareholders with an unmarketable share parcel of less than 71,429 shares at the prevailing share price of 0.7 cents.

B. Top 20 Holdings of Ordinary Shares (CUX)

	Ordinary shares Number held	Percentage of issued shares
ASIA INFRA PARTNERS LTD	57,571,428	13.63%
ASIA ONE CORP LTD	50,000,000	11.84%
HK TIN SDN BHD	44,000,000	10.42%
HOCK HEE SIA	20,000,000	4.74%
MR ROBERT LEWIS RICHARDSON & MS SUSANNE BRINT <THE RATHROAM STAFF FUND A/C>	19,990,001	4.73%
MR CHRIS CONNELLAN	15,000,000	3.55%
MR RODERICK JAMES TRIGWELL	14,285,714	3.38%
AMBURLA NOMINEES PTY LTD <THE DAVIS FAMILY A/C>	12,071,428	2.86%
MR MALCOLM KEITH SMARTT & MS JANICE LEONIE SMARTT <SMARTT S/F A/C>	10,000,000	2.37%
GADEN NOMINEES PTY LTD <GADEN FAMILY A/C>	7,124,795	1.69%
FIRST INVESTMENT PARTNERS PTY LTD	6,981,446	1.65%
DIAH(NT) PTY LTD <AIRPORT HOTEL A/C>	6,666,667	1.58%
EUPENE NOMINEES PTY LTD <EUPENE FAMILY SUPER A/C>	6,028,571	1.43%
EXCESS PTY LIMITED <N J WALKER A/C>	5,458,447	1.29%
M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	5,397,402	1.28%
MR PETER WILLIAM WALKER	4,679,482	1.11%
MR GEOFFREY SAMUAL EUPENE	4,000,000	0.95%
ACN 108 884 779 PTY LTD <CLEARY FAMILY SUPER FUND A/C>	3,892,326	0.92%
EUPENE NOMINEES PTY LIMITED	3,229,921	0.76%
KALE CAPITAL CORPORATION LTD	2,915,541	0.69%
	299293169	70.86%
Other shareholders	123068347	29.14%
Total Shares on Issue	422361516	100.00%

C. Substantial Shareholders

	Number of shares held	Shareholding percentage
Asia Infra Partners Limited	57571428	13.63%
Asia One Corp Ltd	50000000	11.84%
HK Rare Earth Sdn Bhd	44000000	10.42%

D. Voting Rights

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

There are no voting rights attached to the options.

CROSSLAND STRATEGIC METALS LIMITED

SCHEDULE 1 – TENEMENTS AS AT 31 DECEMBER 2016

The Group held the following tenements at 31 December 2016:

Project Area: Charley Creek Project Group 2

Tenements held by Crossland Nickel Pty Ltd 56.28% / Essential Mining Resources Pty Ltd 43.72%

Tenement	Name / Location	Status	Date Granted	Renewal date	AREA (Sub-blocks)	AREA (Km2)
EL 28434	Hamilton Homestead	Current	26/07/2011	27/07/2017	125	381.1
EL 28795	Amburla SE	Current	14/12/2011	13/12/2017	10	31.52
EL 28796	Amburla North	Current	14/12/2011	13/12/2017	81	255.1
EL 28866	Everard	Current	21/02/2012	20/02/2018	8	25.19
EL 29789	Mulga Bore	Current	25/07/2013	24/07/2019	14	44.1
EL 29853	Bond Springs	Current	15/08/2013	14/08/2019	133	419.3
EL 30058	Milton Park	Current	23/04/2014	22/04/2020	106	334.3

Project Area: Charley Creek Project Group 1

Tenements held by Crossland Nickel Pty Ltd

Tenement	Name / Location	Status	Date Granted	Renewal date	AREA (Sub-blocks)	AREA (Km2)
EL 24281	Charley Creek	Current	7/02/2005	6/02/2018	37	116.6
EL 25230	Cockroach Dam	Current	9/11/2006	8/11/2017	102	289
EL 27283	Mt Chapple	Current	17/11/2009	16/11/2017	153	475.38
EL 27358	Hamilton Downs	Current	17/11/2009	16/11/2017	82	258.3
EL 27359	Hamilton Downs North	Current	17/11/2009	17/11/2017	31	97.8
EL 28154	Hamilton South1	Current	20/04/2011	19/04/2017	68	171.3
EL 28155	Hamilton South 2	Current	2/02/2011	1/02/2017	11	31.38
EL 28224	Hamilton North 2	Current	8/03/2011	7/03/2017	15	47.25
EL 28226	Hamilton North 3	Current	8/03/2011	7/03/2017	22	69.34
EL 30486	Mallee Bore	Current	28/04/2015	27/04/2021	30	94.63
EL 30487	Clark Creek	Current	28/04/2015	28/04/2021	107	337.35

Project Area: Charley Creek Project

Tenement held by Crossland Nickel Pty Ltd (45.024%); Essential Mining Resources Pty Ltd (34.976%); WDR Base Metals Pty Ltd (20%)

Tenement	Name / Location	Status	Date Granted	Renewal date	AREA (Sub-blocks)	AREA (Km2)
EL 25657	Cloughs Dam (NT)	Current	30/08/2007	29/08/2018	130	396.7

Project Area: Highland Rocks Project

Tenements held by Paradigm Mexico Pty Ltd

Tenement	Name / Location	Status	Date Granted	Renewal date	AREA (Sub-blocks)	AREA (Km2)
EL 27374	Highland Rocks1	Application	N/A	N/A	59	188.5
EL 27375	Highland Rocks2	Application	N/A	N/A	118	375.1
EL 27571	Highland Rocks3	Application	N/A	N/A	340	1070.7
EL 27572	Highland Rocks4	Application	N/A	N/A	330	1039.2

Corporate Governance Statement

The objective of the Board of Crossland Strategic Metals Limited ("Crossland"), is to create and deliver long term shareholder value through its mineral exploration activities.

The Board and executives considers there to be an unambiguous and positive relationship between the creation and delivery of long-term shareholder value and high quality corporate governance. Accordingly the Board has committed to corporate governance arrangements that strive to foster values of integrity, respect, trust and openness among and between board members, management, employees, customers and suppliers.

Crossland and its subsidiaries operate as a single economic unit with a unified board and management. As such, the Board's corporate governance arrangements apply to all companies within the group.

ASX Corporate Governance Principles and Recommendations

Crossland is currently a listed company with a small market capitalisation and where its processes do not necessarily fit the model of the ASX Corporate Governance Principles and Recommendations, the Board believes that there are good reasons for the different approach being adopted. Reporting against the 8 Principles, we advise as follows:

Principle 1: Lay solid foundations for management and oversight

1.1 A listed entity should disclose:

- (a) *the respective roles and responsibilities of the board and management*
- (b) *those matters expressly reserved to the board and those delegated to management.*

The primary responsibilities of Crossland's board include:

- (i) The establishment of long term goals of the Company and strategic plans to achieve those goals;
- (ii) The review and adoption of the annual business plan for the financial performance of the company and monitoring the results on a regular basis;
- (iii) The appointment of the Managing Director;
- (iv) Ensuring that the Company has implemented adequate systems of internal control together with appropriate monitoring of compliance activities; and
- (v) The approval of the annual and half-yearly statutory accounts and quarterly activities and quarterly cash flow reports.

The Board meets on a regular basis, at least quarterly, to review the performance of the Company against its goals both financial and non-financial. Prior to the scheduled monthly board meetings, each board member is provided with a formal board package containing appropriate management and financial reports.

The responsibilities of senior management including the Managing Director are contained in letters of appointment and job descriptions given to each appointee on appointment and updated at least annually or as required.

The primary responsibilities of senior management are:

- (i) Achieve Crossland's objectives as established by the Board from time to time;
- (ii) Operate the business within the cost budget set by the Board;
- (iii) Assess new business opportunities of potential benefit to the Company;
- (iv) Ensure appropriate risk management practices and policies are in place;
- (v) Ensure that Crossland's appointees work with an appropriate Code of Conduct and Ethics; and
- (vi) Ensure that Crossland's appointees are supported, developed and rewarded to the appropriate professional standards.

1.2 A listed entity should disclose:

- (a) *undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and*
- (b) *provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director .*

The Board of Crossland undertakes appropriate checks prior to appointing a person, or putting a person forward to shareholders as a candidate for election as a director. These include checks as to the person's character, experience, education, criminal record and bankruptcy history.

Information about a candidate standing for election or re-election as a director will be provided to shareholders to enable them to make an informed decision on whether or not to elect or re-elect the candidate. This information may include:

- (i) biographical details, including relevant qualifications, experience and skills;
- (ii) details of other material directorships;
- (iii) a statement regarding whether the director qualifies as independent;
- (iv) any material adverse information or potential conflicts of interest, position or association;
- (v) the term of office currently served (for directors standing for re-election); and
- (vi) a statement whether the board supports the election or re-election of the candidate.

1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

All directors and senior executives of Crossland have a written agreement with the Company setting out the terms of their appointment.

1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary of Crossland is accountable to the board on all governance matters and reports directly to the Chairman as the representative of the board.

The Company Secretary is appointed and dismissed by the board.

The Company Secretary's advice and services are available to all directors.

1.5 A listed entity should :

- (a) *have a diversity policy which includes requirement for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- (b) *disclose that policy or a summary of it; and*
- (c) *disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:*
 - (1) *the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purpose); or*
 - (2) *if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators" as defined in and published under that Act.*

The Company believes that the promotion of gender diversity on boards, in senior management and within the organisation generally:

- broadens the pool for recruitment of high quality directors and employees;
- is likely to support employee retention;
- through the inclusion of different perspectives, is likely to encourage greater innovation;
- and
- is socially and economically responsible governance practice.

Given the present size of the Company, there are no plans to establish measurable objectives for achieving further gender diversity at this time. The need for establishing and assessing measurable objectives for achieving gender diversity will be re-assessed as the size of the Company increases.

Proportion of Women Employees -

	2016	Percentage
Women on the Board	0	0%
Women in Senior Management Role	0	0%
Women Employees	2	66%

1.6 A listed entity should:

- (a) *have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and*
- (b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process*

There has been no formal performance evaluation of the Board during the past financial year, although its composition is reviewed at a Board meeting at least annually.

1.7 A listed entity should:

- (a) *have and disclose a process for periodically evaluating the performance of its senior executives; and*
- (b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The performance of all senior executives and appointees is reviewed at least once a year. They are assessed against personal and Company Key Performance Indicators established from time to time as appropriate for Crossland.

Principle 2: Structure the Board to add value

2.1 The board of a listed entity should::

- (a) *have a nomination committee which;*
 - (1) *has at least three members, a majority of whom are independent directors; and*
 - (2) *is chaired by an independent director; and disclose*
 - (3) *the charter of the committee*
 - (4) *the members of the committee; and*
 - (5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meeting; or*
- (b) *if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

The company does not have a formally constituted nomination committee

New directors are selected after consultation of all board members and their appointment voted on by the board. Each year, in addition to any board members appointed to fill casual vacancies during the year, one third of directors retire by rotation and are subject to re-election by shareholders at the Annual General Meeting.

- 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its memberships.**

A governance skills review regarding the skills, knowledge and experience of the current board will be undertaken in 2017 given the recent major changes to the board's structure.

- 2.3 A listed entity should disclose:**

- (a) *the names of the directors considered by the board to be independent directors;*
- (b) *if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Principles but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in*
- (c) *the length of service of each director.*

The names of independent directors of the company are:

Sia Hok Kiang who was appointed on 6 August 2013
Eric Vesel who was appointed on 15 November 2015
Stanislaw (Stan) Wassylo who was appointed on 21 March 2016

- 2.4 A majority of the board of a listed entity should be independent directors.:**

Three of the four directors are considered to be independent.

- 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.**

Sia Hok Kiang, the non-executive chairman, is considered to be independent. Mr Eric Vesel is the Chief Executive Officer.

- 2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.**

Crossland has a program for induction of new directors. Directors are active in undertaking professional development opportunities for the purpose of development and maintenance of their skills. Such activities are reported as part of the board's governance skills review, which also assists in identifying areas requiring further development.

Principle 3: Act ethically and responsibly

- 3.1 A listed entity should:**

- (a) *have a code of conduct for its directors, senior executives and employees; and*
- (b) *disclose that code or a summary of it.*

Crossland's policies contain a formal code of conduct that applies to all directors and employees, who are expected to maintain a high standard of conduct and work performance, and observe standards of equity and fairness in dealing with others. The detailed policies and procedures encapsulate the company's ethical standards.

Principle 4: Safeguard integrity in corporate reporting

- 4.1 4.1 The board of a listed entity should::**

- (a) *have an audit committee which;*
 - (1) *has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and*
 - (2) *is chaired by an independent director, who is not a chair of the board,;*
and disclose
 - (3) *the charter of the committee*
 - (4) *the relevant qualifications of the members of the committee; and*
 - (5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meeting; or*
- (b) *if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner..*

Given that Crossland is a company with a small market capitalisation, the Audit committee is comprised of two directors being Messrs E Vesel (executive director) and S Wassylo, (Non-Executive Director) and Mr G Clegg, the company secretary. The Audit Committee will have direct access to management and will meet periodically with the external auditors to assess and review internal controls and the Company's statutory reporting. Its activities will assist in ensuring the independence of the external Auditors and provide ready access to the full Board.

The Audit Committee meets with and receives regular reports from the external auditors concerning any matters that arise in connection with the performance of their role, including the adequacy of internal controls.

- 4.2** The board of a listed entity should, before it approves the entity's financial statements for a financial period, have received from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Declarations regarding the financial statements are received from the CEO and CFO. The board received such declarations for the half year and annual reports for 2016.

- 4.3** A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Crossland's auditor attends the Company's AGM in person and is available to answer questions from security holders relevant to the audit.

Principle 5: Make timely and balanced disclosure

5.1 A listed entity should:

- (a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- (b) *disclose that policy or a summary of it.*

The Crossland Board and senior management are conscious of the ASX Listing Rule Continuous Disclosure requirements, which are supported by the law, and take steps to ensure compliance. The Company has a policy, which can be summarised as follows:

- the Board, with appropriate advice, determines whether an announcement is required under the Continuous Disclosure principles;
- all announcements are approved by the Board, and monitored by the Company Secretary; and
- all media comment is handled by a nominated Non-executive Director.

Crossland believes that the internet is now the best way to communicate with shareholders and provides detailed announcements to the Australian Securities Exchange on a regular basis to ensure that shareholders are kept well informed on Crossland's activities.

Principle 6: Respect the rights of security holders

6.1 A listed entity should provide information about itself and its governance to investors via its website.:

Crossland's website includes a Governance page, which includes a copy of this Corporate Governance Statement and various governance policies.

6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company's Shareholder Communication Policy, which is available on the Governance page of its website, summarises the Company's communication program, including regular reporting, email alerts, active participation at the Company's AGM and encouragement of shareholder communications.

6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Notices of the Annual General Meeting, together with accompanying information such as the explanatory memorandum, are sent to shareholders, either by mail or email, depending on the shareholder's election, and are also placed on the Company's website. Shareholders are encouraged to attend the Annual General Meeting and to ask questions.

6.4 A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically.

The Company provides an email alert service. Shareholders are encouraged to register for this service through the Company's website and once registered will receive information by email, including ASX releases, annual and other reports, company presentations and notices of general meetings.

Shareholders may also elect to receive communications from the Company's share Registrar, Security Transfer Registry, by email.

Principle 7: Respect the rights of security holders

7.1 7.1 The board of a listed entity should::

- (a) *have a risk committee to oversee risk which;*
 - (1) *has at least three members, a majority of whom are independent directors; and*
 - (2) *is chaired by an independent director; and disclose*
 - (3) *the charter of the committee*
 - (4) *the relevant qualifications of the members of the committee; and*
 - (5) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meeting; or*
- (b) *if it does not have a risk committee, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. An assessment of the business's risk profile is undertaken on a regular basis and is reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks. The CEO has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly.

Risk is a standing item on the agenda of board meetings, for reporting against identified material business risks.

7.2 The board or a committee of the board should::

- (a) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- (b) *disclose in relation to each reporting period, whether such a review has taken place..*

Crossland's risk policy and risk register is reviewed by the Board of Directors annually to coincide with the preparation and lodgement of the Company's Annual Report. A review was undertaken in the financial year ending 31 December 2016.

7.3

7.3 A listed entity should:

- (a) *If it has an internal audit function, how the function is structured and what role it performs; or*
- (b) *If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

The board has determined that, consistent with the size of the Company and its activities, an internal audit function is not currently appropriate. As noted regarding recommendations 7.1 and 7.2 above and regarding Principle 4 above, the board has adopted a Risk Management Policy and processes appropriate to the size of Crossland to manage the company's material business risks and to ensure regular reporting to the board on whether those risks are being managed effectively in accordance with the controls that are in place.

7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does, how it manages or intends to manage those risks.

The Group has developed a series of operational risks which the Group believes to be reflective of the industry and geographical locations in which the Group operates. These risk areas are provided here to assist investors to have an understanding of risks faced by the Group and the industry in which we operate.

The key risks are, and not limited to:

- fluctuations in commodity prices and exchange rates;
- success or otherwise of exploration activities;
- reliance on licenses, permits and approvals from governmental and land owners authorities;
- loss of key management;
- ability to obtain additional financing; and
- changed operating, market or regulatory environments.

Principle 8: Respect the rights of security holders

8.1 8.1 The board of a listed entity should::

- (a) *have a remuneration committee which;*
 - (1) *has at least three members, a majority of whom are independent directors; and*
 - (2) *is chaired by an independent director;*
 - and disclose*
 - (3) *the charter of the committee*
 - (4) *the relevant qualifications of the members of the committee; and*
 - (5) *in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

Given the limited number of personnel the Company does not have a remuneration committee and determines on a case by case basis, the terms and conditions of employment of company executives and consultants, including remuneration. Senior executives remuneration packages are reviewed by reference to Crossland's performance, the executive director's or senior executive's performance, as well as comparable information from industry sectors and other listed companies in similar industries, which is obtained from external remuneration sources. This ensures that base remuneration is set to reflect the market for a comparable role.

8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The remuneration details of non-executive directors, executive directors and senior management are set out in the Remuneration Report that forms part of the Directors' report.

The performance of the executive director and senior executives is measured against criteria agreed annually and bonuses and incentives are linked to predetermined performance criteria and may, with shareholder approval, include the issue of shares and / or options.

There are no schemes for retirement benefits, other than statutory superannuation for non-executive directors.

8.3 A listed entity should:

- (a) *have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- (b) *disclose that policy or a summary of it.*

Directors, employees and associates must not engage in short term trading of Company Shares and should not enter into any form of trading or dealing, or procure others to do so, under the following circumstances:

- 1) if they are in possession of information which is not generally available (inside information) being information which, if it were known and available might cause a reasonable person to expect that the value of the Company and /or its shares to be affected;
- 2) during periods other than the nominated Trading Windows defined below
- 3) at all other times their intention to trade has been notified to, and approved by, the responsible person in accordance with this Policy.

In the course of carrying out their duties, directors and employees often possess information which may be regarded as inside information either specifically under terms of the Corporations Code, or more generally by informed and ethical persons. By way of guidance such information could include, but would not be limited

- financial information of any type such as changes in operating forecasts, adjustments in capital or capital structure, borrowings, liquidity or cash flow circumstances
- information about material acquisitions or divestments by the Company
- changes to the Board, Management or Auditors
- regulatory decisions or significant litigation likely to affect the Company

Directors, employees and their associates may not trade or deal in Company Shares except in accordance with the preceding paragraphs and only during **Trading Window periods** being those periods beginning 24 hours after lodgement of the Company's half year and annual profit announcements, and concluding on the date for closing of books for the next reporting period.

Except for the Trading Window periods described in the preceding paragraph, all other times are considered to be "Closed Periods" in terms of Australian Stock Exchange Listing Rule 12.12.1 being those periods when Directors, employees and their associates are generally prohibited from trading in the Company's securities.

Before dealing in Company Shares, an intention to trade must be discussed with and approved

- in the case of Directors, by the Chairman
- in the case of the Chairman by an independent director
- in the case of all other employees by a Director

In addition, Directors are obliged to inform the Company Secretary of any dealing in Company Shares in the form required by the Corporations Act.

Employees who wish to trade outside the Trading Windows must obtain prior approval of the Board which may, under exceptional circumstances, consider applications for exemption from compliance with this Policy. The Board will exercise its unfettered discretion in deliberating the merits of each case and consent will generally be provided only in cases of clear financial hardship.

In the context of this Policy, associates of employees include the spouse, partner, members of employee's, spouse's or partner's immediate families together with any third parties or entities controlled by the employee or such associates including family trusts and personal superannuation schemes