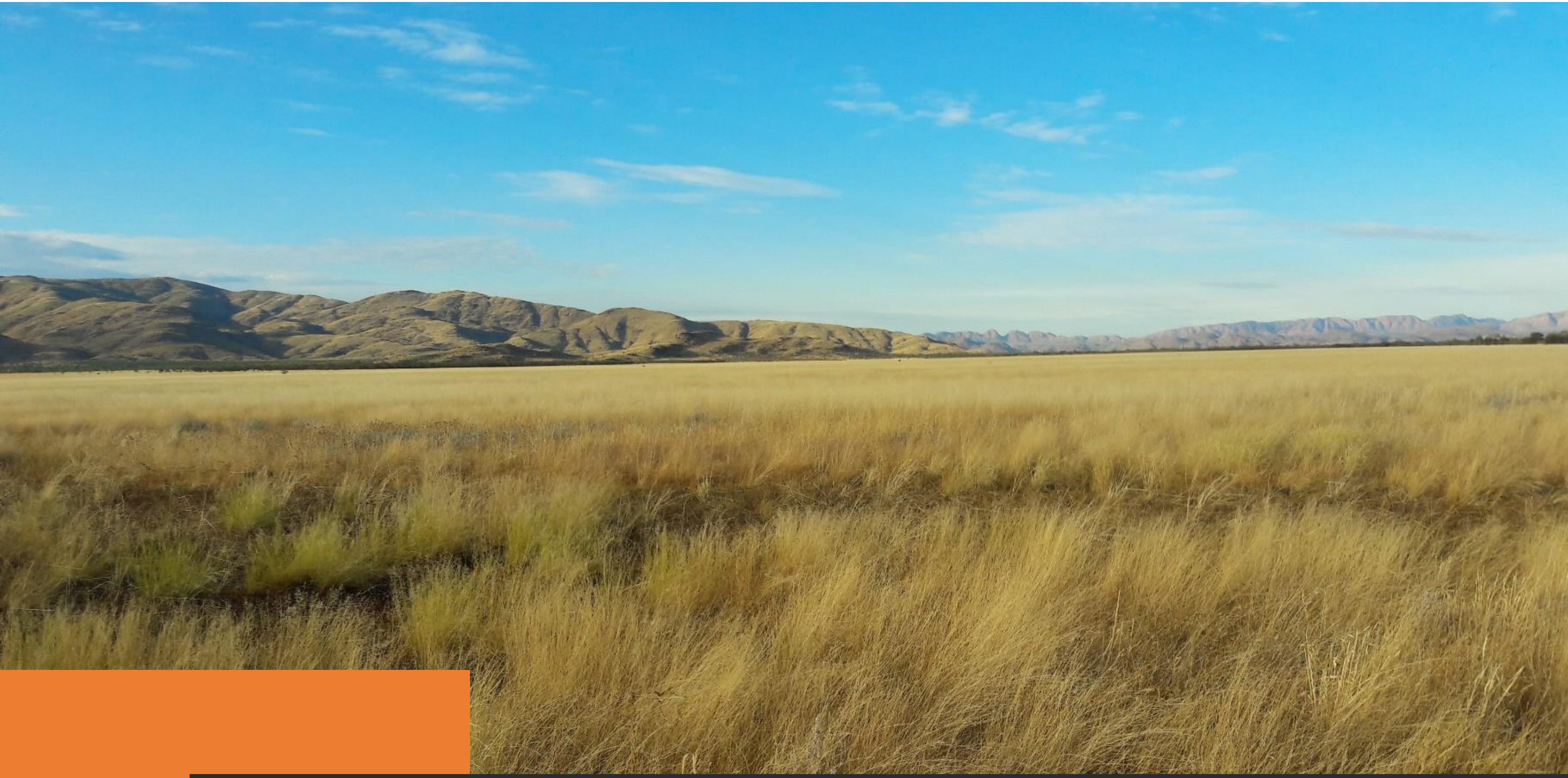

CROSSLAND
STRATEGIC METALS LIMITED

Crossland Strategic Metals Limited (ABN 64 087 595 980) and controlled entities

2017 Annual Report

ASX
AUSTRALIAN STOCK EXCHANGE
A listed public company

Rare Earth Minerals

Solutions for an advanced, sustainable future

www.crosslandstrategic.com

Corporate Register

Company Secretary
Andrew Metcalfe
Accosec & Associates
Level 2, 470 Collins Street,
Melbourne VIC 3000, AUSTRALIA

Registered Office
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NT 0800, AUSTRALIA

Company Website
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GPO Box 3993, Sydney NSW 2001

Phone: +61 (0) 2 9290 9600
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Email: enquiries@boardroomlimited.com.au
Website: www.boardroomlimited.com.au

Stock Exchange Listing
Australia Stock Exchange (ASX)
ASX code: CUX

Website: www.asx.com.au

Accountants
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Website: www.hwlebsworth.com.au

Auditor
RSM Australia Partners
Level 21, 55 Collins Street
Melbourne VIC 3000

T +61 3 9286 8000
F +61 3 9286 8199

Board of Directors

Dato' Sia Hok Kiang

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.

Non-Executive Chairman

Eric Vesel

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 a 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 formerly 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. 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.

CEO/Executive Director

Harun Halim Rasip

Mr Halim Rasip, is our most recent member of the Board, he joined us on the 31st of May 2017. Harun is a businessman who brings extensive financial and corporate governance experience to Crossland. He is a qualified financial professional with a B.Commerce (Accounting) from the University of Western Australia, a Fellow of the Institute of Chartered Accountants Australia and a member of the Malaysian Institute of Accountants. He was with Price Waterhouse in Perth, Australia and in Kuala Lumpur, Malaysia for 8 years where after he established Halim Rasip Holdings Sdn Bhd ("HRH") Group and served as its Chairman and Managing Director. HRH is a multi-faceted company which has been active in the oil and gas sector in Malaysia (specifically fabrication, down-hole services, wire-line services, oilfield equipment manufacturing and marine services), a range of shipping (tankers, barges, tugs), freight services and haulage services and in infrastructure development. He was responsible for the conceptualization, promotion, development, funding, construction and served as first Chief Executive of Lumut Port in the Straits of Malacca which comprised the Lumut Maritime Terminal and Lekir Bulk Terminal, before and after their injection into Integrax Berhad in 2000-2001.
He was also a member of the Executive Committee of the Federation of Public Listed Companies Bhd (FPLC) in 2004-2010, besides being a member of its Technical & Regulatory Committee and Accounting Standards Sub-Committee 2003-2010, the Chairman of Landmarks Berhad in 2006, a Non-Executive Independent Director of iCapital Biz Berhad until 2016 and a Director of several other unlisted Companies in Malaysia.
He is currently the President Director of P.T. Tanah Laut Tbk, a company listed on Bursa Efek Indonesia.

Non-Executive Director

Stan Wassylko

Mr Stan Wassylko was appointed to the Board of Directors on 21 March 2016. 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.

Non-Executive Director

Geoff Eupene *(Resigned 1st June 2017)*

Non-Executive Director

Graham Clegg *(Resigned 31st May 2017)*

Company Secretary

Andrew Metcalfe *(Appointed 1st June 2017)*

Andrew brings over 20 years Company Secretarial, Governance and CFO experience from a range of ASX & TSX listed and unlisted Public Companies, Government and Not-for-Profit organisations across a broad industry base.
Company Secretary

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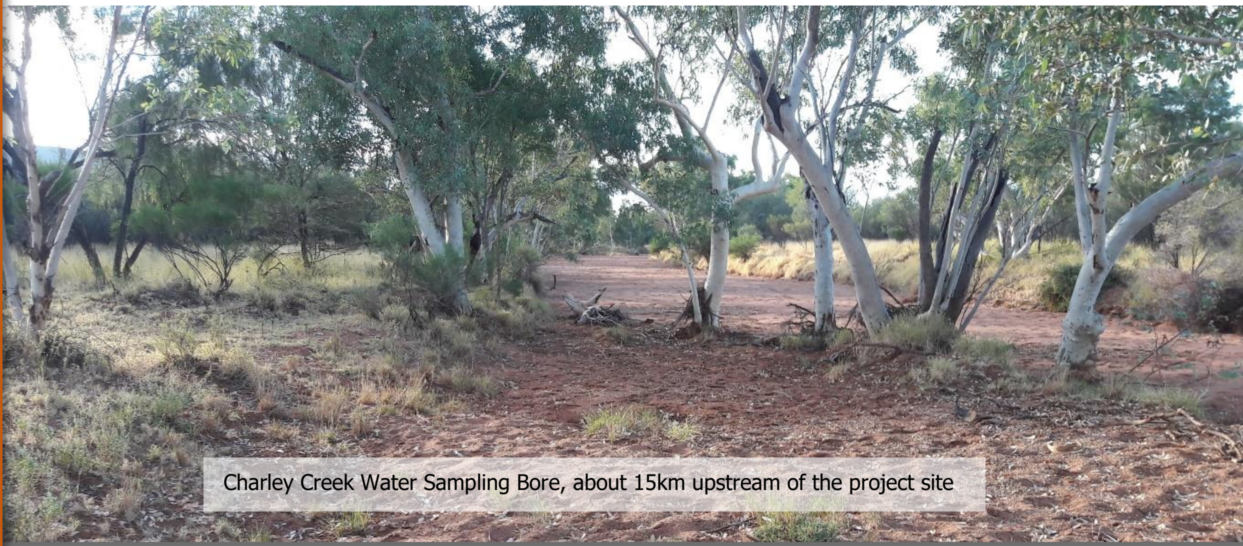
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017


Charley Creek Water Sampling Bore, about 15km upstream of the project site

Chairman's Review

In review of the 2017 year, Crossland consolidated its project ownership with former JV partners Essential Mining Resources Pty Ltd, as announced in June 2017. During this period, we also rationalized our tenement portfolio and have neared a practical threshold in paring our administrative cost base. Thankfully, with financial support from Atlas Offshore Services and EMMCO, we are able continue with the next leg of our journey. In 2017, we re-visited much of our prior technical data, changed some ideas and researched further opportunities. With limited resources we accomplished the creation of internal documents detailing our operational plan and compiled Scope of Work documents necessary for independent experts to undertake their work. By the end of the year, we announced we will progress to re-issue a revised resource statement and update our Scoping Study in 2018. At the completion of this milestone, we will expect to be able to raise funds necessary for our Pre-Feasibility Study.

Magnetic rare-earth mineral (Nd-Pd) prices experienced an up-draft especially during the second half of the year. By year end, Terbium prices increased over 10% compared to the prior year. Some price turbulence was experienced in the second-half, this was mostly positive, with mineral prices for 2017 year rising overall. Crossland estimates, for Charley Creek, a basket price value increase of 10% since the start of 2016. This is not surprising, given the state of the market with China consolidating producers and controlling supply, continued demand, new uses and few producers on the horizon. Without doubt, our stance remains bullish given the market fundamentals. The criticality and strategic importance of these minerals is recognized by many analysts, public and government organizations. Our web-site www.crosslandstrategic.com provides some more information in this regard. Charley Creek Project is especially well poised, with its mineral sands bearing a high proportion of heavy rare-earth minerals which are the hardest to attain minerals. The problem with the REE market lies in the lack of alternatives. Few analysts, end-users and investors are prepared to chance the unchartered domain that is right now beholden to China. Some new producers outside China will make a difference. With alternative suppliers, society has a choice and can demand traceability and legitimize their consumption. Right now, we all use rare-earths but the price for sustainability is not built in. Crossland is working toward this goal, our

Chairman's Review (continued)

mantra "solutions for an advanced sustainable future" holds fast. We recognize innovation as key to improving our competitiveness.

Society has become reliant on these REE minerals to provide the technology we have become accustomed to, as only REEs can provide unique properties to certain manufactured materials. In effect, these REE minerals are the only reason for these products existing, in their current form. Because the pervasive integration of REE minerals in products, and continued growth in diversity of applications, we too are often surprised to find products incorporating REEs. Substitution is unforeseeable, even in the long-term. The fact is that product usage and growth will demand greater mineral availability for the future.

Charley Creek and other potential operations within our tenements would help provide a sustainable REE supply outside of China, with a traceable origin, transparency and low-carbon footprint. Our mine development strategy is an integral part of this vision.

Our project by nature and design, is rooted in simplicity and efficiency. Nature has done all the work of breaking down the rock matrix to liberate the minerals containing the rare earth and other industrial minerals. Mining sand on a large scale is very low cost, especially when coupled with efficient transport and high recovery low-tech processing methods to produce a small quantity of upgraded mineral concentrate. Our operational design is based on matching simple large systems together. With the assistance of independent parties, we are working to confirm the fit of all the pieces of the system to successfully realize our vision.

We have scoped a robust operation, mining over 20Mtpa based on the average resource grade. This allows us to systematically access the whole of the resource and keep costs down. Using a centralized semi-mobile processing facility near to the mine, bulk material transport costs are reduced, and it allows us to return depleted sand back to the void. This means reclaiming as we progress.

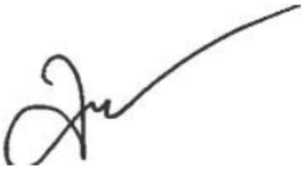
Our key objectives are to implement extremely cost-effective systems and more importantly with minimal impact on the environment. Two key ingredients necessary for a viable and sustainable business.

Chairman’s Review (continued)

The 2018 year will be a defining milestone in Crossland’s history.

We thank you for your continued support and look forward to sharing the prosperous times ahead.

Best wishes



Dato’ Sia Hok Kiang

Chairman

Crossland Strategic Metals

Review of Operations

The operations of the Group are described in detail in the quarterly operations reports to the ASX. This annual report summarizes 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 website which can be accessed at www.crosslandstrategic.com.

By mid-2017, Crossland effectively moved our corporate affairs base to Melbourne. At the same time Crossland extinguished most it's then standing debt and gained 100% control of the project assets and tenements through our acquisition of JV partner Essential Mining Resources Pty Ltd. Crossland committed to further loans for ongoing company administration and corporate governance expenses. The loan, with EMMCO, for AUD$200,000 matures on the 30th June 2018. Existing loan agreements for AUD$700,000, with AOS, matured during the quarter. Loans with AOS have been consolidated and the accumulated interest of $97,000 has been rolled over into a new extended loan, maturing on the 30th June 2018.

Earlier in the year, we withdrew our presence at Milton Park to conserve cash. Similarly, we made some hard choices and focused on reducing our tenements to those areas most likely to be developed. This rationalization process allowed to pare away many formerly hard-rock uranium targets. The company also decided to relinquish our gold interests in the Tanami. The list of tenements, current as at 31 December 2017, is included on page 55 of this report.

Our progress regarding Charley Creek project assessment work is at least six-months behind schedule. We had hoped to have had a renewed resource statement and scoping study completed by year-end but we spent longer preparing the scope of work and assessing our consultants all for purposes of a tighter focus.

Mining activity in Australia has gained momentum and we needed to get in queue. Some of the major product enquiries with suppliers have extended well over a year. This has been a process of refinement and information provided is now at a level well beyond scoping level accuracy. Serendipitously, the added time allowed us to investigate a unique solution for material handling involving conveyors, commonly referred to as IPCC. In our case, we refer to the system as an In-Pit Conveying System

Review of Operations (continued)

(IPCS), as we have no need for crushing. This has been a most significant development, as it allows us to lower our operating costs further. This is not new technology. Currently IPCC systems in China are operating at production rates of 12,000 ton per hour. As a comparison, we are considering a 3,000 ton per hour operation supported by a fully mobile IPCS system. We appreciate conservative skepticism; as this system is not the norm but it does work. It comes down to implementing the technology in the right application. Our circumstances are ideal for such an application, given flat terrain, no overburden stripping, orebody consistency, shallow depth of the mining in one pass and no obstacles. Admittedly, the capital cost is higher than the mainstream mining alternatives but the pay-back facilitated through prospective lower operating costs is rapid. Given our long-term project life, the IPCS offers a cost base that we believe is significantly lower than other alternatives. However, our scoping study will explore all mining alternatives to determine the optimal solution.

These options have knock-on considerations regarding the mining fleet, production rates and support requirements. One adjunct would be to couple the electric powered IPCS system with an “off-grid” solar farm. This would be the ultimate green solution with minimal carbon footprint.

It’s currently not in our plans at present, as the downside is the added capital cost. We initiated discussions with solar system suppliers, but at this time we feel that it may be premature until we better define our demands and the system. Another alternative, currently in discussions with an off-shore supplier, is for an installed plant with a power off-take agreement. The sizing and commercial terms for the system are yet to be determined.

Many mining companies are moving toward to “off-grid” solar. With an abundance of sun and flat ground, we are ideally poised to take advantage of cheap solar power. Overall, if we can establish a low capital production flag-ship our momentum would be rapid. Given the broad area of the orebody and its consistency, we would not be surprised that once Charley Creek has proven production capability, it would serve as a model for duplicate operations. In this instance, synergies would further reduce

Review of Operations (continued)

operational costs and sharing of facilities but more importantly gaining critical mass to loo k at further downstream processing.

Engineering consultants MSP (Perth), who completed the 2013 Scoping Study, will undertake the 2018 update. Work is targeted to commence in early February 2018 and is expected to take 10 weeks to complete. The Study will be in two stages, firstly- to broadly establish the base case viability and secondly- to refine and report the findings.

Former Crossland Director, Geoff Eupene is compiling and updating the Charley Creek project geological and drill database. As the Competent Person responsible for our prior 2013 JORC resource estimate, he is most familiar with the data and field activities at that time. This database update will include drill data awaiting processing since 2013. The resource modelling and re-estimation work will be tendered once the compiled dataset is available. In December 2017, Crossland met with consultants in Perth to discuss the resource update scope of work and assess each party's capabilities. The resource update is expected to now commence in early March 2018 and will take 6 weeks to complete.

With studies in-hand, 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.

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 market will be kept appraised of developments, as required under ASX Listing Rules and in accord with Continuous Disclosure requirements.

Eric Vesel
CEO/Director
Crossland Strategic Metals Limited

Directors Report

The directors of Crossland Strategic Metals Limited (the Company) submit herewith the annual financial report for the financial year ended 31 December 2017. 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:

Name	Position	Status
Dato' Sia Hok Kiang,	Non-Executive Chairman	Current
Eric Vesel	Executive Director	Current
Stanislaw (Stan) Wassylko	Non-Executive Director	Current
Harun Halim Rasip	Non-Executive Director	Appointed 31st May 2017
Geoff Eupene	Non-Executive Director	Resigned 1st June 2017
Andrew Metcalfe	Company Secretary	Appointed 1st June 2017
Grahame Clegg	Company Secretary	Resigned 31st May 2017

Principal Activities

The principal activities of the consolidated entity are the exploration for rare earth elements (REE) in the Northern Territory. 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	
	2017	2016
	$	$
Net loss after income tax	**(2,955,891)**	(495,017)

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 2017 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 2017.

Future Developments

The Company hopes to develop future rare earth metals extraction opportunities and assess opportunities which are perceived to offer outstanding value. At this stage, the Company will resume studies and tests to determine the optimum applications of technology and resources needed to realise the Charley Creek REE Project.

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 2017.

Share Options

Particulars of options granted over unissued shares:

	2017	2016
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	Nil

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

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 not 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.

Proceeds on behalf of the Company

No person has appeared to the Court under Section 237 of the Corporation Act 2001 for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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).

	Board of Directors		Audit Committee	
	Held	Attend	Held	Attend
H K Sia	6	6	-	-
G S Eupene	2	2	-	-
E Vesel	6	6	1	1
S Wassylko	6	6	1	1
Harun Halim Rasip	4	4	-	-

Auditor

RSM Australia Partners holds office in accordance with section 327 of the Corporations Act 2001.

Non-audit services

The Company 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 (RSM Australia Partners) 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 page18.

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
E. Additional information

Remuneration Report (Audited) continued

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. The disclosures in Section E are additional disclosures required by the Corporations Act 2001 and the Corporations Regulations 2001 which have not 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 organization.

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

No Directors fees were awarded for the period of 2017. However, outstanding Directors Fee payments to former Director B. Richardson, relating to the 2016 financial year, was settled in 2017.

Directors' fees continued

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.

For the 2017 year, the Board of Directors decided on a moratorium regarding Directors Fees until the Company's financial position improves.

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 tables on page 16.

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 is reported in the following table.

Payments to Directors .

2017	Short-term employee benefits			Post - Employment benefits		Share-based payments	
Name	Salary	Directors' Fees	Consulting Fees	Superannuation	ice Leave Paymen	Options	Total
Non-executive directors	$	$	$	$	$	$	$
R Richardson *	-	5,151	-	-	-	-	5,151
P Walker *	-	-	-	-	-	-	-
Sia Hok Kiang	-	-	-	-	-	-	-
E Vesel	-	-	-	-	-	-	-
S Wassylko	-	-	-	-	-	-	-
Sub-total non-executive directors	-	5,151	-	-	-	-	5,151
Executive directors							
G S Eupene	-	-	33,000	-	-	-	33,000
MK Smartt *	-	-	-	-	-	-	-
Totals	-	5,151	33,000	-	-	-	38,151

2016	Short-term employee benefits			Post - Employment benefits		Share-based payments	
Name	Salary	Directors' Fees	Consulting Fees	Superannuation	ice Leave Paymen	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

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 2017.

Shares issued on the exercise of options

No ordinary shares of Crossland Strategic Metals were issued during the year ended 31 December 2017 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:

2017	Sia Hok Kiang	E. Vesel	S. Wassylko	H.H.Rasip	G. Eupene
Ordinary Shares	53,157,817	Nil	622	557,554,961	24,629,718
Options	Nil	Nil	Nil	Nil	Nil

2016	Sia Hok Kiang	E. Vesel	S. Wassylko	H.H.Rasip	G. Eupene
Ordinary Shares	44,000,000	Nil	Nil	Nil	13,258,492
Options	Nil	Nil	Nil	Nil	Nil

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

Eric Vesel
Director
Kuala Lumpur, 29th March 2018

Auditor's Independence Declaration

RSM Australia Partners
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F +61 (0) 3 9286 8199
www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Crossland Strategic Metals Limited for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 29 March 2018
Melbourne, Victoria

Auditor's Independent Report

to the members of Crossland Strategic Metals Ltd

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT
To the Members of Crossland Strategic Metals Limited

Opinion

We have audited the financial report of Crossland Strategic Metals Limited. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 2017 and of its financial performance for the year then ended; 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

Without modifying our opinion, we draw attention to Note 2 to the financial statements which indicates that the consolidated entity incurred a loss of $2,955,891 and reported negative operating cash flows of $389,868 for the year ended 31 December 2017 (31 December 2016: $419,549). As at 31 December the company has a negative working capital position of $1,279,850 (2016 $1,286,990). These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern.

RSM

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 the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in out report.

Key Audit Matter	How our audit addressed this matter
Impairment of Exploration Assets Refer to Note 1 in the Consolidated Financial Statements	
The Group has capitalised exploration and evaluation expenditure, with a carrying value of $4.4m as at 31 December 2017. Under AASB 6 Exploration for and Evaluation of Mineral Resources, the Group is required to test the exploration and evaluation asset for impairment when facts and circumstances suggest that the carrying amount may exceed the recoverable amount. We determined this to be a key audit matter due to the significant management judgment involved in assessing the carrying value of the asset.	Our audit procedures in relation to the carrying value of exploration and evaluation expenditure included: • obtaining evidence that the Group has valid rights to explore in the specific areas of interest; • enquiring with management and reviewing the basis on which they have determined that the exploration and evaluation of mineral resources has not yet reached the stage where it can be concluded that no commercially viable quantities of mineral resources exists; • enquiring with management and reviewing budgets and plans to determine that the Group will incur substantive expenditure on further exploration for and evaluation of mineral resources in the specific areas of interest; and • reviewing whether management has received sufficient data to conclude that the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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 2017, but does not include the financial report and the 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.

Responsibilities of the Directors 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.

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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 have no realistic alternative but to do so.

Auditor's Responsibilities 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf..

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Crossland Strategic Metals Limited for the year ended 31 December 2017, 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.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 29 March 2018
Melbourne, Victoria

Directors' Declaration

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:

the financial statements and notes, as set out on pages 23 to 54, are in accordance with the Corporations Act 2001 and:

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

give a true and fair view of the financial position as at 31 December 2017 and of the financial performance for the year ended on that date of the company and consolidated group; and

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.

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.

Signed in accordance with a resolution of directors made to Section 295(5)(a) of the Corporations Act 2001.

On behalf of the Board of Directors

Harun Halim Rasip,

Kuala Lumpur, 29th March 2018

CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated	
		2017	**2016**
		$	$
Revenue and other income	5	**1,084**	34,167
Administration expenses		**(313,052)**	(214,573)
Borrowing costs	6	**(97,631)**	(3,757)
Consultants fees		**(33,000)**	(75,821)
Depreciation	6	**(2,710)**	(3,490)
Employee benefits expense and directors remuneration		**(32,355)**	(71,066)
Exploration expenditure written off	6	**(2,460,874)**	(127,251)
Occupancy expenses	6	**(6,476)**	(25,862)
Other expenses		**(10,878)**	(7,116)
Loss before income tax benefit		**(2,955,891)**	(494,769)
Income tax benefit	7	**-**	-
Net loss after related income tax benefit	22	**(2,955,891)**	(494,769)
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		**(2,955,891)**	(494,769)
Total		**(2,955,891)**	(494,769)
Basic and diluted loss per share (cents)	8	**(0.0039)**	(0.0012)

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

CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	Consolidated 2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	10	**93,433**	109,053
Trade and other receivables	11	**41,399**	16,985
Other current assets	12	**9,511**	9,511
TOTAL CURRENT ASSETS		**144,343**	135,549
NON-CURRENT ASSETS			
Trade and other receivables	13	**40,506**	50,254
Plant and equipment	14	**3,567**	2,437
Exploration expenditure	15	**4,404,783**	4,383,459
TOTAL NON-CURRENT ASSETS		**4,448,856**	4,436,150
TOTAL ASSETS		**4,593,199**	4,571,699
CURRENT LIABILITIES			
Trade and other payables	16	**228,716**	237,965
Interest bearing liabilities	17	**1,043,764**	1,168,911
Provisions	18	**151,713**	15,663
TOTAL CURRENT LIABILITIES		**1,424,193**	1,422,539
NON-CURRENT LIABILITIES			
Provisions	18	**20,000**	20,000
TOTAL NON-CURRENT LIABILITIES		**20,000**	20,000
TOTAL LIABILITIES		**1,444,193**	1,442,539
NET ASSETS		**3,149,006**	3,129,160
EQUITY			
Issued capital	19	**22,972,145**	19,996,460
Reserves	21	**343,790**	343,790
Accumulated losses	22	**(20,166,929)**	(17,211,090)
TOTAL EQUITY		**3,149,006**	3,129,160

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

CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Equity	Reserves	Accumulated losses	Total attributable to equity holders of the entity
	$	$	$	$
Balance at 1 January 2016	19,741,888	343,790	(16,716,269)	3,369,409
Shares issued during the year (net of costs)	254,572	-	-	254,572
Other comprehensive income	-	-	-	-
(Loss) for the year	-	-	(494,769)	(494,769)
Balance at 31 December 2016	**19,996,460**	**343,790**	**(17,211,038)**	**3,129,212**
Shares issued during the year (net of costs)	**2,975,685**	**-**	**-**	**2,975,685**
Other comprehensive income	**-**	**-**	**-**	**-**
(Loss) for the year	**-**	**-**	**(2,955,891)**	**(2,955,891)**
Balance at 31 December 2017	**22,972,145**	**343,790**	**(20,166,929)**	**3,149,006**

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

CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated	
		2017	**2016**
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inc GST)		**(30,650)**	-
GST recovered from the ATO		**7,320**	-
GST paid to the ATO		**(320)**	-
Payments to suppliers and employees (inc GST)		**(415,146)**	(420,634)
Interest paid		**-**	(8)
Interest received		**-**	1,093
Interest and othre costs of finance paid		**48,928**	-
Net cash used in operating activities	30 (b)	**(389,868)**	(419,549)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non - financial assets		**(344,721)**	-
Expenditure on mining interests (exploration)		**-**	(433,098)
Recoveries from JV partner		**-**	236,437
Proceeds from sale of investments		**-**	38,000
Sales of non - financial assets		**9,748**	-
Net cash provided used in investing activities		**(334,973)**	(158,661)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**-**	662,415
Receipt from related entities		**709,221**	-
Net cash provided by financing activities		**709,221**	662,415
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(15,620)**	84,205
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**109,053**	24,830
Effect of exchange rates on cash holdings in foreign currencies		**-**	18
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	30 (a)	**93,433**	109,053

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 2017

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 21st March 2018 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 statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Group recorded a net loss of $2,955,891 for the year ended 31 December 2017 and the Group's position as at 31 December 2017 was as follows:

- The Group had negative operating cash flows of $389,868 for the year ended 31 December 2017;
- The Group had negative working capital at 31 December 2017 of $1,279,850; and
- The Group's main activity is exploration and as such it does not have a source of income, rather it is reliant on debt and / or equity raisings to fund its activities.

These factors indicate a material uncertainty which may cast significant doubt as to whether the group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

1. As at 31 December 2017 the Group owed $1,043,764 to directors, associates of directors and related parties. The directors have agreed to defer settlement of repayment of their loan balances for at least a period of 12 months from the date of this report and have provided an undertaking that they will further support the Group's short term working capital requirements;

2. The Company will also consider additional capital raising activities through the issue of new share capital to supplement the directors' advances

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.
Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Section 4 Parent Company Information.

Operating segments

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

Foreign currency translation

The financial statements are presented in Australian dollars, which is Crossland Strategic Metals Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current

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) 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.

(d) 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.

(e) 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.

CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)
Significant accounting policies (continued)

(e) Employee Benefits (continued)

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.

Other long-term employee benefits

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.

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.

(f) 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.

CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)
Significant accounting policies (continued)

(g) 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.

(h) 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.

CROSSLAND STRATEGIC METALS LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)
Significant accounting policies (continued)

(h) Financial Instruments issued by the company (continued)
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.

(i) 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.

(j) 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 Limited’s functional and presentation currency.

CROSSLAND STRATEGIC METALS LIMITED
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1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)
Significant accounting policies (continued)

(k) 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.

(l) 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.

(m) 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.

CROSSLAND STRATEGIC METALS LIMITED
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1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)
Significant accounting policies (continued)

(n) Joint ventures

The Company'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 Comapny's interests are provided in Note 27.

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

Where the Company contributes assets to the joint venture or if the Company purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Company's share of the joint venture shall be recognised. The Company 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.

(o) 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(l) 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

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to the profit or loss. Any revaluation surplus reserve relating to the item disposed of its transferred directly to retained profits.

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

(p) 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 23 to the financial statements.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Company from the date on which control is obtained by the Company. 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 Company.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Company are presented as “non-controlling interests”. The Company 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.

(q) 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.

(r) Revenue Recognition

<u>Interest Income</u>
Interest income is recognised using the effective interest rate method.
<u>Other Income</u>
Other income is recognised as it is earned.

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

(s) Segment Reporting

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

(t) 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(l) for further discussion on the determination of impairment losses.

(u) 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 with the amounts normally paid within 30 days of recognition of the liability.

CROSSLAND STRATEGIC METALS LIMITED
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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 2017 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

Impact on the Company: Implementation may be required. Refer to Note 3.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

Impact on the Company: Implementation may be required. Refer to Note 3.

CROSSLAND STRATEGIC METALS LIMITED
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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 (continued)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

Impact on the Company: Impact is expected to be immaterial.

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.

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.

CROSSLAND STRATEGIC METALS LIMITED
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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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 $4,404,783.

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.

	2017	**2016**
STATEMENT OF FINANCIAL POSITION	**$**	**$**
ASSETS		
Current assets	**112,132**	134,854
Non current assets	**7,886,249**	5,576,603
TOTAL ASSETS	**7,998,381**	5,711,457
LIABILITIES		
Current liabilities	**1,218,911**	1,422,539
Non current liabilities	**15,000**	15,000
TOTAL LIABILITIES	**1,233,911**	1,437,539
NET ASSETS	**6,764,470**	4,273,918
EQUITY		
Issued capital	**22,972,145**	19,996,460
Share based payments reserve	**343,790**	343,790
Accumulated losses	**(16,551,465)**	(16,066,332)
TOTAL EQUITY	**6,764,470**	4,273,918
	-	-
STATEMENT OF COMPREHENSIVE INCOME		
Total loss	**(485,133)**	(494,768)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(485,133)**	(494,768)

CROSSLAND STRATEGIC METALS LIMITED
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4. PARENT COMPANY INFORMATION (CONTINUED)

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 2017, Crossland Strategic Metals Limited had no contingent liabilities.

Contractual commitments
At 31 December 2017, 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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		Consolidated	
5.	**REVENUE**	**2017**	**2016**
		$	**$**
	Other income		
	Interest - other entities	**1,084**	1,093
	Exchange gains	**-**	18
	Sale of tenements	**-**	33,056
	Other income	**-**	-
		1,084	34,167

6. LOSS FROM ORDINARY ACTIVITIES

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

Expenses

Depreciation	**2,710**	3,490
Employee entitlements	**-**	(15,593)
Exploration expenditure written off	**2,460,874**	127,251
Interest paid	**97,631**	3,757
Office rent	**6,476**	25,862
Superannuation	**3,937**	9,997
	2,571,628	**154,764**

		Consolidated	
7.	**INCOME TAX**	**2017**	**2016**
	(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	**(2,955,891)**	(494,769)
Income tax benefit calculated at 30%	**(886,767)**	(148,431)
Temporary differences and tax losses not recognised	**886,767**	148,431
Other permanent differences		
- Non deductible expenses	-	-
Income tax benefit attributable to loss	**-**	-

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7. INCOME TAX (CONTINUED)

(b) Deferred tax balances not recognised

Calculated at 30% not brought to account as assets:

	Balance Sheet		Income Statement	
Consolidated	**2017**	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Deferred tax assets relating to tax losses				
Revenue tax losses available for offset against future taxable income	**7,630,048**	6,728,812	**901,236**	(52,039)
Capital tax losses available for offset against future taxable income	-	17,340	**(17,340)**	(9,917)
Net deferred tax asset not recognised in respect of tax losses	**7,630,048**	6,746,152	**883,896**	(61,956)
Deferred tax assets relating to temporary differences				
Provision for amortisation of intangibles	**-**	2,884	**(2,884)**	(15,083)
Provision for employee entitlement	**6,514**	11,007	**(4,493)**	(15,293)
Accruals	**7,200**	6,600	**600**	-
	13,714	20,491	**(6,777)**	(30,376)
Deferred tax liabilities relating to temporary differences				
Difference between book and tax values of fixed assets	**54,418**	44,428	**9,990**	(11,169)
	54,418	44,428	**9,990**	(11,169)
Net deferred tax asset not recognised in respect of temporary differences	**68,132**	64,919		

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	
	2017	**2016**
(a) Basic and diluted loss per share	**Cents**	**Cents**
Loss attributable to the ordinary equity holders of the Company	**(0.0039)**	(0.0012)
(b) Reconciliation of loss used in calculating loss per share	**2017**	**2016**
Basic and diluted loss per share	**$**	$
Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share	**(2,955,891)**	(494,769)
	2017	**2016**
(c) Weighted average number of shares used as the denominator	**Number**	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share.	**764,631,121**	400,739,420

9. AUDITORS' REMUNERATION

	Consolidated	
	2017	**2016**
Remuneration of RSM Australia Partners for :	**$**	**$**
Audit and review of the financial report	**20,000**	-
Remuneration of BDJ Partners for :		
Audit and review of the financial report	**-**	38,891
Total auditors remuneration	**20,000**	38,891

10. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	**93,433**	109,053

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

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11. CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated 2017	2016
	$	$
GST receivable	**4,052**	11,372
Other debtors	**37,347**	5,613
	41,399	16,985

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	**9,511**	9,511

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	**40,506**	50,254

The carrying amounts of the Group's security deposits are a reasonable approximation of their fair values.

14. PLANT AND EQUIPMENT

Plant & Equipment	**407,726**	407,727
Less accumulated depreciation	**(407,567)**	(405,290)
Net Plant & Equipment	**159**	2,437
Motor Vehicles	**280,691**	280,691
Less accumulated depreciation	**(280,691)**	(280,691)
Net Motor Vehicles	**-**	-
Buildings	**3,840**	-
Less accumulated depreciation	**(432)**	-
Total Plant & Equipment	**3,408**	-
	3,567	**2,437**

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 2016	**407,726**	**280,691**	**688,418**
Additions	**3,840**	**-**	**3,840**
Balance at 31 December 2017	**411,566**	**280,691**	**692,258**
Accumulated Depreciation			
Balance at 31 December 2016	**405,289**	**280,691**	**685,981**
Depreciation Expense	**2,710**	**-**	**2,710**
	407,999	**280,691**	**688,691**
Net Book Value			
Balance at 31 December 2016	2,437	-	2,437
		-	
Balance at 31 December 2017	**3,567**	**-**	**3,567**

	Consolidated 2017	2016
Aggregate depreciation allocated during the year:	$	$
- Plant and equipment	**2,710**	3,490
- Motor Vehicles	**-**	-
	2,710	3,490

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

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15. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2017	**2016**
	$	**$**
Deferred exploration expenditure	**4,404,783**	4,383,459
Movement		
Balance at 1 January	**4,383,459**	4,318,993
Additions	**301,161**	433,098
Assets acquired for acquisition of EMR	**2,181,037**	-
JV recoveries	**-**	(236,437)
Sales	**-**	(4,944)
Amounts written off	**(2,460,874)**	(127,251)
Balance at 31 December	**4,404,783**	4,383,459

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.

EMR was treated as a joint operation until acquisition whereby it became a subsidiary company for Crossland Strategic Metals Ltd.

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

	2017	**2016**
Unsecured:	**$**	**$**
Trade payables	**79,768**	136,597
Other payables and accruals	**125,624**	76,696
GST payable	**23,324**	23,644
Annual leave entitlements	**-**	1,028
	228,716	237,965

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

	2017	**2016**
	$	**$**
Loans from directors (Note 27(h))	**15,000**	15,000
Loans from associates of directors (Note 27 (i))	**700,000**	350,000
Loans from shareholders	**-**	-
Loans from related parties	**328,764**	803,911
	1,043,764	1,168,911

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

18. PROVISIONS

	2017	**2016**
CURRENT PROVISIONS	**$**	**$**
Long service leave	**1,713**	15,663
Stamp Duty	**150,000**	-
	151,713	15,663
NON CURRENT PROVISIONS		
Site Restoration	**20,000**	20,000
	20,000	20,000

	Current	**Non current**	
	Long service leave	Long service leave	Site Restoration
Movement			
Balance at beginning of financial year	**15,663**	**-**	**20,000**
Amounts provided during the year	**-**	**-**	**-**
Amounts paid during the year	**(13,950)**	**-**	**-**
Balance at end of financial year	**1,713**	**-**	**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. EQUITY - ISSUED CAPITAL

	2017 Shares	2016 Shares	2017 $	2016 $
Ordinary Shares - Fully Paid	1,011,646,449.00	422,361,516.00	$22,972,145.00	$ 19,996,460.00

Movements in share capital

	Date	Shares	Issued Price	$
Balance at beginning of financial year	01-Jan-17	422,361,516	-	19,996,460.00
Issue of Shares to EMMCO Mining	31-May-17	425,054,961	0.005354128	2,275,798.67
Issue of Shares to Stan Wassylko	31-May-17	622	0.005354128	3.33
Issue of Shares to EMMCO Mining	31-May-17	132,500,000	0.004000000	530,000.00
Issue of Shares to Geoffrey Eupene	31-May-17	11,371,226	0.005354128	60,883.00
Issue of Shares to Sia Hok Kiang	31-May-17	9,151,817	0.005354128	49,000.00
Issue of Shares to Tony Davis	31-May-17	11,206,307	0.005354128	60,000.00
Balance at end of financial year		**1,011,646,449**		**22,972,145**

On the 31st of May 2017 Crossland Strategic Metals Ltd (CUX) acquired 100% shares of Essential Mining Resources Pty Ltd (EMR). The consideration was in the form of issuing 425,054,961 shares to EMMCO Mining and 622 shares to Stan Wassylko for a total consideration of $2,234,201 which was owing by EMR to EMMCO Mining at an issue price of $0.005354128 per share for the acquisition of the 100% of the issued capital of Essential Mining Resources Pty Ltd.

Ordinary Shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

20. OPTIONS

No options were issued for the 2017 financial year. All prior option issues have lapsed in 2016.

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	Consolidated	
	2017	**2016**
21. RESERVES	**$**	**$**
Share based payments reserve	**343,790**	343,790
	343,790	343,790
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	**343,790**	343,790

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	**$**	**$**
Accumulated losses at the beginning of the financial year	**(17,211,038)**	(16,716,321)
Net loss for the year	**(2,955,891)**	(494,769)
Accumulated losses at the end of the financial year	**(20,166,929)**	(17,211,090)

23. PARTICULARS RELATING TO CONTROLLED ENTITIES	**Country of Incorporation**	**Ownership Interest 2017**	**Ownership Interest 2016**
		%	**%**
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
Essential Mining Resources Pty Ltd	Australia	100	0

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	
	2017	**2016**
	$	**$**
Payable not later than one year	**74,309**	1,309,475
Payable later than one year, but not later than two years	**5,459**	-
	79,768	1,309,475

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	
	2017	**2016**
	$	**$**
Payable not later than one year	**-**	8,000
Payable later than one year, but not later than two years	**-**	
	-	8,000

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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 - resigned 1st June, 2017)
Eric Vesel	(Executive Director)
Stanislaw (Stan) Wassylko	(Non Executive Director)
Harun Halim Rasip	(Non Executive Director - 31st May, 2017)

(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

	Consolidated	
	2017	**2016**
	$	***$***
Short-term employee benefits	**38,151**	106,750
Post-employment benefits	**-**	665
Share-based payments	**-**	-
	38,151	107,415

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

2017 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	resigned 1st June, 2017	**13,258,492**	**-**	**11,371,226**	**24,629,718**
Sia Hok Kiang		**44,000,000**	**-**	**9,151,817**	**53,151,817**
Stanislaw Wassylko		**-**	**-**	**622**	**622**
Eric Vesel		**-**	**-**	**-**	**-**
Harun Halim Rasip	appointed 31st May, 2017			**557,554,961**	**557,554,961**

2016				
Geoffrey S Eupene	**13,258,492**	**-**		**13,258,492**
Sia Hok Kiang	**44,000,000**	**-**		**44,000,000**
Stanislaw Wassylko	**-**	**-**	**-**	**-**
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 2017.

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

26. JOINT VENTURES

	Consolidated	
	2017	**2016**
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)	**0.00%**	56.28%

	2017	**2016**
Interests were shown in the statement of financial position as	**$**	**$**
Exploration and evaluation expenditure	-	4,383,459
Amounts receivable from joint venture parties	-	-
Total non-current assets	-	4,383,459
Results were shown in the statement of comprehensive income as		
Exploration and evaluation expenditure written off	-	127,251
Impairment of amounts receivable from joint venture parties	-	-
Total loss attributable to joint venture	-	127,251
Contributions made by EMR for JV exploration and evaluation expenditure	-	**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 - resigned 1st June, 2017)
Eric Vesel	(Executive Director)
Stanislaw (Stan) Wassylko	(Non Executive Director)
Harun Halim Rasip	(Non Executive Director - appointed 31st May, 2017)

Company Secretary

Graham Clegg	(Company Secretary - resigned 31st May, 2017)
Andrew Metcalfe	(Company Secretary - appointed 1st June, 2017)

(b) Remuneration of directors and key management personnel

Details of remuneration of directors are disclosed in Note 25 to the financial statements.

At 31 December 2017 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

No Directors Fees were paid to Directors for 2017

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
Harun Halim Rasip	EMMCO Mining Sdn Bhd
	Essential Mining Resources Pty Ltd

* GST for Directors fee incurred in 2016 was paid in 2017

		Consolidated	
(e)	**Transactions with associates of directors**	**2017**	**2016**
		$	**$**
	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	**40,500**	99,750
	Equipment hire	**-**	-
	Rent	**3,683**	14,747
	Software Maintenance	**900**	3,600
	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.	**-**	-
(f)	**Outstanding balances owed to associates of directors as at 31 December**		
	Eupene Exploration Enterprises Pty Ltd	**52,492**	61,439
	GeoTangent Pty Ltd	**-**	-
	HK Tin Sdn Bhd	**-**	49,000
(g)	**JV contributions from associates of directors as at 31 December**		
	Essential Mining Resources Pty Ltd	**-**	236,437
(h)	**Loans from directors as at 31 December**		
	Eric Vesel	**15,000**	15,000
(i)	**Loans from associates of directors as at 31 December**		
	Atlas Offshore Services Pty Ltd (Stanislaw (Stan) Wassylko)	**700,000**	350,000
	(7.5% interest, advance is repayable 6 months after date of drawdown.)		
	EMMCO Mining Sdn Bhd (Stanislaw (Stan) Wassylko)	**329,307**	530,165
	(7.5% interest, advance is repayable 6 months after date of drawdown.)		
	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)		
(j)	**Interest accrued on Loans from associates of directors as at 31 December**		
	Atlas Offshore Services Pty Ltd (Stanislaw (Stan) Wassylko)	**98,240**	3,749
	EMMCO	**3,164**	-
		101,404	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:

	2017	2016
	$	$
Cash and cash equivalents	**93,433**	109,053
Loans	**(1,043,764)**	(1,168,911)
Net debt	**(950,331)**	(1,059,858)
Share capital	**22,972,145**	19,996,460
Reserves	**343,790**	343,790
Accumulated losses	**(20,166,929)**	(17,211,090)
Total capital	**3,149,006**	3,129,160
Gearing ratio	**30.18%**	33.87%

(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.

	2017	2016
The maximum exposure to credit risk at balance date is as follows	$	$
Deposits	**40,506**	50,254
Other receivables	**37,347**	5,613
GST receivables	**4,052**	11,372
	81,905	67,239

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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 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.

<u>Maturity analysis of financial assets and liability based on contractual obligations.</u>

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 2017	**Carrying Amount**		**Contractual Cash flows**				
			< 6 mths	**6- 12 mths**	**On demand ***	**1-3 years**	**> 3 years**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets							
Cash at bank and on hand	**93,433**	**93,433**	**93,433**	-	-	-	-
Other receivables	**4,052**	**4,052**	**4,052**	-	-	-	-
Security deposits	**40,506**	**40,506**	-	-	-	**40,506**	-
TOTAL	**137,992**	**137,992**	**97,486**	-	-	**40,506**	-
Financial Liabilities							
Trade Creditors	**79,768**	**79,768**	**79,768**	-	-	-	-
Other payables and accruals	**148,948**	**148,948**	-	-	**148,948**	-	-
Loans	**1,043,764**	**1,043,764**	-	-	**1,043,764**	-	-
TOTAL	**1,272,480**	**1,272,480**	**79,768**	-	**1,192,712**	-	-
NET MATURITY	**(1,134,488)**	**(1,134,488)**	**17,718**	-	**(1,192,712)**	**40,506**	-

Maturity Analysis - Consolidated 2016	**Carrying Amount**		**Contractual Cash flows**				
			< 6 mths	**6- 12 mths**	**On demand ***	**1-3 years**	**> 3 years**
Financial Assets	**$**	**$**	**$**	**$**	**$**	**$**	**$**
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	-
Financial Liabilities							
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	-

(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 3.05% (2016 – 3.05%). 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%	**93,433**	**-**	**-**	**93,433**
Receivables - Current	11	0.00%	**-**	**-**	**41,399**	**41,399**
Receivables – Non Current	13	0.00%	**-**	**-**	**40,506**	**40,506**
Total Assets			**93,433**	**-**	**81,905**	**175,338**
Financial Liabilities						
Payables	16	0.00%	**-**	**-**	**228,716**	**228,716**
Loans	17	7.50%	**-**	**700,000**	**343,764**	**1,043,764**
Total Liabilities			**-**	**700,000**	**572,480**	**1,272,480**
Net financial assets (liabilities)			**93,433**	**(700,000)**	**(490,575)**	**(1,097,142)**
Consolidated -2016						
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	0.00%	-	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)

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		**Consolidated**	
	Carrying amount	+1% interest rate	-1% interest rate
Consolidated - 2017		Profit & Loss	Profit & Loss
Cash at bank	**93,433**	**934**	**(934)**
	93,433	**934**	**(934)**
Tax charge of 30%		**(280)**	**280**
Post tax profit increase / (decrease)		**654**	**(654)**
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)		763	(763)

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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 results 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.

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.

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28. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(g) 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. OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity is organised into one operating segment, being mining and exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

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30. NOTES TO STATEMENTS OF CASH FLOWS

		Consolidated	
		2017	**2016**
(a)	Cash on hand comprises:	**$**	**$**
	Cash at bank and on hand	**93,433**	109,053
		93,433	109,053

(b) Reconciliation of loss from ordinary activities after income tax to net cash outflows from operating activities as follows:

	Consolidated	
	2017	**2016**
	$	**$**
Operating (loss) after income tax	**(2,955,891)**	(494,769)
Depreciation	**2,710**	3,490
Exploration expenditure written off	**2,460,874**	127,251
Gain on exploration expenditure sold	**-**	(33,056)
Provision for leave entitlements	**-**	(47,227)
Provision for doubtful debts	**-**	-
Change in operating assets and liabilities:		
- Decrease in receivables	**(31,734)**	1,544
- Decrease in other assets	**7,320**	(9,285)
- Decrease in accounts payable	**(8,169)**	36,253
- Increase in provisions	**135,022**	(3,750)
Net cash outflow from operating activities	**(389,868)**	(419,549)

CROSSLAND STRATEGIC METALS LIMITED

Shareholder information

The shareholder information set out below was applicable as at 31st December 2017

A. Distribution of Ordinary Shareholders -Analysis of Holdings

Class of equity security Ordinary shares

	Number of shareholders	Number of shares	%
1-1,000	72	33,846	0.003%
1,001-5,000	170	556,718	0.055%
5,001-10,000	182	1,563,606	0.155%
10,001-100,000	459	18,479,412	1.827%
100,001 and over	229	991,012,867	97.960%
Totals	1,112	1,011,646,449	100.000%

Unmarketable Parcels - As at 31 December 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
Emmco Mining SDN BHD	557,554,961	55.11%
Asia Infra Partners Ltd	57,571,428	5.69%
Hk Tin SDN BHD	53,151,817	5.25%
Asia One Corp Ltd	50,000,000	4.94%
Amburla Nominees Pty Ltd	23,277,735	2.30%
Hock Hee Sia	20,000,000	1.98%
Mr Geoffrey Samual Eupene	15,371,226	1.52%
Mr Chris Connellan	15,000,000	1.48%
Mr Roderick James Trigwell	14,185,714	1.40%
Mr Robert Lewis Richardson &	13,990,000	1.38%
First Investment Partners	10,030,000	0.99%
Mr Malcolm Keith Smartt &	9,000,000	0.89%
Gaden Nominees Pty Ltd	7,124,795	0.70%
Diah(Nt) Pty Ltd	6,666,667	0.66%
Eupene Nominees Pty Ltd	6,028,571	0.60%
Excess Pty Limited	5,458,447	0.54%
M & K Korkidas Pty Ltd	5,397,402	0.53%
Mr Peter William Walker	4,679,482	0.46%
ACN 108 884 779 Pty Ltd	3,892,326	0.38%
Eupene Nominees Pty Limited	3,229,921	0.32%
	881,610,492	87.15%
Other shareholders	130,035,957	12.85%
Total Shares on Issue	1,011,646,449	100.00%

C. Substantial Shareholders

	Number of shares held	**Shareholding percentage**
Emmco Mining SDN BHD	557,554,961	55.11%
Asia Infra Partners Ltd	57,571,428	5.69%
Hk Tin SDN BHD	53,151,817	5.25%

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.

Schedule 1

Tenements as at 31st December 2017

TENEMENT HOLDINGS (CHANGES) FOR PERIOD ENDING 31 December 2017

Project Area: Charlie Creek Project Group 2
Tenements held by Crossland Nickel Pty Ltd (56.28%) / Essential Mining Resources Pty Ltd (43.72%)

					End 31 December 2017	
Tenement	Name / Location	Status	Date Granted	Renewal date	AREA (Sub-blocks)	AREA (Km2)
EL 28434	Hamilton Homestead	Current	26/07/2011	27/07/2019	125	381.1
EL 28795	Amburla SE	Current	14/12/2011	13/12/2019	10	31.52
EL 28796	Amburla North	Current	14/12/2011	13/12/2017	Surrendered	
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	68	214.31
EL 30058	Milton Park	Current	23/04/2014	22/04/2020	106	334.3

Project Area: Charlie 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 (NT)	Current	7/02/2005	6/02/2018	37	116.6
EL 25230*	Cockroach Dam (NT)	Current	9/11/2006	8/11/2017	102	289
EL 27283	Mt Chapple (NT)	Current	17/11/2009	16/11/2017	Surrendered	
EL 27358*	Hamilton Downs (NT)	Current	17/11/2009	16/11/2017	82	258.3
EL 27359*	Hamilton Downs North (NT)	Current	17/11/2009	17/11/2017	31	97.8
EL 28154	Hamilton South1	Current	20/04/2011	19/04/2017	Surrendered	
EL 28155	Hamilton South 2	Current	2/02/2011	1/02/2019	11	31.38
EL 28224	Hamilton North 2	Current	8/03/2011	7/03/2019	15	47.25
EL 28226	Hamilton North 3	Current	8/03/2011	7/03/2019	22	69.34
EL 30486	Mallee Bore	Current	28/4/2015	27/04/2021	Surrendered	
EL 30487	Clark Creek	Current	28/4/2015	28/04/2021	Surrendered	

Project Area: Charlie Creek Project
Tenements 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)	Pending	30/08/2007	29/08/2017	58	172.8

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	Surrendered	
EL 27375	Highland Rocks2	Application	N/A	N/A	Surrendered	
EL 27571	Highland Rocks3	Application	N/A	N/A	Surrendered	
EL 27572	Highland Rocks4	Application	N/A	N/A	Surrendered	

* Awaiting renewal

Total Area (Km2) 2112.99

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 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 valid 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 the Crossland 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. 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 their 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, 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 -

	2017	Percentage
Women on the Board	0	0%
Women in Senior Management Role	0	0%
Women Employees	0	0%

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

The size of the Board, coupled with the skills, experience and independence of each board member, allow the Board as a whole to discharge its duties and responsibilities effectively under the Nomination Committee Charter.

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 the financial year 2018 following major changes to the board's structure in financial year 2017.

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) Wassylko who was appointed on 21 March 2016
- Harun Halim Rasip who was appointed on 31 May 2017

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 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 and S Wassylko, both of whom are Non-Executive Directors and Mr A Metcalfe, 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, 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 2017.

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 is 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 and 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 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 size of the Board, coupled with the skills, experience and independence of each board member, allow the Board as a whole to discharge its duties and responsibilities effectively under the Risk Management Committee Charter.

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 2017.

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

Corporate Governance Statement (continued)

(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 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.

The size of the Board, coupled with the skills, experience and independence of each board member, allow the Board as a whole to discharge its duties and responsibilities effectively under the Remuneration Committee Charter.

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