STRATEGIC MINERALS
CORPORATION N.L.

ABN 35 008 901 380

ANNUAL REPORT

31 December 2017

CORPORATE DIRECTORY

Directors

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Christopher Wallin	Non-executive Director
Jay Stephenson	Non-executive Director

Company Secretary

Jay Stephenson

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31 DECEMBER 2017

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CHAIRMAN'S LETTER

Dear Shareholders

On behalf of the Board of Directors of Strategic Minerals, I am pleased to present the 2017 Annual Report for year to 31 December 2017.

2017 was an ambitious year for Strategic Minerals. In March we released another significant resource upgrade of the BVS deposit which now stands over 1 Moz gold (mostly Inferred Resources). In September we were granted the North Star Mining Lease and in October the Company released an Independent Resource Update for the Lost Word, Explorer, Camp Vein and Grand Central and Soapspar epithermal and intrusion related deposits to JORC 2012-compliant standards.

During the year the Company also commenced numerous evaluation and enabling programs including project wide Lidar, surface water, ground water, ecology studies, metallurgy and geotechnical assessment. The data and information from these studies will be critical inputs to feasibility studies and obtaining the necessary environmental approvals in a timely manner.

Strategic also completed two highly successful RC programs targeting the Crossover sector, areas adjacent to the fault offsets and the north of the BVS deposit. The Company also completed a diamond-drilling program to provide essential material and data for our metallurgical, geotechnical, geochemical and resource experts and consultants. Where time permitted, Strategic's geologists completed preliminary assessments and soil geochemistry on a series of prospective targets which incorporated the use of Niton and Ultra-trace methods.

As many of you would have seen, Strategic's major shareholder, QGold Pty Ltd, in December 2017 made an on-market bid to acquire the shares in the Company it does not already own. As required, Strategic engaged an independent expert to complete the necessary Independent Expert Report ("IER") for the Target Statement. The decision to engage Stantons was due to their familiarity with the project having completed an IER as part of the 2014 on-market takeover. The scope of their engagement mirrored what occurred in 2014.

The Company established an Independent Takeover Committee to manage the on-market process and the release of the company's Target Statement. Disappointingly and regrettably, the released IER contained errors which required the development of supplementary IER. Before Strategic had an opportunity to release the Supplementary IER the Company was advised that a shareholder had lodged an application to the Takeover's Panel.

The Company's shares have been suspended since early January after the Takeover's Panel application was made and the Board has been unable to raise funds through the normal channels. The company also diverted considerable funds towards Takeover Panel proceedings. This has resulted in the suspension of all major evaluation activities, including the resource upgrade for BVS pending a further capital raising. Although the Company has secured a temporary loan, these events have severely disrupted Strategic's ability to progress the initiatives undertaken during 2017.

Whilst the Board is very disappointed with the Takeover's Panel process, in particular the extensive time and money which has been consumed for no apparent shareholder benefit, the Company remains focused on improving shareholder value and to this end will be working towards lifting the suspension on trading of the Company's shares, releasing the supplementary Target Statement, raising funds, and advancing the various evaluation programs.

Laif Allen McLoughlin
EXECUTIVE CHAIRMAN
Strategic Minerals Corporation NL

OPERATIONS REVIEW 2017

WOOLGAR GOLD PROJECT QUEENSLAND

(Strategic Minerals Corporation N. L. (Strategic) 100%)

During 2017, Strategic successfully achieved its ambitious objectives of advancing the BVS (Big Vein South) deposit towards project feasibility, and exploring for further mineralisation, both close to BVS and across the area.

With in-excess of 1Moz of gold, Strategic has advanced the BVS deposit beyond a simple exploration target, making it necessary to examine the economic and technical aspects of the existing mineralisation in greater detail.

For the project to advance towards a feasibility assessment a resource confidence of Indicated or above is required, hence the 2017 program concentrated on infill drilling and engineering assessments, rather than continued expansion of the resource.

2017 HIGHLIGHTS INCLUDE:

- Project wide exploration including soil sampling, rock-chip sampling and mapping.
- Successful completion of a 22 Reverse Circulation (RC) program totalling 4,720m with all holes intersecting mineralisation.
- Successful completion of an 8 Diamond Drill (DD) program totalling 1,674m with material and data servicing numerous evaluation and resource activities.
- Resource update for BVS of 18.4Mt at 2 g/t containing 1.173Moz at a 0.75 cut off and Resource upgrade of the historic Sandy Creek and Soapspar deposits to JORC 2012 guidelines.
- Commencement and/or continuation of further essential evaluation studies: waste-rock, metallurgical, surface water, ground water, preliminary geotechnical assessment and Lidar study.
- ML 90238 granted 100% to Strategic over the area of BVS and surrounding prospects.

Global Resource Update for BVS and Historic Deposits

Table 1 Summary of the Global Resource Inventory for the Woolgar Project, as at 15th March 2018. (all categories)

Deposit	Style	Cut off	Tonnage	Au Grade	Au Contained
		g/t	kt	ppm	Oz
Big Vein South (BVS) Deposit	(Mesothermal)	0.75	18,400	1.99	1,173,000
Soapspar Deposit	(Vein-hosted and mesothermal)	0 - 0.4	3,314	0.89	95,000
Camp Vein & Grand Central Deposits	(Low-sulphidation Epithermal)	0	2,764	1.14	102,000
Explorer Deposit	(Low-sulphidation Epithermal)	1	895	2.55	73,000
Lost World Deposit	(Low-sulphidation Epithermal)	0.4	14,703	0.72	340,000
Woolgar Project Global Total:		**0 – 0.75**	**40,076**	**1.39**	**1,783,000**

Project-wide Exploration

In March 2018, the Company announced the results from multiple geochemistry and mapping programs at Woolgar through 2017 as seen in Figure 1.

These programs are required to maintain a pipeline of exploration targets, test areas for potential infrastructure and to meet with statutory work commitments. Each exploration program generated anomalous results which are currently being assessed in context with data from other exploration tools.

These are generative programs that produce indicative results to be used in conjunction with the other exploration tools rather than as stand-alone methods to define drill targets. This multi-disciplinary approach, rather a reliance on a single stand-alone technique, forms the basis of Strategic's on-going target definition work.

Strategic's Exploration Strategy

Over the last five years, the company has trialled multiple, well established and widely used target generation and definition techniques, including mapping, and geophysical and geochemical surveys to identify the most effective and economical methods over the complex and varied ground conditions and styles of mineralisation present in Woolgar.

The geochemical surveys have included both direct and indirect methods, and compared multiple sample collection and analytical techniques. Induced Polarisation (IP), and ground and aero-magnetometry geophysical techniques have also been trialled.

There is unlikely to be a single, stand-alone tool that can predict mineralisation at Woolgar. The Company's approach is that through interpreting all the available effective tools in conjunction, it should be possible to develop a suite of tools that validate each other. The most effective combination of techniques to date appears to be preliminary assessments based on initial reconnaissance and follow-up mapping where required, rock-chip sampling of any material of interest, including subcrop, mullock and scree, followed by targeted, locality-appropriate soil sampling. Data from these techniques, interpreted in conjunction with available geophysics (aeromagnetics, IP) form the basis of Strategic's target definition work.

The results from the soils and mapping programs will assist Strategic in assessing the initial prospectivity of the targets outside the main areas of interest, increase the efficiency and effectiveness of drill programs and ensure that the Company meets its statutory work commitments on these tenements.

Geological Mapping & Rock-chip Sampling

Rock-chip sampling and geological mapping were completed across a range of prospects. Preliminary assessment reconnaissance surveys were made over several prospects identified as potentially interesting, but with very little geological data to make informed assessments. These included: Hampstead Queen, Belle Brandon Spring, Rhys' Vein, Karuka, Crooked Creek, Union West South (UWS) and Laidlow's, see Figure 4.

The reconnaissance surveys are designed to gather field observations about the style, occurrence and distribution of the mineralisation, structures and associated alteration, along with sufficient samples to assist in geochemically categorising the mineralisation. This program is primarily a tool to guide future exploration planning based on the overall prospectivity of each prospect.

Based on the positive observations at Hit or Miss, follow-up rock chip sampling was completed. This is an area of the Upper Camp, south of the river from Union (Figure 1), where previous mapping, sampling and scout drilling has identified occurrences of all three styles of mineralisation in close proximity.

Highlights from rock-chip sampling at each prospect are displayed below in Table 1. Note some samples are of mullock – loose material discarded by historic miners adjacent to pits and shafts.

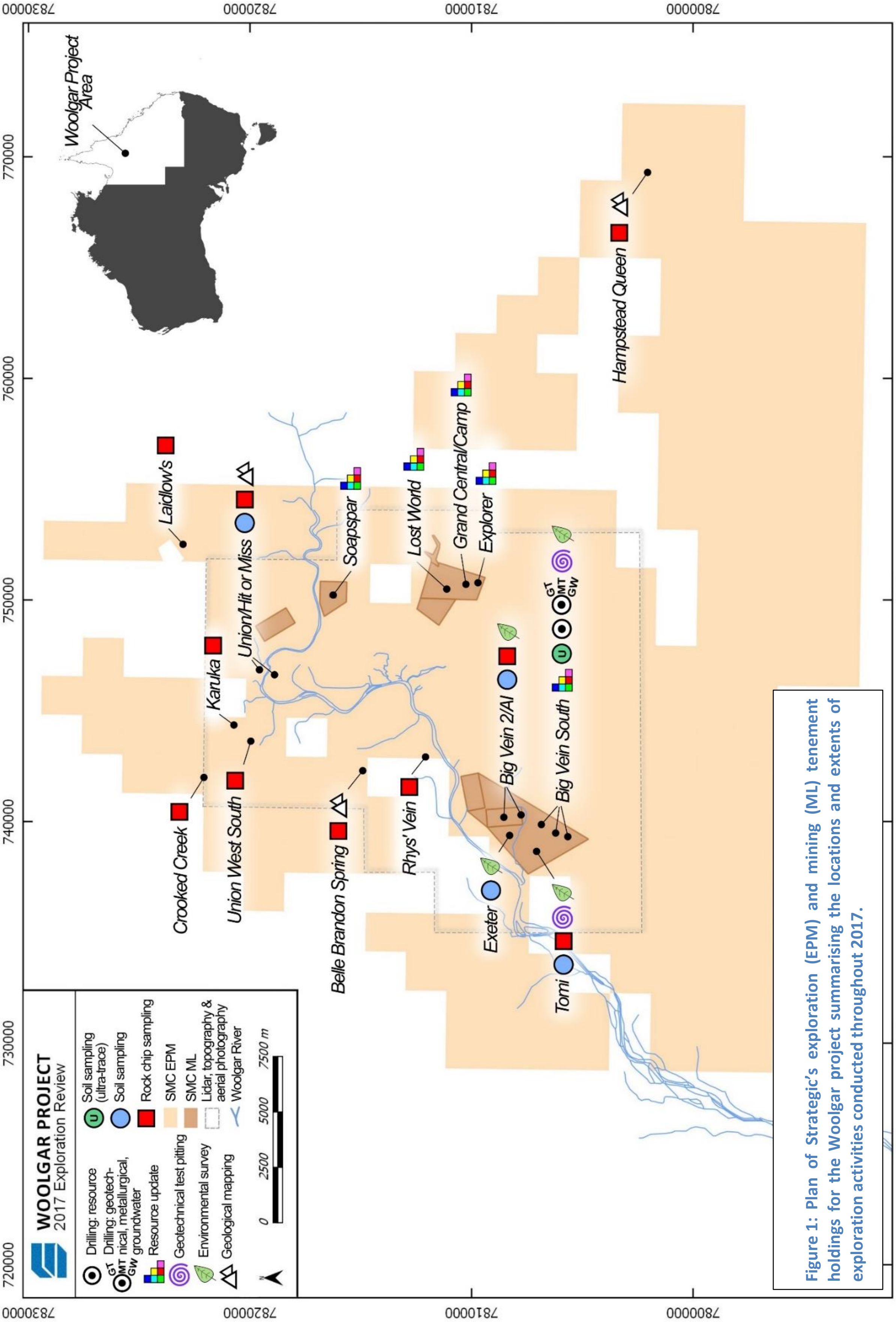

Figure 1: Plan of Strategic's exploration (EPM) and mining (ML) tenement holdings for the Woolgar project summarising the locations and extents of exploration activities conducted throughout 2017.

Table 2: Highlights of rock-chip sampling from 2017.

Sample ID	Prospect	MGA94_E	MGA94_N	Au (g/t)	Occurrence
17RL065	Belle Brandon Spring	742327	7814793	62.7	Outcrop
17RL071	Belle Brandon Spring	742425	7814703	13.4	Subcrop
17A018	Hit or Miss	746584	7818732	6.6	Outcrop
17RL020	Hit or Miss	746649	7818318	60.3	Mullock
17RL046	Hampstead Queen	769345	7801978	19.7	Outcrop
17RL038	Hampstead Queen	769578	7801775	16.3	Mullock

Hampstead Queen

Preliminary assessment geological mapping and rock-chip sampling was completed at the Hampstead Queen prospect, located in the far south east of the project area, on the newly acquired EPM 26263 (Figure 36). Since this tenement is not part of the Approved Project at Woolgar, it requires a dedicated exploration program to maintain the Company's work commitments since these cannot be offset against programs elsewhere.

This sector is dominated by a predominantly schist metamorphic basement, with Jurassic sandstone capping ridges, and alluvial fill across low-lying areas (Figure 4). The quartz-muscovite schist is clearly of a lower metamorphic grade than that common throughout the Woolgar Fault Zone and is more reminiscent of basement rock in the Sandy Creek area.

The majority of historic workings are focussed along a north-east trending mesothermal quartz vein (see Figure 4), which outcrops almost continuously over a strike length of 400 metres, before disappearing under Jurassic sandstone and alluvium, as shown in Figure 4.

Mineralisation occurs in sheared bucky quartz with a late tectonic-hydrothermal breccia overprint bringing sulphide. The vein is typically 2 metres in width at surface. Several smaller parallel veins were recognised.

Rock-chip sampling indicates anomalous gold over much of the exposed strike length of the main vein, with several samples returning >2g/t gold, see Figure 4. Mullock from a small working in the south returned ~16g/t gold. A strong north-west grain in the aeromagnetic imagery, and a minor digging targeting a similarly orientated structure suggest there may also be a north-west control on mineralisation. Geochemically, the prospect appears distinct from Big Vein South, with indications of an intrusive related overprint to mineralisation. Hampstead Queen represents an attractive target due to the length and continuity of the main vein, the good gold grades derived from rock-chip samples to date and the possibility of multiple mineralising styles.

Figure 2: (left) Example of the terrain surrounding Hampstead Queen in EPM 26263. The vast flat area in the far distance consists mostly of Cenozoic sedimentary cover, with remnants of resistant Jurassic sedimentary rock forming various pop ups and mesa formations. In the foreground, Proterozoic basement rock is exposed, in a window between sedimentary fill in the valley and Jurassic sandstone capping the hills.

Figure 3: (Right) An example of the Hampstead Queen workings. Hampstead Queen (including the Hampstead King and Lady Mary workings) was one of the top historical producers of gold in the Woolgar Goldfield.

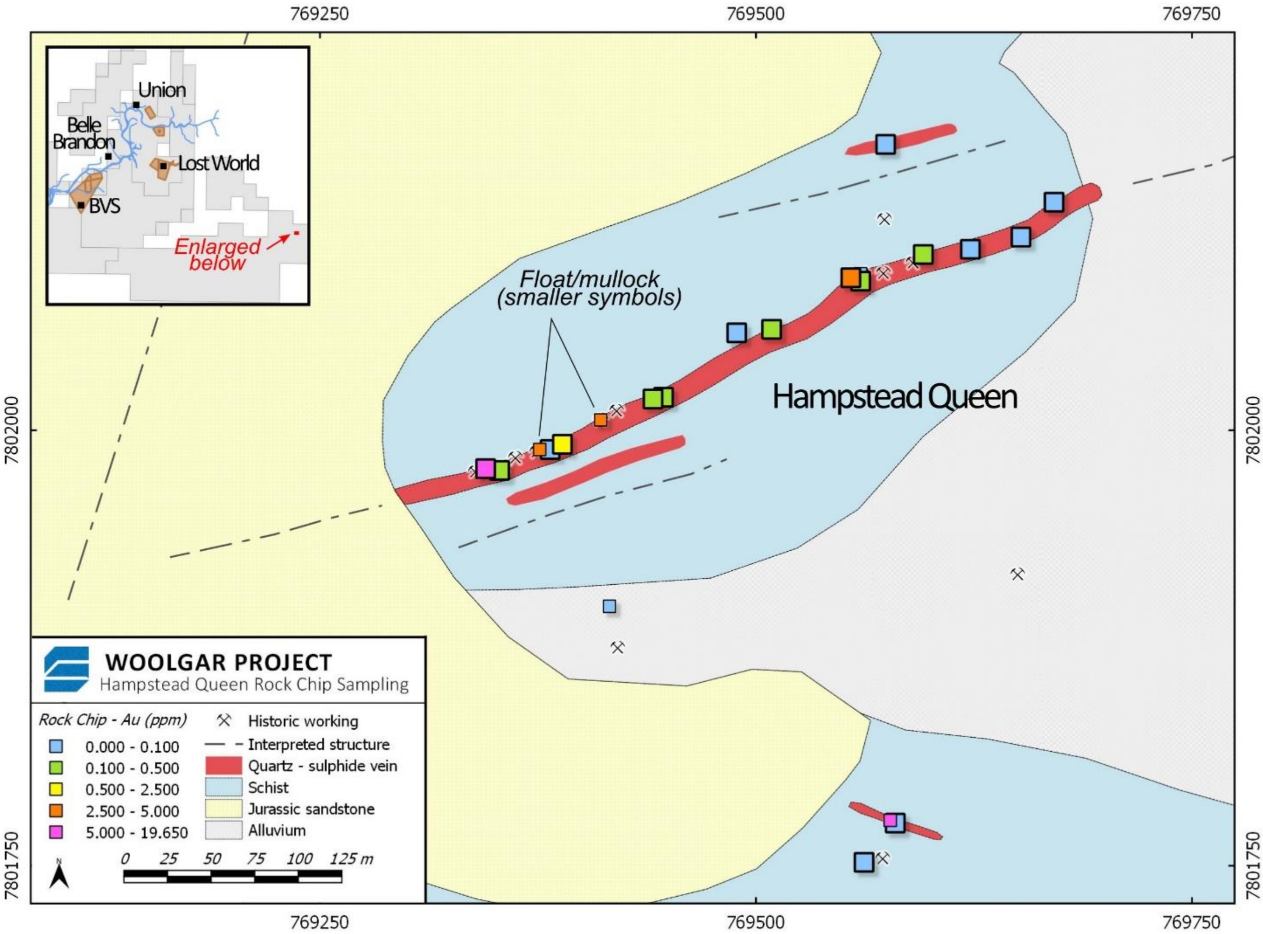

Figure 4: **Rock-chip samples in outcrop and float/mullock (smaller symbols) over the historic workings at the Hampstead Queen prospect in EPM 26263, east of the main Woolgar district.**

Belle Brandon Spring

Belle Brandon Spring is located in the Middle Camp in the west of the project, approximately nine kilometres north of BVS. A strong gold, silver, lead signature appears to be a reasonably typical mesothermal gold occurrence in the Woolgar Project, although anomalous bismuth (Bi) enrichment are unusual, and could indicate an intrusive-related influence, possibly as a later overlapping event.

All the workings can be attributed to structures intersecting pre-existing, rheologically-favourable, thick, bucky quartz vein or silicified wallrock where these are sheared and brecciated. Orientations are ambiguous in the old workings, but are interpreted to be north easterly.

This appears to be a system forming locally related to pre-existing favourable host-rocks, thus has similarities to and is moderately proximal to BVS, although on a lesser structure. More detailed mapping and soil sampling are recommended, although some areas are compromised by alluvium.

Karuka

Karuka (Figure 5) appears to be hosted in impure granite-related quartz, near a sheared contact with dolerite. In parts the rock is extremely gossanous (Figure 6), although this does not appear to be all after sulphide: Iron carbonate introduced into the system by the doleritic country rock may be partly responsible.

The style is clearly different to the typical mesothermals along the Woolgar Fault Zone and a copper, silver, arsenic and bismuth-rich signature suggests an intrusive origin, similar to occurrences in the Gilberton/Georgetown region.

Figure 5: (Left) **Example of the landscape surrounding the Karuka prospect, looking east towards the Woolgar River. The resistive topography characteristic of quartz-rich material in the area is illustrated in the left middle distance.**

Figure 6: (Right) **Gossanous breccia at the Karuka prospect.**

Whilst gold-poor, the system is still considered prospective for other metals, including copper, and the presence of an intrusive-related system itself is encouraging. These systems appear to cover an area from Union on the Woolgar Fault Zone to Crooked Creek (see Figure 1). The veining at Karuka appears to trend NNE, into a less well explored portion of EPM 11886.

Follow-up is warranted since the contrasting rock types provide a favourable position for discrete pods of higher grade mineralisation. The strike extension of this system is considered a viable target, but is not a priority due to the more limited volume potential and distance from BVS.

Figure 7: **Strategic Geologist near Karuka with view southeast over the Middle Camp.**

Crooked Creek

This is hosted in a more typical NW trending discontinuous euhedral bucky quartz vein. The country rock here is dominated by granite, with sheared lenses of dolerite, considered a more favourable assemblage than the regionally dominant metamorphic rocks. There is also outcrop of rhyolite and flow banded rhyolite breccia, significant evidence of Permo-Carboniferous volcanism, which is related to several major deposits in the region, such as the Sandy Creek epithermals, Agate Creek and Kidston. Whilst the rhyolite at Crooked Creek does not appear to be mineralised, its presence opens up a number of exploration possibilities in the north-western portion of the Project.

The enrichment levels of most metals were relatively low at Crooked Creek and do not provide any assistance in classifying the system. At this stage, alteration and mineralisation in this area is thought to be of typical mesothermal style and age, with the Permo-Carb volcanism occurring as a later overprint. However, it is considered a strong possibility that mineralisation directly related to the Permo-Carb volcanism could be present in the area surrounding Crooked Creek.

The host rock and setting are considered highly favourable, but generally disappointing analytical results and its distance from BVS render it a lower priority at this time.

Union West South

UWS appears to be a typical mesothermal vein occurrence, both geologically and geochemically, although notably trending NE, rather than the usual NNE. It outcrops discontinuously over >1km before disappearing under a Jurassic sandstone mesa. It displays significant brecciation and mesothermal-style veining, however, despite systematic sampling, only one sample returned gold greater than 1g/t, unusual in the district.

Although UWS has considerable strike length, the results were disappointing and there does not appear to be a major feature to focus mineralisation, and it is possible that the structural orientation is unfavourable to produce the necessary dilation and fluid flow. Despite this, the prospect and the surrounding area are still considered prospective. Techniques such as MMI, successfully trailed at BVS, could be used to ascertain whether buried mineralisation is present, although this is a low priority for follow-up.

Laidlow's

Laidlow's prospect, in the Top Camp (Figure 8), appears to be hosted in typical Woolgar Fault Zone higher-grades of schist and gneiss, with most hills capped by Jurassic sandstone, similar to BVS. Despite bordering an ML where active alluvial mining is taking place, and in a region of historic Chinese workings, little evidence of a possible hard rock source for Au was found. The alluvial gold mined at Laidlow's prospect is interpreted to be sourced from palaeo-alluvial gold from the base of the Jurassic Sandstone, and this sector is of reduced priority.

Hit or Miss

This is an area of the Upper Camp, south of the river from Union, where previous mapping, sampling and scout drilling has identified occurrences of three styles of mineralisation in close proximity. A limited follow-up sampling program was run to tie in with the soil-sampling program, see Figure 9. This mostly targeted mullock from historic workings to infill blank areas in the geochemical database locally.


Figure 8: (Left) **Area of reconnaissance geological mapping and soil sampling in the Top Camp area**

Figure 9: (Right) **En-echelon tensional veins within the Woolgar Fault Zone at the Hit or Miss prospect.**

Soil Sampling & XRF Analysis

Soil sampling was conducted across AI, Tomi, Exeter, Union and Hit or Miss, see Figure 1. Traditional soil sampling is used to detect anomalies in soils formed by the weathering of the mineralised basement rocks where they are exposed.

Analysis was conducted in-house using a Niton pXRF analyser, with select samples sent for laboratory analysis for potential gold values and quality control. This built on the 2016 orientation program, which successfully proved the potential of this sampling procedure to generate meaningful targets at Woolgar. Figure 10 clearly demonstrates that the highs and lows correlate consistently and are of similar magnitudes. Thus, the XRF is shown to be an excellent tool for defining areas of lead anomalism.

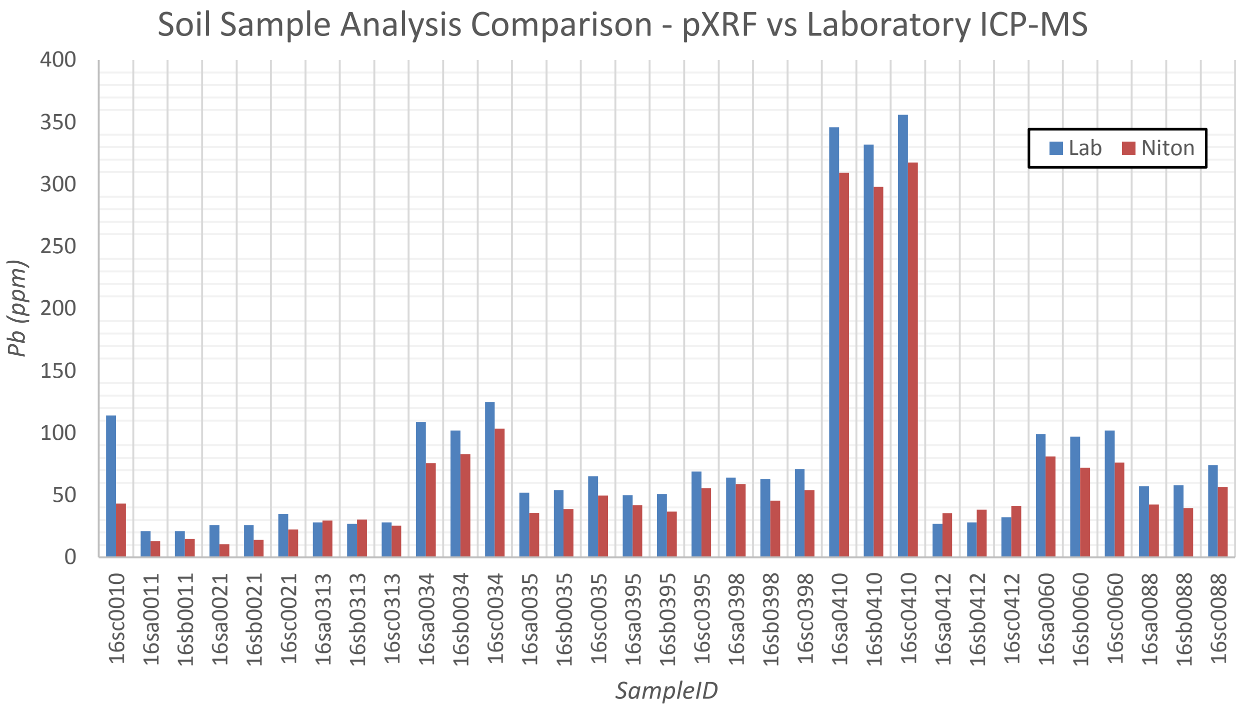

Figure 10: **Graph showing comparison between pXRF and laboratory multi-element (ICP-MS) analytical techniques. The element lead (Pb) is presented here since this is the principle indicator element for gold in the mesothermal deposits at Woolgar. Detailed analysis has not been made of all elements, but lead is considered the most important and appears representative of the data as a whole.**

Al

Infill soil sampling followed up on multi-element anomalies from the 2016 program. Higher density sampling aimed to ascertain both if the original results were repeatable, and better define the area of strongly anomalous lead and zinc in particular. These are known to be strongly correlated to gold at Woolgar, both in soils and drilling.

The results confirm the original anomaly and show that it extends over a larger area to the north, see Figure 12. However, subsequent laboratory analysis indicated that gold concentrations are relatively low, regardless of the strong lead and zinc. Rock-chips from the area also returned subdued gold. As a result, the area is considered of moderate priority to follow up.

Tomi

The Tomi sector is an area of low relief and limited outcrop with highly variable surface expression, 1,500 metres NW of BVS and is a potential site for mine development infrastructure. A window of exposed metamorphic basement is partially overlain by Jurassic sandstones and conglomerates, and both are locally covered and reworked by extensive modern alluvial sediments. This complicates soil surveys by both creating discontinuous areas to survey and the potential for reworked alluvial contamination from both the Jurassic and recent sediments. Additionally, this low relief area locally shows signs of overland flow from major flood events.

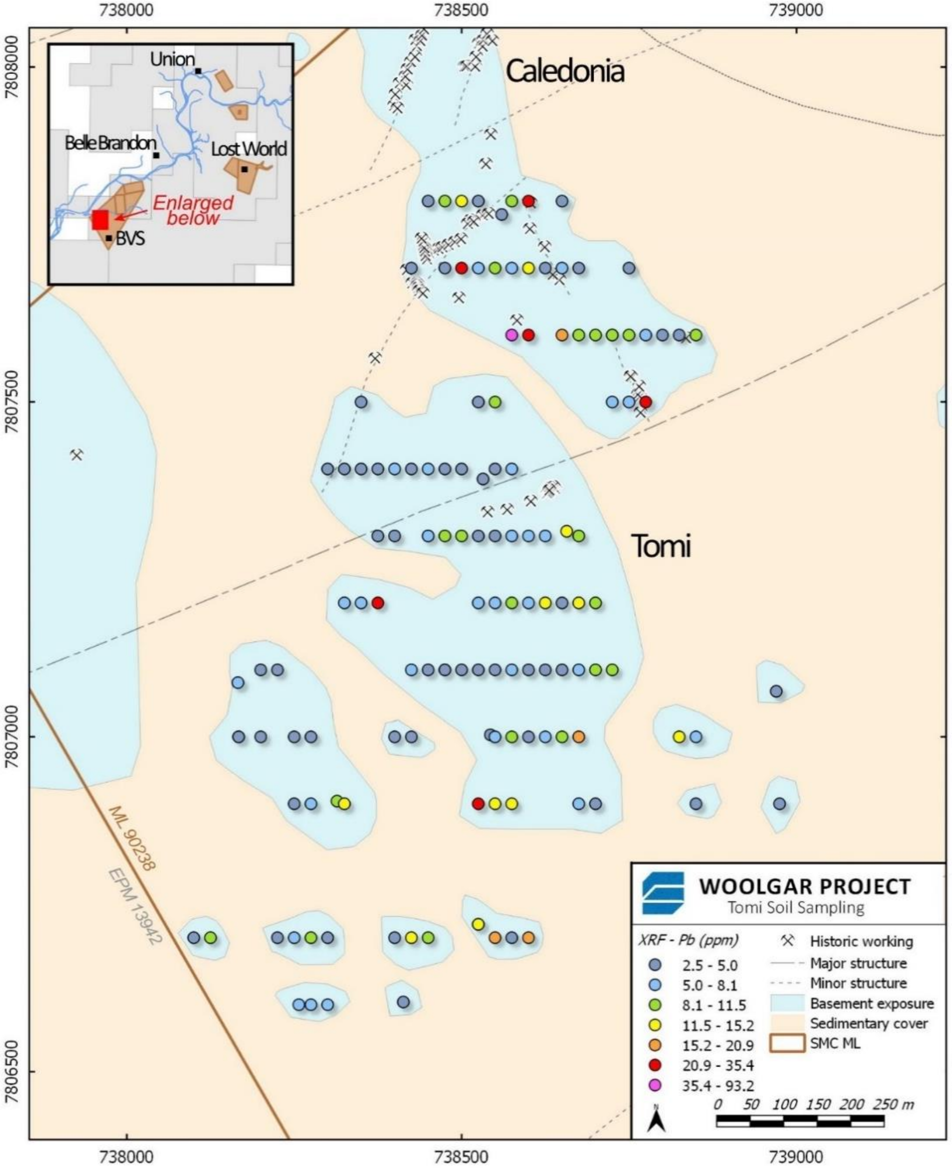

Figure 11: Plan of lead assay results in soils by pXRF over the Tomi and Caledonia sector, approximately 1.5km northwest of the BVS resource.

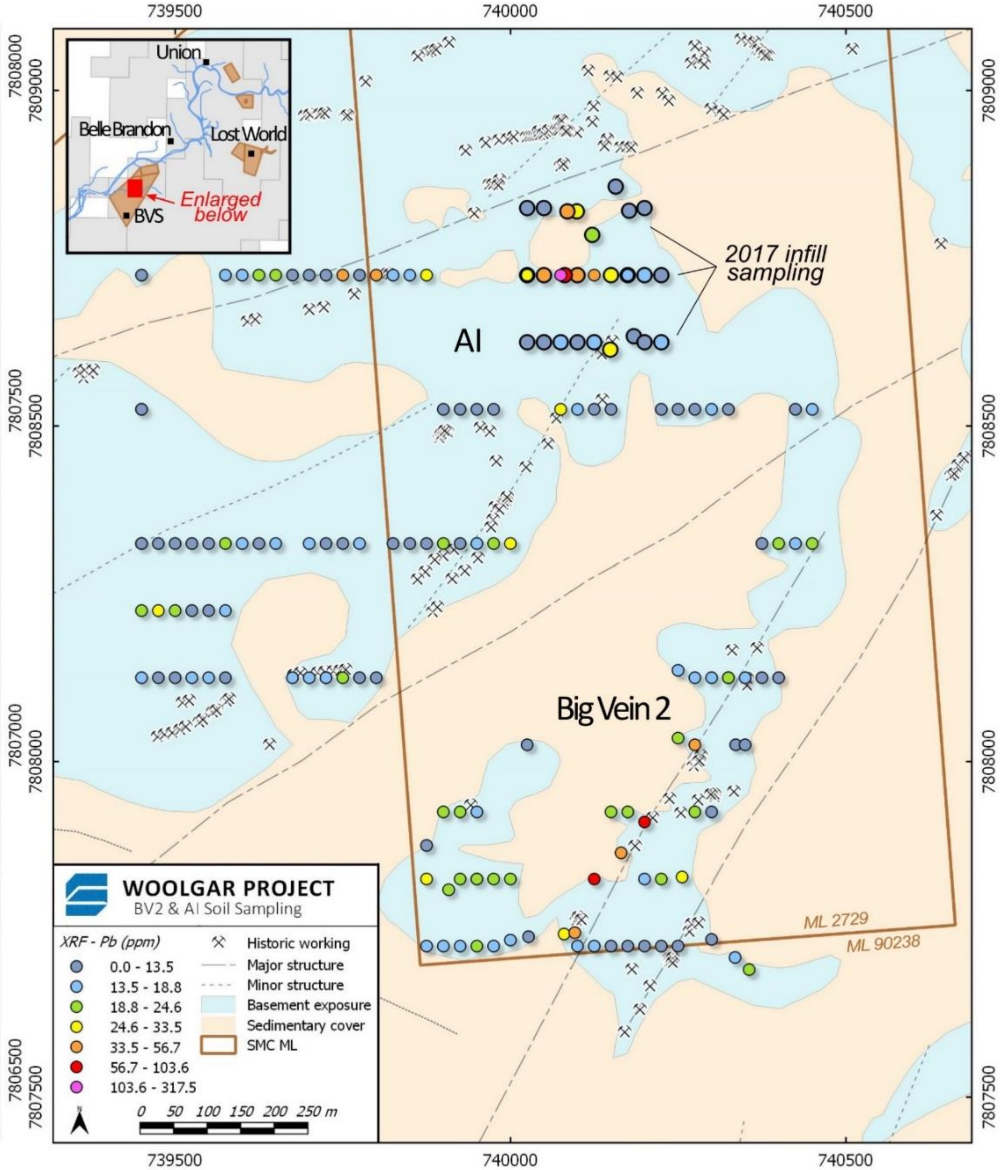

Figure 12: Plan of lead assay by pXRF over the AI and BV2 sector, approximately 2km north of the BVS resource.

Despite these restrictions causing a highly fragmented survey, a plot of the lead (Pb) results, see Figure 13 shows several anomalous zones, some of which coincide with historic workings and interpreted structures. Follow up mapping and sampling is planned to assess the most prospective zones.

Exeter & Caledonia

This is a broad area of historic workings 2,000 metres north of BVS, also potentially within a BVS development footprint. The results at Exeter are generally subdued and corelate poorly to the known mineralisation (Figure 13), possibly as a result of the extensive historic disturbance and potentially overland flow. The low results over Caledonia may also be due to disruption through overland flow at this low-lying prospect, close to the river and adjacent to an existing mud pan, the May Day Flats.

The sector is still considered prospective and merits follow-up work based on its location within the Mowbray structural corridor adjacent to the intersection with the Woolgar Fault Zone, extensive historic workings and proximity to BVS with potential to be within the mine infrastructure footprint.

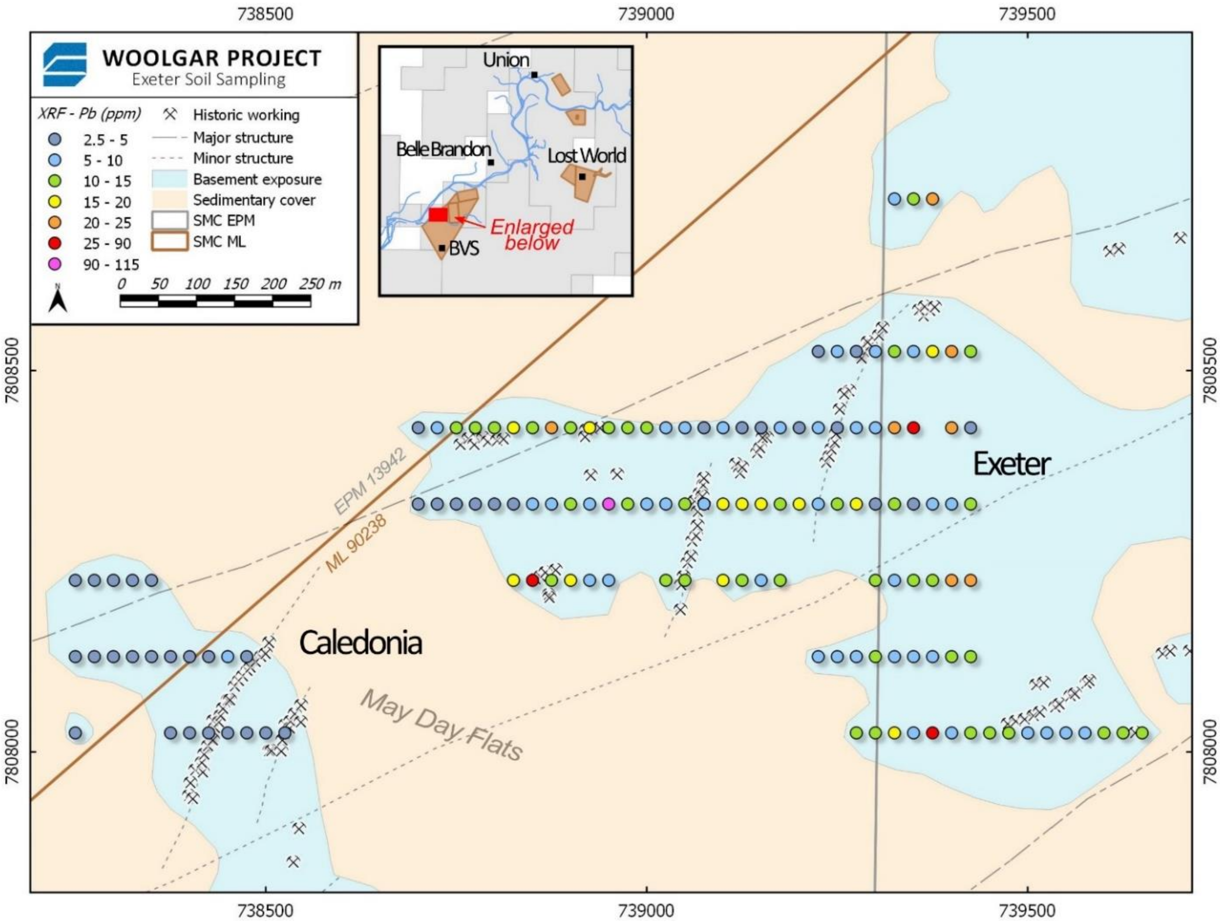

Figure 13: **Plan of lead in soils by pXRF-assay over the Exeter and Caledonia prospects in the Lower Camp.**

Union

The Union and Hit or Miss prospects in the Upper Camp were surveyed by a grid of 235 pXRF soil samples. Plots of lead, Figure 14, and zinc from the XRF analysis suggest the Woolgar Fault Zone forms a broad geochemical divide across the area. The eastern side of the fault is typified by a subdued lead and zinc response with patchy, strong anomalies along structures and workings. In contrast, the western side of the fault contains consistent, broad areas of moderate anomalism. Geological mapping and the interpretation of existing data may confirm whether this contrast is predominantly due to a difference in lithology, or if it is directly alteration or mineralisation related.

Several strongly anomalous zones can be distinguished once the relative background levels have been accounted for. These are flagged for follow-up, but are currently a lower priority due to their relative distance from the BVS, moderate strength and requirement for significant further soil, mapping and potentially geophysical methods to generate stronger targets in this area of limited exposure.

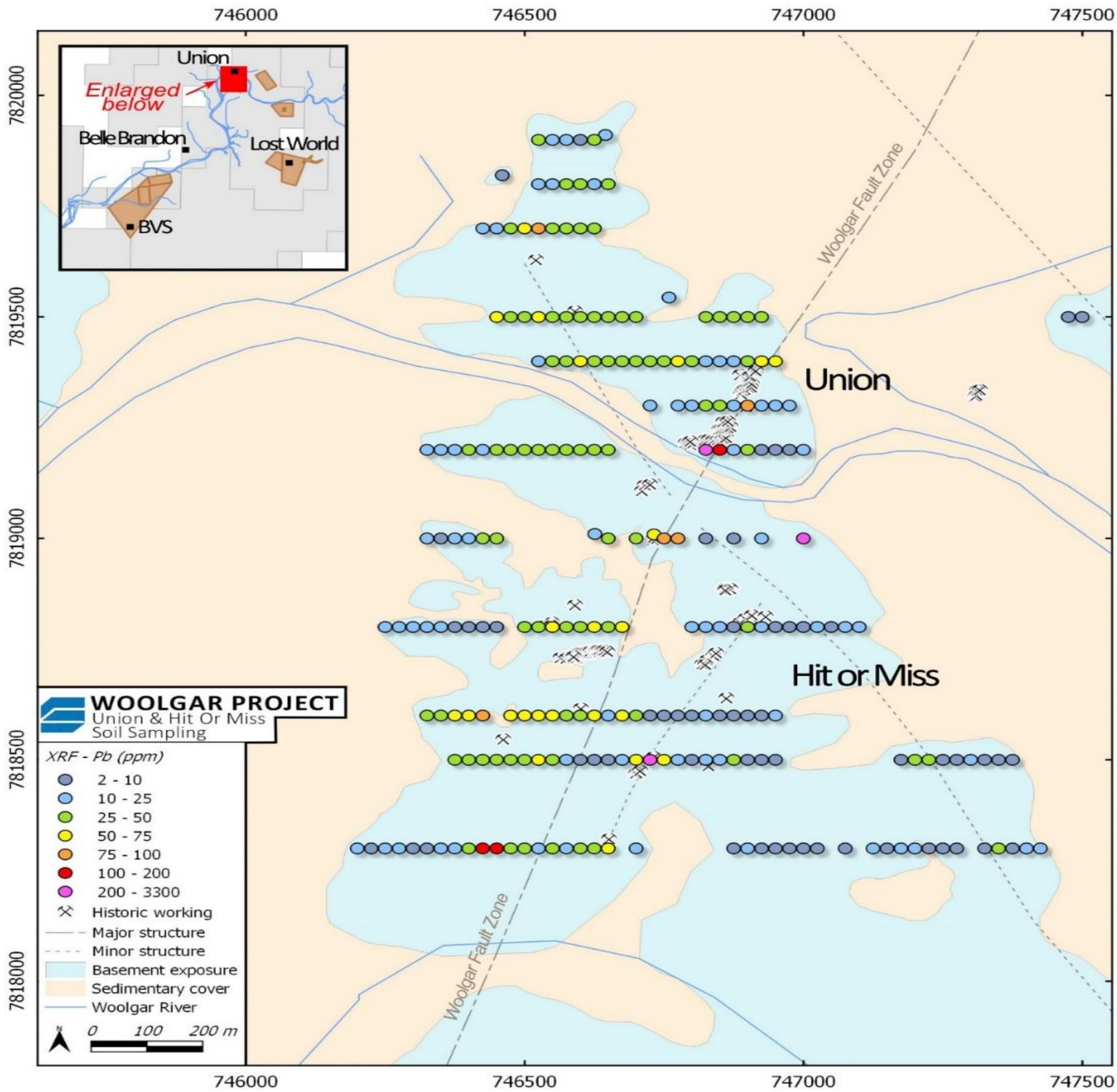

Figure 14: **Plan of lead by pXRF-assay soil samples over the Union / Hit or Miss sector in the Upper Camp**

Ultra-low Detection Soil Sampling (MMI)

This is a well-established and widely used technique that uses ultra-low levels of analytical detection to identify anomalies in soils derived from younger sediments overlying buried (blind) mineralisation.

BVS Orientation Survey

Strategic conducted a trial survey over the southern extent of the known mineralisation at BVS, where weaker mineralisation is known to occur beneath a moderate depth of overburden. This is important to know that the technique is effective on weaker mineralisation, not only peak mineralisation. Two alternate laboratories were trailed as part of this orientation survey: Mobile Metal Ion (MMI) at SGS; and Ionic Leach at ALS, both via their Townsville facilities.

The geochemical patterns between the laboratories are broadly similar. Disappointingly, there is no discernible pattern to anomalous concentrations of gold, lead or zinc. In contrast cadmium (Cd), a known pathfinder element at Big Vein South, appears to correlate closely with the position of the Woolgar Fault Zone, as shown in Figure 15. The size and intensity of the Cd anomaly increases to the south. Whilst broadly the intensity of the known BVS mineralisation decreases heading south in this area, the Au grade and intersection width at shallow levels (i.e. closest to the overlaying sandstone) actually increases. This is interpreted to account for the observed pattern in the MMI.

Further MMI sampling may be completed, to confirm the Cd association, and to investigate Cd response south of the known mineralisation. Historic MMI sampling has been completed in the region by previous companies, however, its reliability is not currently clear. It is currently being recompiled from source data and will be re-interpreted and assessed as part of the ongoing program.

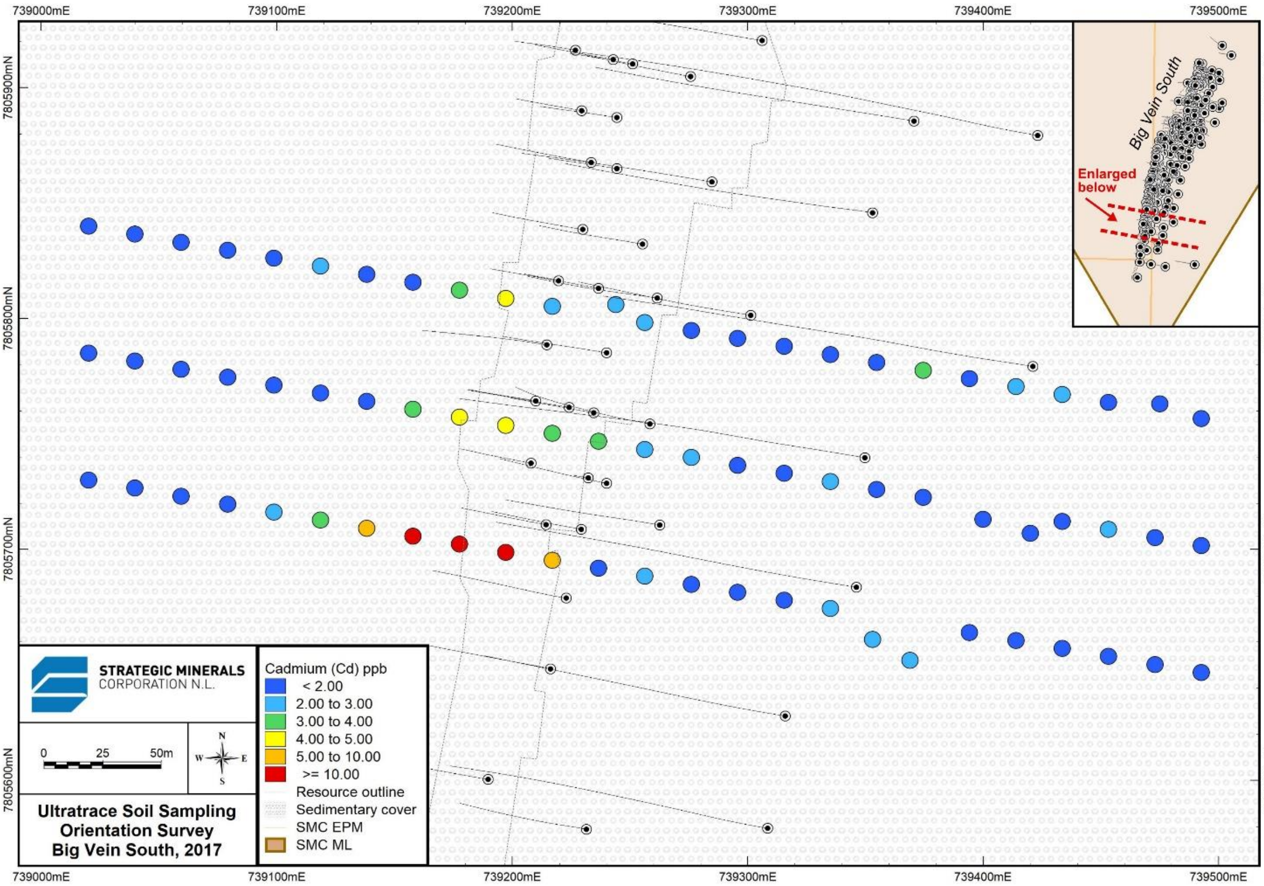

Figure 15: **Plan of Cadmium in ultra-low detection (MMI) soil orientation survey over the southern portion of BVS. Note that the highest values corelate to where the strongest mineralisation occurs close to the top of the basement unconformity, thus is most exposed to active oxidation, rather than correlating to the best intercepts at deeper levels in the basement.**

Summary of Surface Exploration

Strategic has completed generative soil and mapping programs which have considerably advanced our geological understanding of various old and new targets and which will in turn allow the Company to maximise future expenditure committed to traditional and ultratrace soil sampling. This ultimately should improve the effectiveness of drilling programs for future targets, such as those proximal to BVS like Tomi, Caledonia and the possible southern extension to BVS.

Strategic intends to continue implementing these techniques during the coming season, including surveys over EMP 26263 in particular, where work, expenditure and relinquishment commitments demand that preliminary assessments of exploration potential are required in the short term.

2017 Drill Program

The 2017 drill program saw a departure from the previous years' focus on the rapid expansion of the BVS resource, towards increasing the confidence in the resource to levels acceptable for feasibility studies.

- Twenty-two Reverse Circulation (RC) drill holes totalling 4,720 metres:
  - 18 holes infilling within the Crossover, infilling the existing resource and testing for any near-surface extension;
  - 2 holes immediately adjacent to the Crossover where the resource cannot be extrapolated across the bounding faults;
  - 2 holes infilling within the northern sector of the BVS; and
- Eight Diamond drill (DD) holes totalling 1,612 metres:
  - 4 geotechnical holes to for mine-planning and strip ratio calculations;
  - 2 "twinned" holes to assess the quality of the RC results; and
  - 2 metallurgical holes to characterise the vertical and horizontal variations for processing.
- All the drillholes were planned to optimise data distribution and maximise data collection for additional programs in addition to each principal objective.
- RC results announced in three phases, reported on 12th October, 1st December and 29th January.
- DD analysis is still underway due to additional studies will be announced when available.

With a greater than one million once resource, it is considered necessary to ascertain whether the deposit could be advanced to feasibility assessment, or whether further exploration and increased resources are required first.

This RC program concentrated on infill drilling the Crossover sector, effectively a separate resource between the two faults that cut the global resource into three parts. If the modelling parameters can be refined within this sector, then those parameters may be applicable to the sectors north and south of it.

The diamond program is an extension of the RC program, but with DD core to provide further detail and confidence about the quality and reliability of the relatively imprecise RC drilling. Hence, two drillholes are directly twinning two of the higher-grade RC intercepts by drilling parallel to the original holes. This is to quantify the reliability of the RC method in this deposit, and to check on the quantitative logging and interpretations thereof.

Subject to funding, these results will then be incorporated into the resource, which will be published in due course once all drilling has been completed, lab results received and QAQC completed.

Principal Objective:

Only 27% of the current resource is in the Measured and Indicated categories acceptable for Reserve estimation. It is necessary to assess how reliably the Inferred Resource converts to M&I and the work required to achieve this.

The global resource at BVS is composed of four sub-resources due to local variations that require separate parts to be modelled as individual entities, see Figure 16. The 2017 drill program focussed on the Crossover sector of the Big Vein South (BVS) deposit, shown in red in Figure 16. This is the central resource, between two cross-cutting, post mineral faults. It is moderate in size and shows comparable characteristics to the resources to either side, thus is considered to be broadly representative of the overall deposit.

Its moderate size allows it to be drilled out to a higher degree of resource confidence with a limited expenditure, and its similar characteristics to the resources to either side, should be broadly representative of the overall deposit. This should allow the Company to assess the reliability of the existing, predominantly Inferred resource can be converted to Measured and Indicated.

It should also allow the Company to better define the drill spacing and density of additional data, such as diamond drilling, which would be required across the remainder of the deposit, thus optimising future programs.

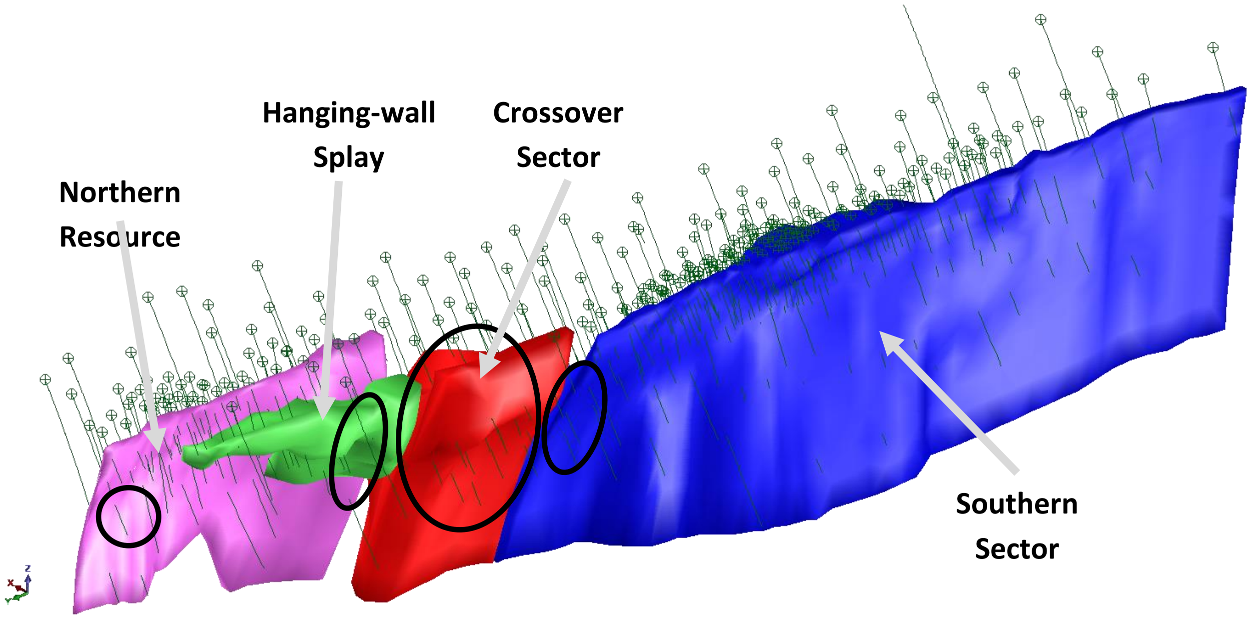

Figure 16: Mineral Lode Interpretation looking southeast showing the foci of the 2017 drilling in black.

Drilling for a Resource Upgrade

Feasibility Studies require Mineral Resources to be at least Indicated level of confidence before conversion to an Ore Reserve, as defined in the JORC Code. The conversion to an Ore Reserve involves the incorporation of multiple "modifying factors" in addition to the basic resource definition.

A Mineral Resource is a geologically defined estimation of the mineralisation based on the geographic distribution of analytical results. This model should include known geological factors, such as lithology or structure, but does not necessarily include a detailed assessment of the economic and technical viability of the deposit [1].

To determine if all or part of the Mineral Resources may be converted to an Ore Reserve, additional information is required. This involves the collection of far wider variety of information to consider all the potential factors that could affect a potential mine. The basic Mineral Resource is then assessed in the context of a suite of "Modifying Factors", including, but not limited to mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and government factors.

Table 3 Big Vein South Global Resource, 28th February 2017. (minor rounding errors). Note: Only Measured and Indicated (approx. 28% of the current Resource) can be converted to Reserve category.

Category	Mt	Au g/t	Au Kozs	Density t/m^3
Measured	0.2	2.32	11	2.59
Indicated	4.8	2.1	324	2.69
Inferred	13.4	1.95	839	2.70
Total	**18.4**	**1.99**	**1,173**	**2.70**

[1] Although additional technical reports are not required to calculate a Resource, the report should include reference to any studies that have been conducted to ensure completeness.

Since a Resource confidence of Indicated or above is necessary to convert resource to reserve and the current BVS resource is predominantly (approx. 72%) Inferred, see Table 3, the principal objectives of the 2017 drill program were:

1. Resource Estimation:
   - infill gaps within the body of the resource;
   - infill the drill spacing by approximately half, such that the drill spacing is smaller than the statistical variation in the gold distribution; and
   - increase the confidence in the quality of assays and geological models through diamond drilling.
2. Modifying Factors:
   - **Geotechnical**: Rock strength, quality and stability: this allows calculation of the pit shape, hence ratio of ore to strip; and design parameters.
   - **Metallurgical**: The percentage recovery of and any complications arising from the processing of the ore; the potential for heap-leach extraction of lower-grade ore.
   - **Hydrology**: The amount and quality of any ground and surface water, both within the potential pit and the affected district, both for mine planning and environmental impact assessments.
   - **Waste Rock Classification**: The characterisation of the water rock, spoil dumps and tailings produced.

The 2017 drill program was optimised in conjunction with the Company's external consultants in order to ensure that the maximum amount of data was collected from an efficient, targeted program and that essential data was not overlooked.

This included assessing the distribution and density of DD drilling, maximising the integration of the drillholes from the various programs to ensure that all possible data was collected from all holes and focussing on one constrained area of the resource in detail, in order to run a trial of the potential upgrade, which is intended to develop more accurate parameters to apply to and extrapolate across the remainder of the resource.

Focus on the Crossover

The Crossover sector was chosen due to its central location, potential for near-surface mineralisation within the probable early mine life, and its well defined and tightly constrained nature; cut-off north and south by post-mineral, cross-cutting faults. This last feature in particular, facilitates modelling of the Crossover as a stand-alone entity.

The main objective was to provide increased quantity and quality of data to evaluate how predictably the resource converts from predominantly Inferred to predominantly Indicated and Measured.

A secondary objective involved limited extension drilling to test whether Exploration Potential (predicted mineralisation outside of the resource) can be converted into actual resources, particularly potential near-surface mineralisation where this would have maximum economic benefit during the early mine-life.

Also, statistical analysis of the detailed data in the Crossover should improve the definition of the confidence levels. Applying more accurate, statistically defined, confidence levels to the remainder of the BVS will result in more accurate resources throughout the global resource. This will also permit an optimised drill-spacing for the continued drill-out of the remaining resource. sectors.

Note: The increased confidence level of the resource may be at the expense of the tonnage, grade or contained metal.

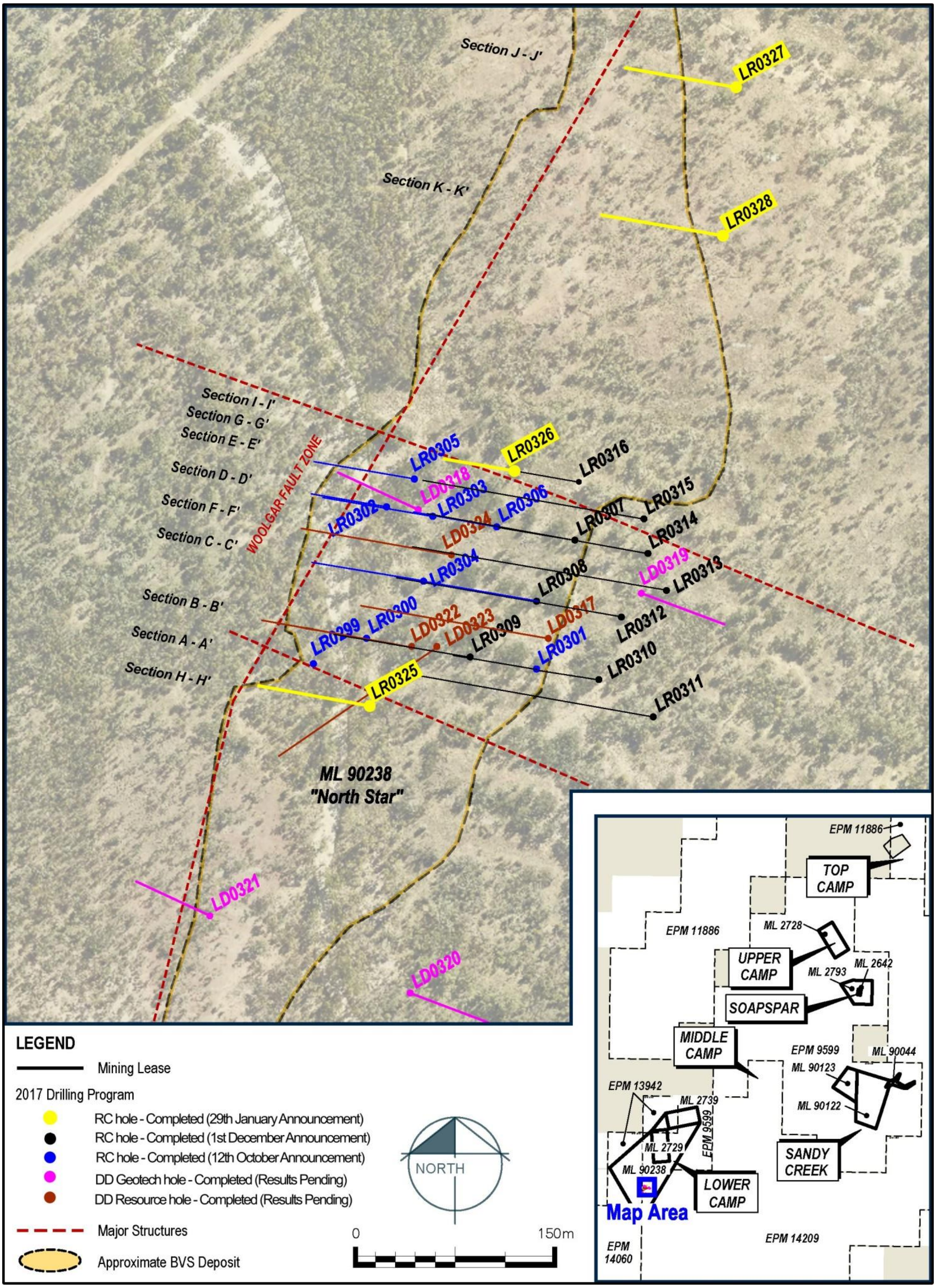

Figure 17: Plan of the northern portion of the BVS prospect showing the relative locations of the 2017 drillholes and the sections listed below.

Reverse Circulation Drilling (RC) 22 drillholes, 4,720 metres

Crossover (Central BVS) 18 drillholes, 4,003 metres

The initial eighteen RC drill holes were located in the Crossover (central) sector of the BVS resource, published on the 12th October and 1st December, included:

LR0299	18 metres at 0.825 g/t gold from 56 to 74 metres
LR0300	8 metres at 0.97 g/t gold from 59 to 67 metres
and	17 metres at 3.71 g/t gold from 79 to 96 metres
LR0301	1 metre at 5.36 g/t gold from 117 to 118 metres
and	71 metres at 1.71 g/t gold from 126 to 197 metres
and	4 metres at 10.12 g/t gold from 209 metres
LR0302	3 metres at 2.2 g/t gold from 101 to 104 metres
LR0303	7 metres at 0.86 g/t gold from 121 to 128 metres
LR0304	22 metres at 1 g/t gold from 46 to 68 metres
and	14 metres at 2.74 g/t gold from 112 to 126 metres
LR0305	4 metres at 0.97 g/t gold from 97 to 101 metres
LR0306	21 metres at 2.41 g/t gold from 66 to 87 metres
and	25 metres at 3.32 g/t gold from 101 to 126 metres
and	17 metres at 1.93 g/t gold from 135 to 152 metres
LR0307	100 metres at 1.67 g/t gold from 120 to 220 metres
LR0308	83 metres at 1.87 g/t gold from 121 to 204 metres
LR0309	50 metres at 3.23 g/t gold from 116 to 166 metres
LR0310	133 metres at 1.08 g/t gold from 132 to 265 metres
LR0311	23 metres at 1.35 g/t gold from 167 to 190 metres
and	9 metres at 0.76 g/t gold from 209 to 218 metres
and	27 metres at 1.22 g/t gold from 255 to 282 metres
and	11 metres at 2.76 g/t gold from 319 to 330 metres
LR0312	136 metres at 1.24 g/t gold from 118 to 254 metres
LR0313	6 metres at 3.16 g/t gold from 148 to 154 metres
and	92 metres at 1.00 g/t gold from 195 to 287 metres
and	7 metres at 1.41 g/t gold from 322 to 329 metres
LR0314	3 metres at 2.13 g/t gold from 131 to 134 metres
and	67 metres at 2.47 g/t gold from 165 to 232 metres
and	4 metres at 3.5 g/t gold from 265 to 269 metres
LR0315	12 metres at 1.15 g/t gold from 114 to 126 metres
and	74 metres at 1.44 g/t gold from 136 to 210 metres
LR0316	74 metres at 1.42 g/t gold from 105 to 179 metres
and	4 metres at 1.67 g/t gold from 190 to 194 metres

These will be incorporated into the updated Resource Estimation during 2018 subject to company funds.

RC Drilling Immediately adjacent to the Crossover

LR0325 (along with diamond hole LD0323) infilled between previous, strong mineralisation, and the inferred cross-cutting fault bounding the Crossover to the south, and beneath weakly mineralised, near-surface drillholes. Closer spaced drilling was required here since the resource cannot be extrapolated across the fault. These are intended to improve the geological control for modelling the mineralisation, and potentially permit the upgrading of Inferred resource and Exploration Potential to Indicated or above.

LR0326 fulfilled a similar role immediately north of the northern bounding fault.

- **LR0325** **1 metres at 9.63 g/t gold from 72 to 73 metres**
    - **and** **3 metres at 0.87 g/t gold from 96 to 99 metres**
- **LR0326** **3 metres at 0.42 g/t gold from 88 to 91 metres**
    - **and** **59 metres at 1.27 g/t gold from 96 to 155 metres**
        - including 9 metres at 4.31 g/t gold from 145 to 154 metres

Northern BVS (Big Vein Central)

The final two holes infill in areas of wider spaced drilling in the northern sector (previously Big Vein Central). LR0327 and LR0328 infilled specific gaps identified in the previous exploration drilling that require testing to facilitate Resource Modelling.

- **LR0327** **21 metres at 3.45 g/t gold from 134 to 155 metres**
- **LR0328** **8 metres at 2.13 g/t gold from 137 to 145 metres**

Significantly, all RC drill holes intersected with mineralisation.

ENGINEERING ASSESSMENTS AND ENVIRONMENTAL BASELINE STUDIES

These are required to both more fully assess the viability of the BVS prospect and to enable the company to complete the mandatory prerequisites entailed in regulatory approval. As the project advances, progressively more detailed additional studies will be required, focussing on specific environmental or technical aspects of the proposed development.

Metallurgical Program

This is to build on the initial positive metallurgical studies that were carried out in 2014 – 2015. This program is based on the substantially more advanced knowledge of the size and distribution of the deposit to test for variations in recovery, processing requirement, comminution (grind resistance) or residues both horizontally and vertically within the deposit. The program will also look at variations in processing required during life of mine based on preliminary engineering studies.

A further aspect to the metallurgical program is a sub-program focussing on the potential for heap-leach processing of lower-grade ore.

The BVS deposit can be characterised as a series of higher-grade lens within a broader lower-grade envelope. Most metallurgical work to date has concentrated on the higher-grades and any immediately adjacent low-grade which is likely to be processed with it. If it is possible to also process the extensive lower-grade mineralisation through heap-leaching, then this would simultaneously increase the economic tonnage and reduce the waste-to-ore strip-ratio. This would obviously have would have significant ramifications to the overall project economics, especially in the crucial early life of mine period.

Waste Rock and Tailings Characterisation

This program is to test and characterise the potential waste rock pit-wall material and tailings for its acid generating potential in order to design around potential issues and to ensure appropriate management strategies are in place. This is an essential step in mine planning and for the environmental impact studies since this extends well beyond the productive life of the mine and any mis-management of this can be costly.

The opportunity was taken to extend some of the DD holes deeper into the probable pit-wall to gain essential data about both this and geotechnical data for post-closure rehabilitation studies.

Geotechnical Program

This is the study of the rock strength and its natural defects that would affect the mine design.

This is a major program and accounts for over half of the total DD program and all follow-up activities. It is of prime importance for all mining and engineering studies to understand the rock strength, stability and any potential flaws in both the material being mined and that which will be left to form the pit walls. Without this information to accurately calculate the slope angles of the pit-walls, it is not possible to define the strip ratio (waste to ore ratio), beyond conservative estimations. This is of the highest priority at the BVS deposit due to the potential for poor ground conditions resulting from a combination of the intensely banded and mica-dominated, foliated wallrock, which has both pervasive alteration and variable orientation locally due to the folding. This require testing along the strike length of the deposit, although the current program is concentrating on the central Crossover sector, which is considered likely to be the location of the initial mining activities.

This program incorporated precise logging of specific features relating to the rock's integral strength, number type, frequency and orientation of flaws, collection of samples for laboratory strength testing and downhole logging using an audio-televiewer (ATV) to gain a detailed, in-situ record of rock fractures. These holes were also logged for all regular geological features and marked up for geochemical sampling to augment the resource studies where this did not compromise the geotechnical data.

Figure 18: **Left: Geotechnical drillholes laid out for scanning at the HyLogger facility in Brisbane. Right: Geotechnical samples prepared for dispatch. These are tested for mechanical strength, thus require special preparation, involving multiple layers of containment and wrapping, to avoid sustaining fractures during transport.**

Additionally, a program of test-pitting and surface strength tests was conducted to assist in future planning for potential plant and infrastructure in a development scenario. This was distributed across the Lower Camp in areas under consideration for potential infrastructure developments.

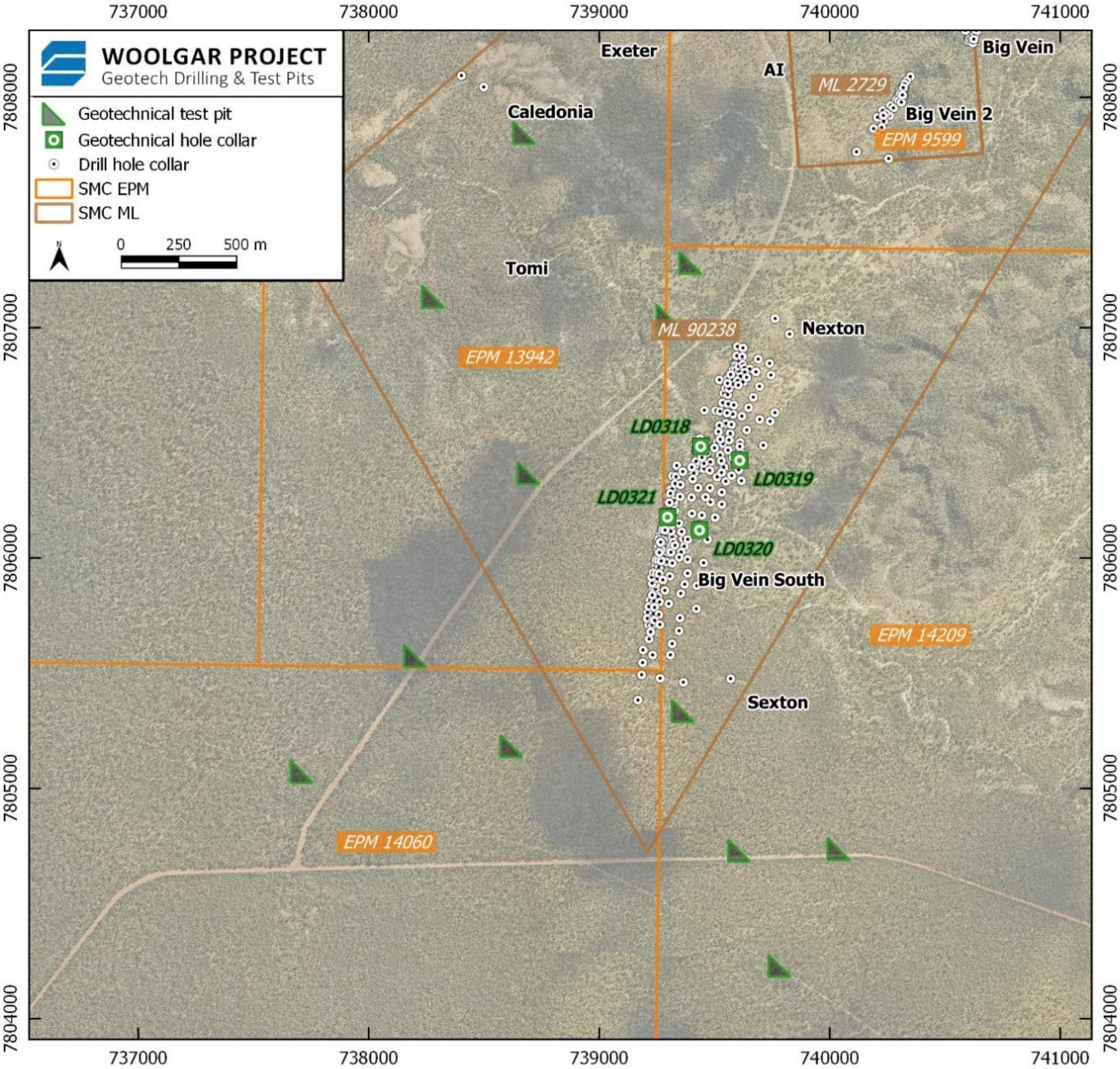

Figure 19: **Location of diamond drill holes and test pits, forming part of the 2017 BVS geotechnical study**

Due to its complexity, this program consumed significantly more manpower and resources than a simple exploration drilling program: the need to employ, train up and supervise extra staff, as well as managing the ATV program. This latter suffered technical setbacks, both due to the poor ground conditions causing drillhole collapse and access issues for the equipment, and so was only partially successful. Where possible, Strategic will refine future ATV programs to overcome ground issues.

Groundwater Monitoring Program

The Company installed a series of groundwater monitoring bores and piezometer holes to establish the baseline for both mine development studies and environmental impact assessment. This program is of high-importance to any potential development scenario based around BVS.

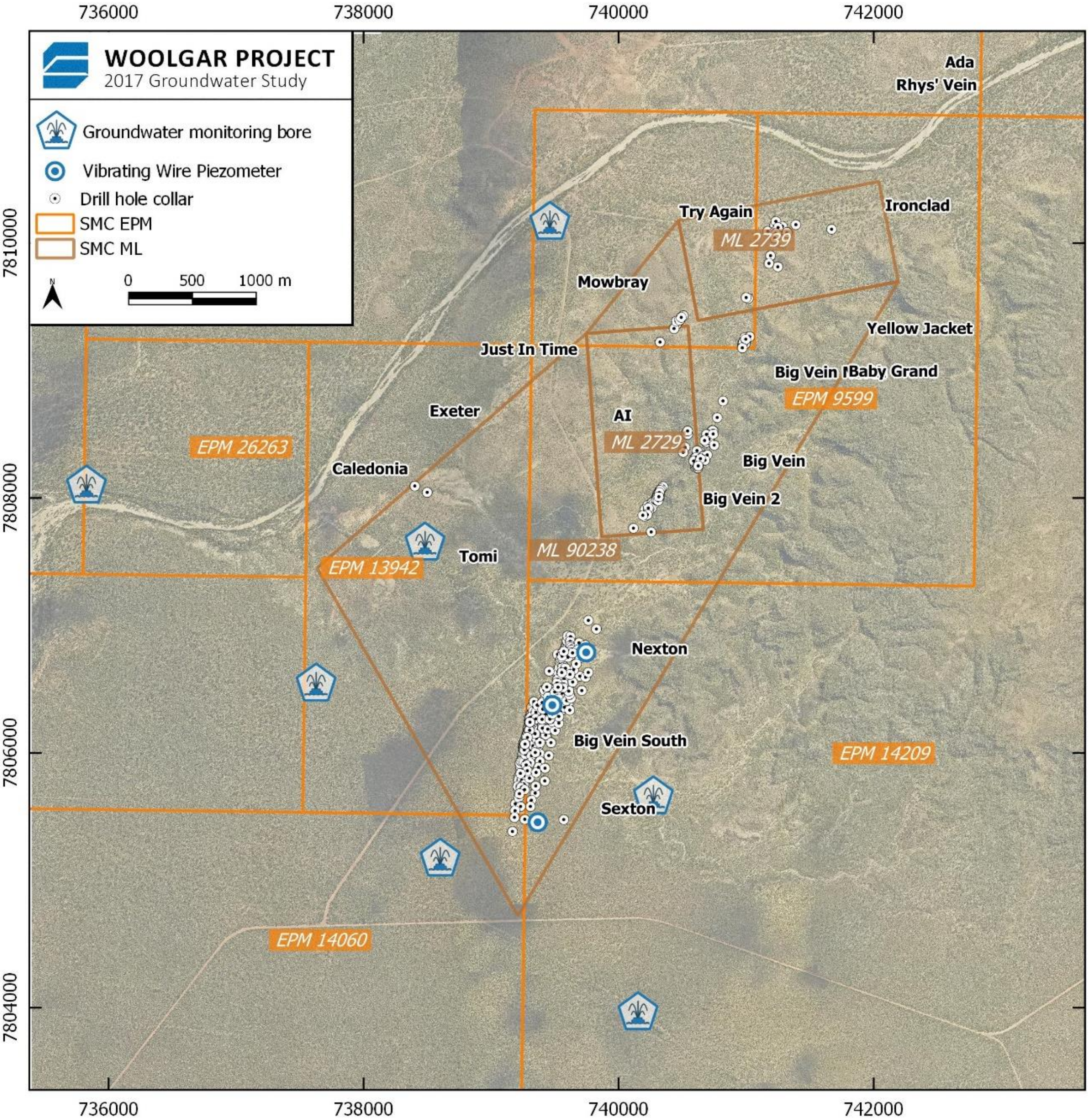

Figure 20: Groundwater monitoring bores and VWPs installed as part of the 2017 BVS groundwater study

The program consisted of fourteen monitoring bores, paired in locations distributed throughout the Lower Camp along with three existing RC exploration drillholes converted to piezometer holes to monitor water pressure at various depths within the footprint of the potential open pit.

The purpose of the monitoring bores is to provide water quality information at set locations around the potential mine development. Frequent sampling is required over a minimum of a two-year period as part of the environmental baseline study, hence Strategic's decision to commence this as soon as was practical. Periodic sampling will then be required thereafter for the life of mine and through post-closure.

As part of this program, the company took the opportunity to log and sample material from these bore as a record of the basement geology beneath the extensive post-mineral sedimentary cover prevalent in the Lower Camp.

Figure 21: **Groundwater monitoring bore drilling in the Lower Camp. These bores are designed to be too small to extract from and are only used to sample the quality of water for baseline environmental purposes.**

LIDAR Survey

Strategic commissioned an aerial survey of part of the Woolgar Project that produced highly accurate digital terrain combined with a high-resolution aerial photography survey.

Although it is possible to conduct early-stage exploration activities using only moderately accurate topography, a detailed terrain model is essential for most advanced studies, such as modelling the resource, hydrological modelling for groundwater and flooding assessments, and engineering planning. The topographic models produced are then of great assistance to all further programs, such as drillhole planning and surface sampling.

As well as the highly accurate topographic model, the survey produced highly detailed, digital, aerial photographic images at 1 metre and 12.5cm pixel resolutions, see Figure 22. The aerial imagery is of great assistance in all planning and field operations due to its fine level of detail. Previous imagery was relatively very low detail, not accurately located and did not extend over areas of recent activity, such as BVS.

Figure 22: **Comparative images of the Woolgar camp buildings to demonstrate the difference between the historic and new aerial imagery.**

RESOURCE UPDATES

All potentially economic resources at Woolgar have now been updated to JORC-2012 standards.

Big Vein South (BVS) deposit:

An updated resource for BVS of 18.4Mt at 2 g/t, containing 1,173,000 oz. gold at a 0.75g/t cut-off, was announced on 1st March 2017 subsequent to the 2016 drill program and reported in the 2017 Annual Report. A resource update based on the results of the 2017 program has not yet been calculated since the geochemical analysis of the diamond drill holes are still pending. Subject to funding, this will be completed and published as soon as the information is available.

- Updated global resource for Big Vein South of 18.4Mt at 2 g/t, containing 1,173,000 oz. gold at a 0.75g/t cut-off. For full details of these results, please refer to *"Resource Update for Big Vein South"* issued on 1st March 2017, available at **www.stratmin.com.au**.
- A 78% increase in Tonnes and a 76% increase in contained gold with a 2% decrease in grade.

Resource Upgrade of the Historic Sandy Creek and Soapspar Deposits

Although no recent drilling has been conducted, it was a stated aim in the 2016 Annual Report to update the historic resource estimate inventory in line with the current JORC 2012-compliant resources at BVS. The estimation was produced by SRK, an independent consultancy, both as the basis for of evaluating the potential incorporation of these resources into a BVS development strategy and to update shareholders on the status of these resources under current economic constraints and released on the 26th October 2017.

These resource estimates pertain to three epithermal, low-sulphidation vein-hosted gold deposits; Lost World, Explorer, and Camp Vein & Grand Central in the Sandy Creek sector in the east of the Woolgar Project, approximately 10 to 13 kilometres east-northeast of the main BVS resource; and the Soapspar intrusive-related deposit in the Upper Camp, 15 kilometres northeast of BVS. The BVS resource is a mesothermal gold deposit both spatially and genetically unrelated to the historic resources.

The exploration success of BVS over the last five years and its favourable developmental setting have shifted the focus away from the historic resources at Woolgar. Consequently, the majority of Strategic's resources and efforts have been directed at BVS and the other the prospects contained within Lower Camp. As a result, due to a lack of subsequent drilling, these resources had not previously been updated and reported to the current JORC-2012 guidelines and were not compatible with the BVS resource.

These updates help quantify the superiority of the BVS resource in size and consistency compared to the smaller, more discontinuous and generally lower-grade historic resources.

The details of the combined resources are presented in Appendix 2.

Table 4 Summary of the Global Resource Inventory for the Woolgar Project, as at 31st December 2017. (all categories)

Deposit	Style	Cut off	Tonnage	Au Grade	Au Contained
		g/t	kt	ppm	Oz
Big Vein South (BVS) Deposit	(Mesothermal)	0.75	18,400	1.99	1,173,000
Soapspar Deposit	(Vein-hosted and mesothermal)	0.4	3,314	0.89	95,000
Camp Vein & Grand Central Deposits	(Low-sulphidation Epithermal)	0.4	2,764	1.14	102,000
Explorer Deposit	(Low-sulphidation Epithermal)	1	895	2.55	73,000
Lost World Deposit	(Low-sulphidation Epithermal)	0.4	14,703	0.72	340,000
Woolgar Project Global Total:		**0.4 – 0.75**	**40,076**	**1.39**	**1,783,000**

GRANT OF THE NORTH STAR MINING LEASE

On the 26 September Strategic announced that the North Star Mining Lease 90238 has been granted by the Minister of the Department of Natural Resources and Mines for a term of 17 years, commencing 1 October 2017.

The North Star Mining Lease encompasses the Big Vein South deposit with a current global resource of 18.4Mt at 2g/t, containing 1,173,000 oz. gold at a 0.75g/t cut-off. For full details of these results, please refer to *"Resource Update for Big Vein South"* issued on the 1st March 2017, available at **www.stratmin.com.au.**

The North Star Mining Lease 90238 also includes many other prospective targets including: Tomi, Caledonia, Exeter, Sexton, Big Vein and Big Vein North. In addition, the North Star Mining Lease either abuts, or is coincident with, two other granted Strategic Minerals mining leases in the Lower Camp. The Mowbray Mining Leases 2729 and 2739 include the prospective targets: Big Vein 2, Mowbray, Try Again and Ironclad.

The grant of the North Star Mining Lease is an important milestone as the Company continues to evaluate the development potential of the Big Vein South deposit.

FUTURE ACTIVITIES

The BVS deposit is steadily progressing toward a feasibility assessment however additional studies, infill and sterilisation drilling will be required to adequately ensure Strategic has the necessary information required.

The three main components of Strategic's exploration activities over the next five years will continue:

1. Advancing BVS towards feasibility assessment;
2. Exploring for additional mineralisation proximal to BVS and conducting sterilisation drilling; and
3. Advancing our geological understanding of known prospective targets and reassessing historic prospects across the project.

As discussed above, the Woolgar Project is principally centred around the BVS deposit such that all expenditure is considered in context to it. At this stage, it is imperative that Strategic achieve an indicative evaluation as to whether the BVS deposit, as currently delineated, may be economically and technically viable. All mid to long-term decisions about exploration and expenditure are dependent upon this.

Advancement of Big Vein South towards feasibility assessment

Preliminary engineering, geotechnical, metallurgical, hydrological, waste and tailings disposal, ground-water, resource infill and environmental studies are currently underway. Subject to adequate funding, these will all be progressed, compiled and analysed to assess current economic and technical viability of the project. The requirement for and scope of any further studies, including infill, sterilisation ore extension drilling, will depend largely on the outcomes of this.

The most significant issues for ongoing planning include:

- Variographic analysis of the Crossover will define the density of infill drilling required elsewhere;
- The suitability of the low-grade material for heap-leach processing may have a significant effect on the overall economics; and
- The long-term rock stability will define the strip ratios for open-pit mining, potentially the most significant, potentially detrimental constraint on the assessment.

Exploration in the Lower Camp sector proximal to BVS

The possibility of a mine-development scenario in the medium term magnifies the requirement for further exploration around the Lower Camp: this is required both to discover potential further mineralisation, which could have a significant beneficial effect on the potential mine economics, and to advance condemnation drilling in preparation for advanced mine infrastructure planning.

Exploration throughout Woolgar

In addition to this, the Company will continue its review of the broader project, both exploring for new areas of potential, and continuing to reassess previous targets in light of the improved understanding gained at BVS and the significantly altered economic requirements for satellite deposits in a development scenario. The review and reassessment of the historic resources in Sandy Creek and Soapspar will form part of this.

Laif Allen McLoughlin
EXECUTIVE CHAIRMAN
Strategic Minerals Corporation NL

COMPETENT PERSON STATEMENT

The information in the report to which this statement is attached that relates to Exploration Results is based on information compiled by Alistair Grahame, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr Grahame is a full-time employee of Strategic Mineral Corporation NL. Mr Grahame has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Grahame consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

APPENDIX ONE: PROJECT LOCATION, OVERVIEW AND GEOLOGICAL SETTING

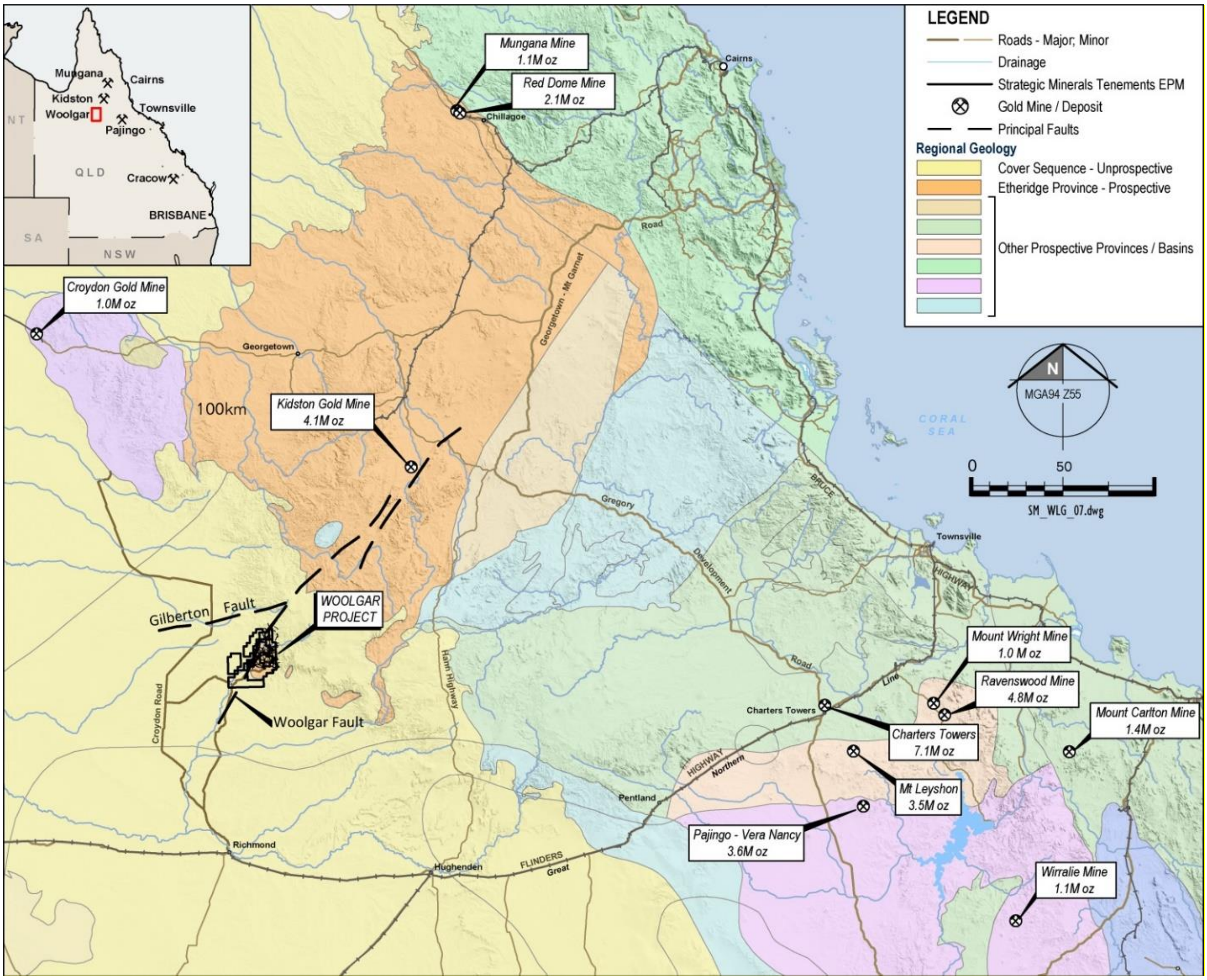

Figure 23: **Geological location map of the Woolgar Project showing principle road and rail infrastructure, and the regional geological provinces. The deposits shown are existing epithermal, mesothermal and IRGS gold deposits greater than 1Moz throughout Northeast Queensland, which are considered to be of comparable ages, styles and occurrences to the known mineralisation at Woolgar. As can be seen, the Woolgar Goldfield corresponds to an inlier (erosional window) of the highly prospective and historically productive Etheridge Province exposed within the overlying generally unprospective sedimentary cover sequences.**

The Woolgar Project consists of exploration permits and mining leases, in central north Queensland over a window of basement rocks within younger sedimentary cover. Initial exploration targeted widespread historic workings from alluvial and reef mining from a gold rush in the 1880's.

Strategic has identified three styles of mineralisation at Woolgar: epithermal vein deposits at Sandy Creek, mesothermal veins along the WFZ and intrusive related mineralisation (IRGS) in the Upper Camp. The Company has published resources from all three styles of mineralisation, see **www.stratmin.com.au.**

The Company's recent focus has been on the mesothermal veins in the Lower Camp area, but is now expanding its activities to reappraise the epithermal and IRGS, as well as further mesothermal veining.

APPENDIX TWO: MINERAL RESOURCE AND ORE RESERVES STATEMENT 2016

Table 5: Combined table of JORC Resources for the Woolgar Project as at 31st December 2017.

Deposit		Cut off	Local Tonnage	Au Local	Au Local
Big Vein South (BVS) Deposit (Mesothermal)		g/t	kt	ppm	Oz
	Measured	0.75	20	2.3	11,000
	Indicated	0.75	480	2.1	324,000
	Inferred	0.75	13,400	2	839,000
	Total	**0.75**	**18,400**	**1.99**	**1,173,000**
Soapspar Deposit (Vein-hosted and mesothermal)		Cut off	Local Tonnage	Au Local	Au Local
		g/t	kt	ppm	Oz
	Measured	0.4	1,667	0.91	49,000
	Indicated	0.4	1,175	0.9	34,000
	Inferred	0.4	472	0.82	12,000
	Total	**0.4**	**3,314**	**0.89**	**95,000**
Camp Vein & Grand Central Deposits (Low-sulphidation Epithermal)		Cut off	Local Tonnage	Au Local	Au Local
		g/t	kt	ppm	Oz
	Measured	-	-	-	-
	Indicated	0.4	2,157	1.18	82,000
	Inferred	0.4	607	1.02	20,000
	Total	**0.4**	**2,764**	**1.14**	**102,000**
Explorer Deposit (Low-sulphidation Epithermal)		Cut off	Local Tonnage	Au Local	Au Local
		g/t	kt	ppm	Oz
	Measured	1	395	3.61	46,000
	Indicated	1	149	2.22	11,000
	Inferred	1	351	1.45	16,000
	Total	**1**	**895**	**2.55**	**73,000**
Lost World Deposit (Low-sulphidation Epithermal)		Cut off	Local Tonnage	Au Local	Au Local
		g/t	kt	ppm	Oz
	Measured	0.4	3,474	0.87	97,000
	Indicated	0.4	8,074	0.68	177,000
	Inferred	0.4	3,155	0.66	66,000
	Total	**0.4**	**14,703**	**0.72**	**340,000**
Woolgar Project Global Total:		**0.4 – 1.0**	**40,076**	**1.39**	**1,783,000**

APPENDIX THREE: PLANS & SECTIONS FOR BVS 2016

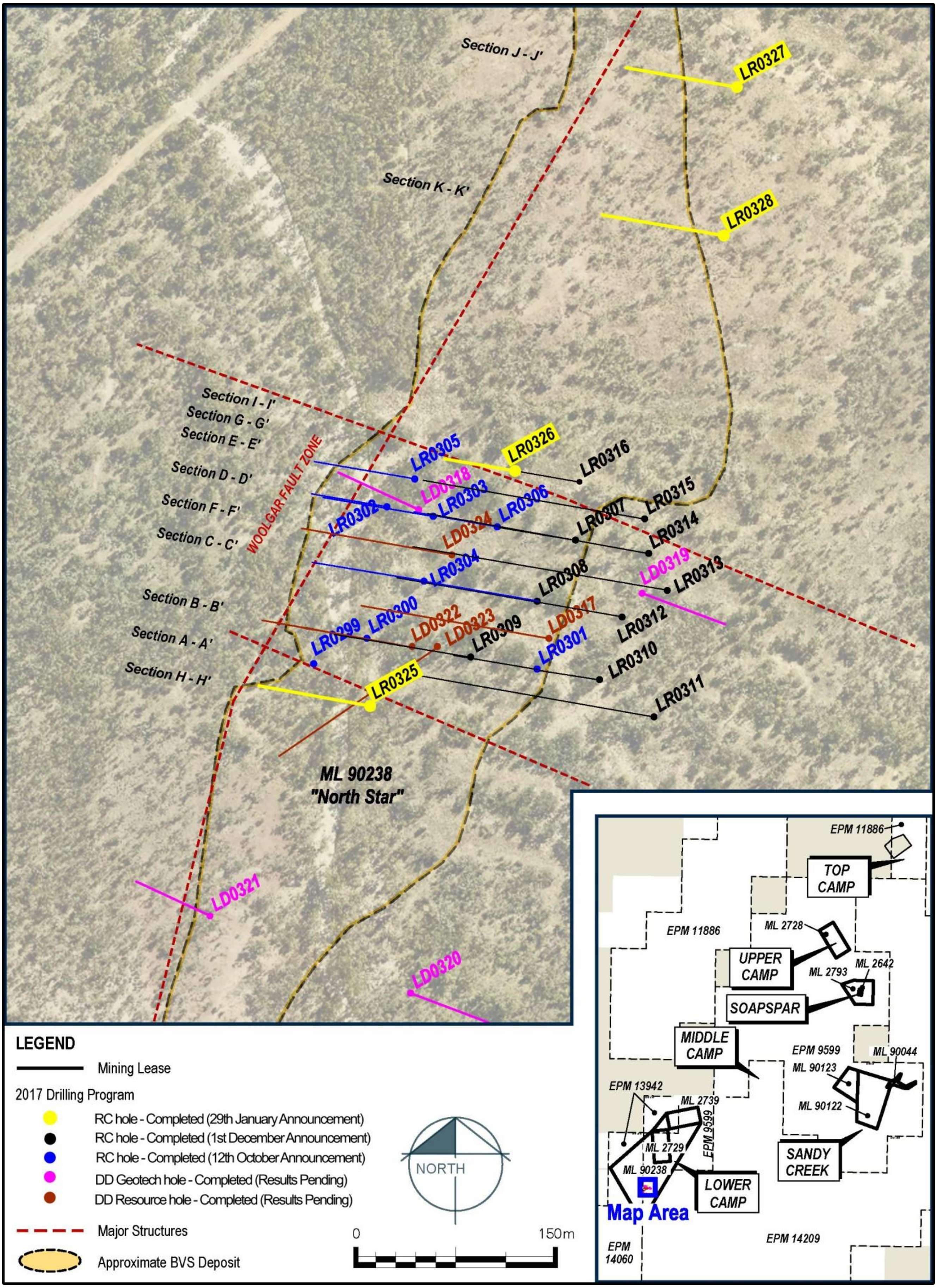

Figure 24: Plan of the northern portion of the BVS prospect showing the relative locations of the 2017 drillholes and the sections listed below.

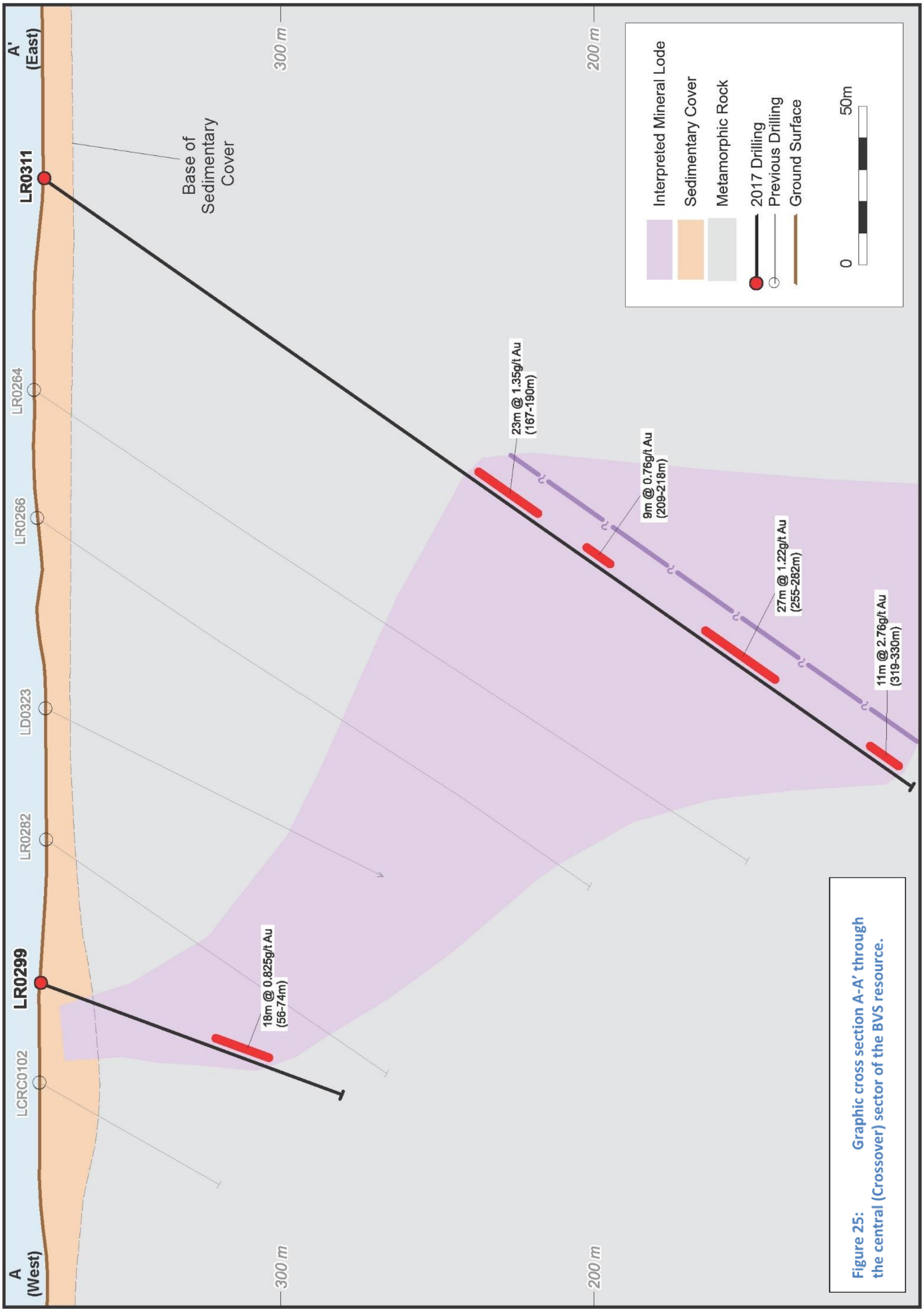

Figure 25: Graphic cross section A-A' through the central (Crossover) sector of the BVS resource.

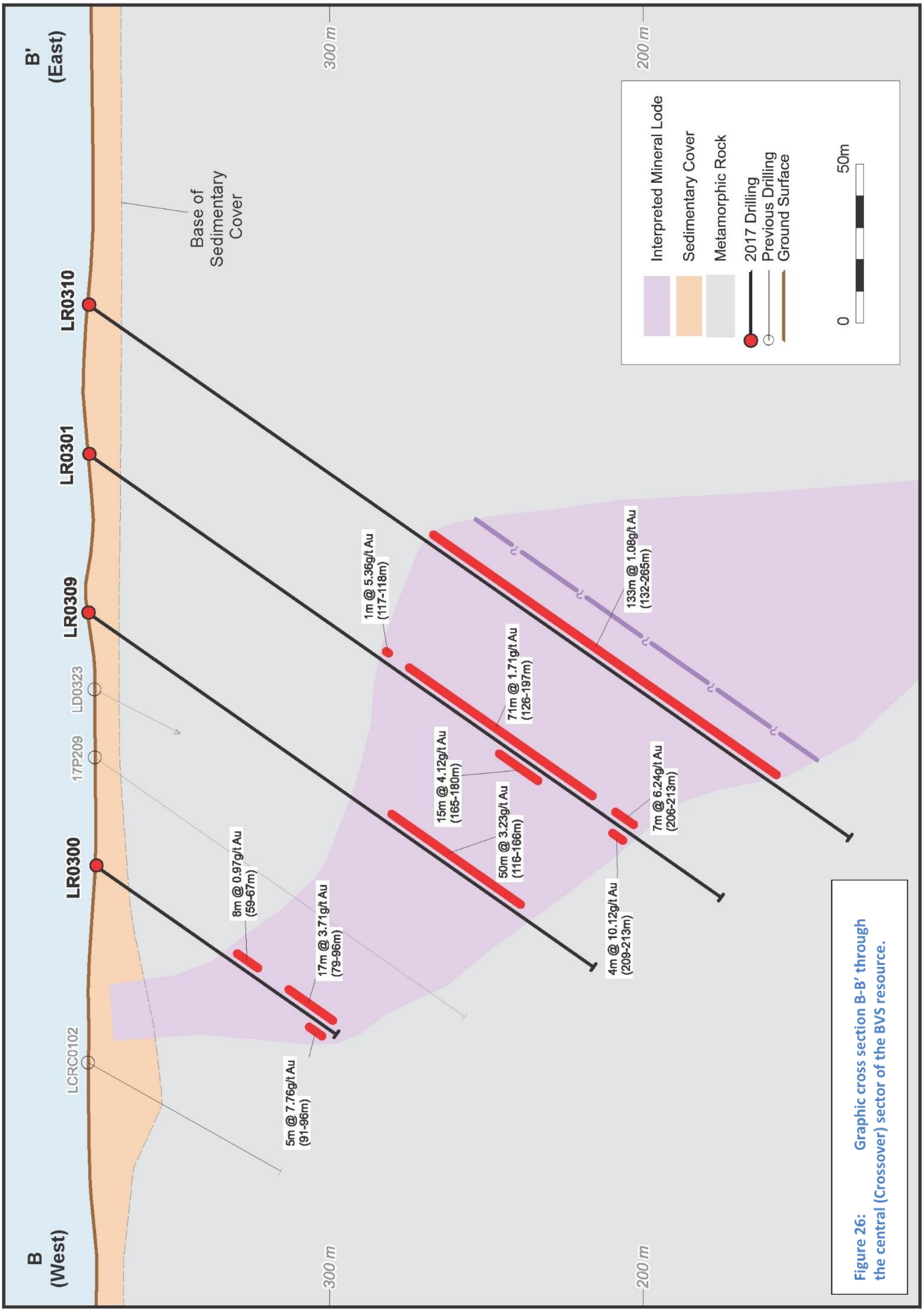

Figure 26: Graphic cross section B-B' through the central (Crossover) sector of the BVS resource.

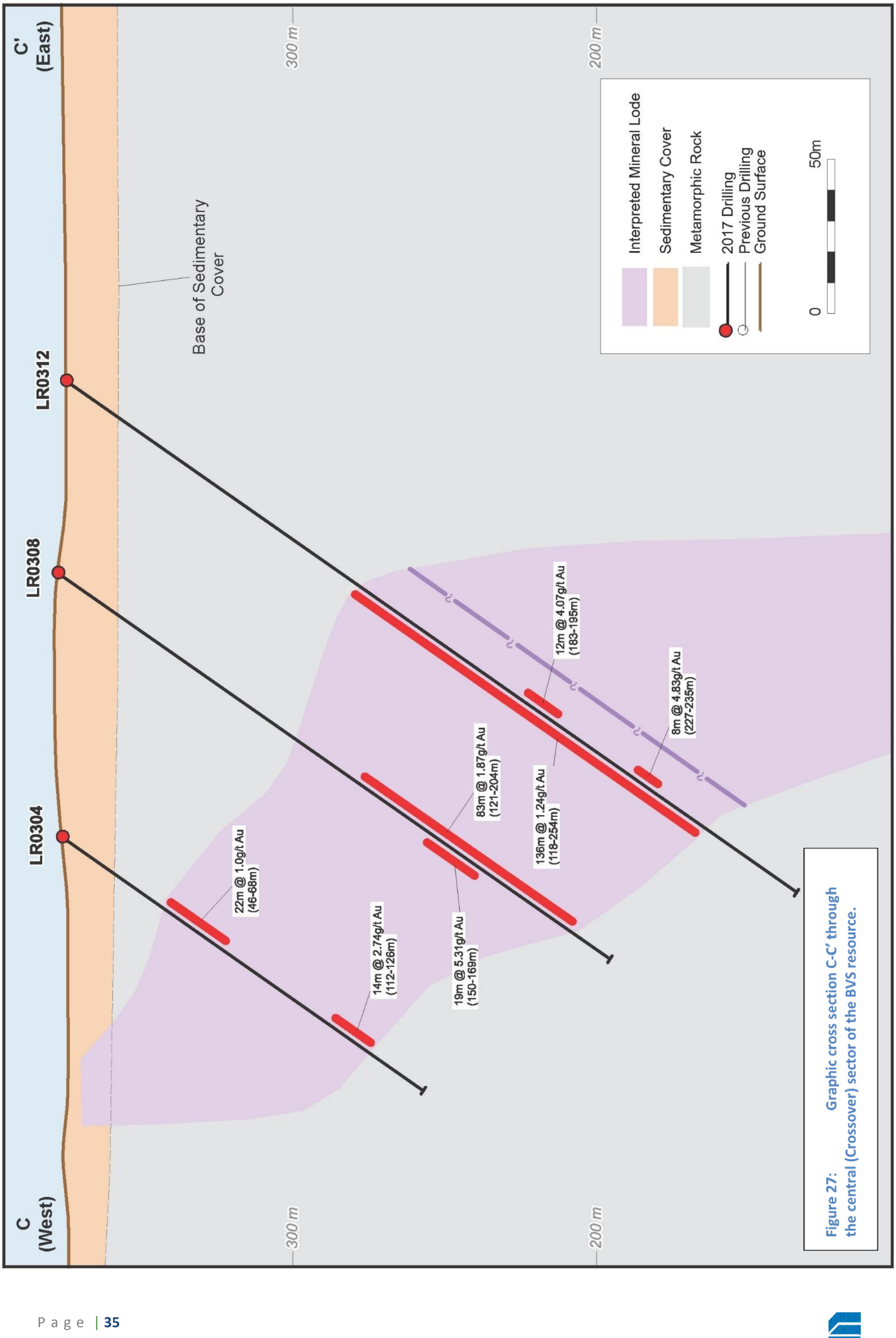

Figure 27: Graphic cross section C-C' through the central (Crossover) sector of the BVS resource.

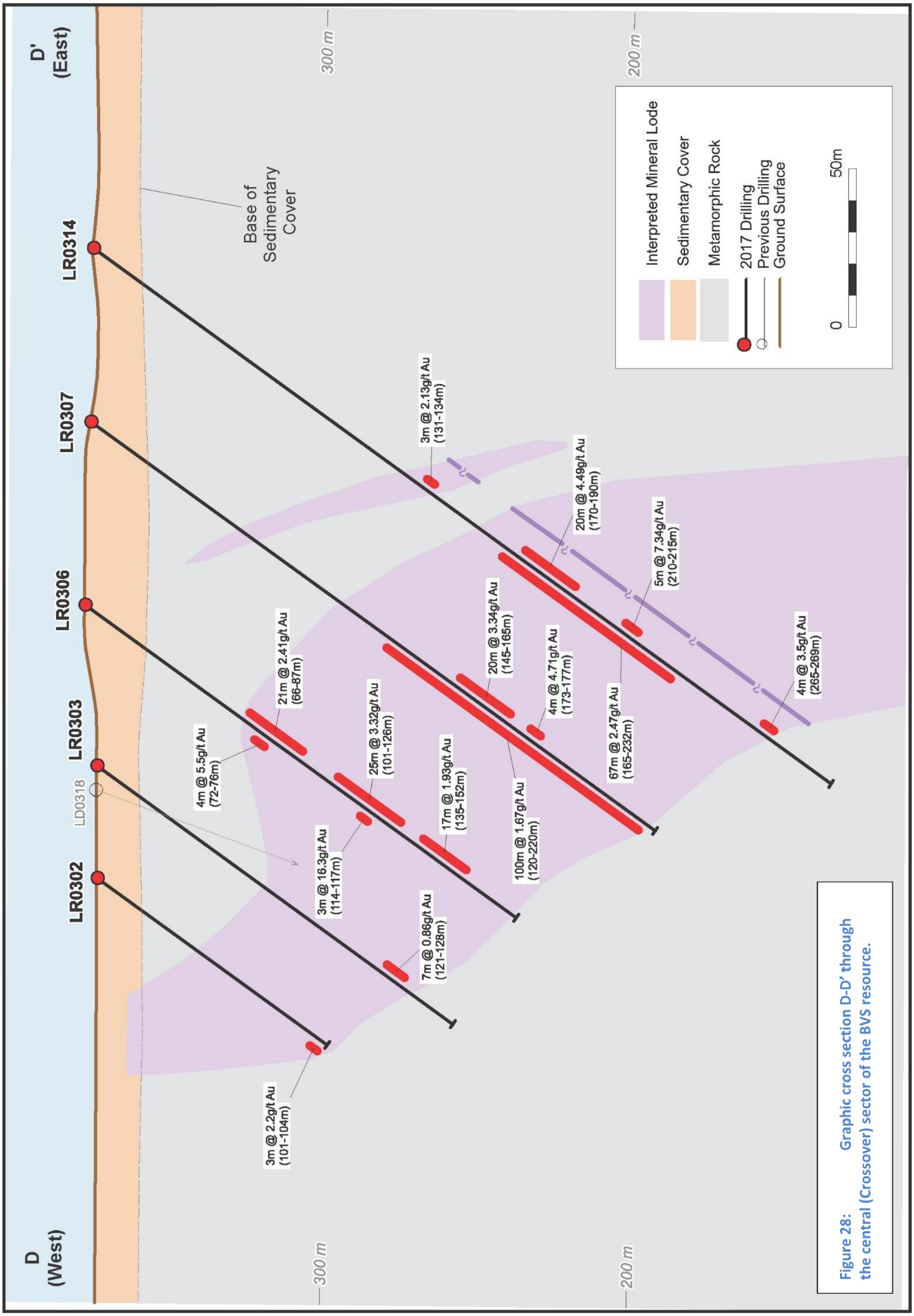

Figure 28: Graphic cross section D-D' through the central (Crossover) sector of the BVS resource.

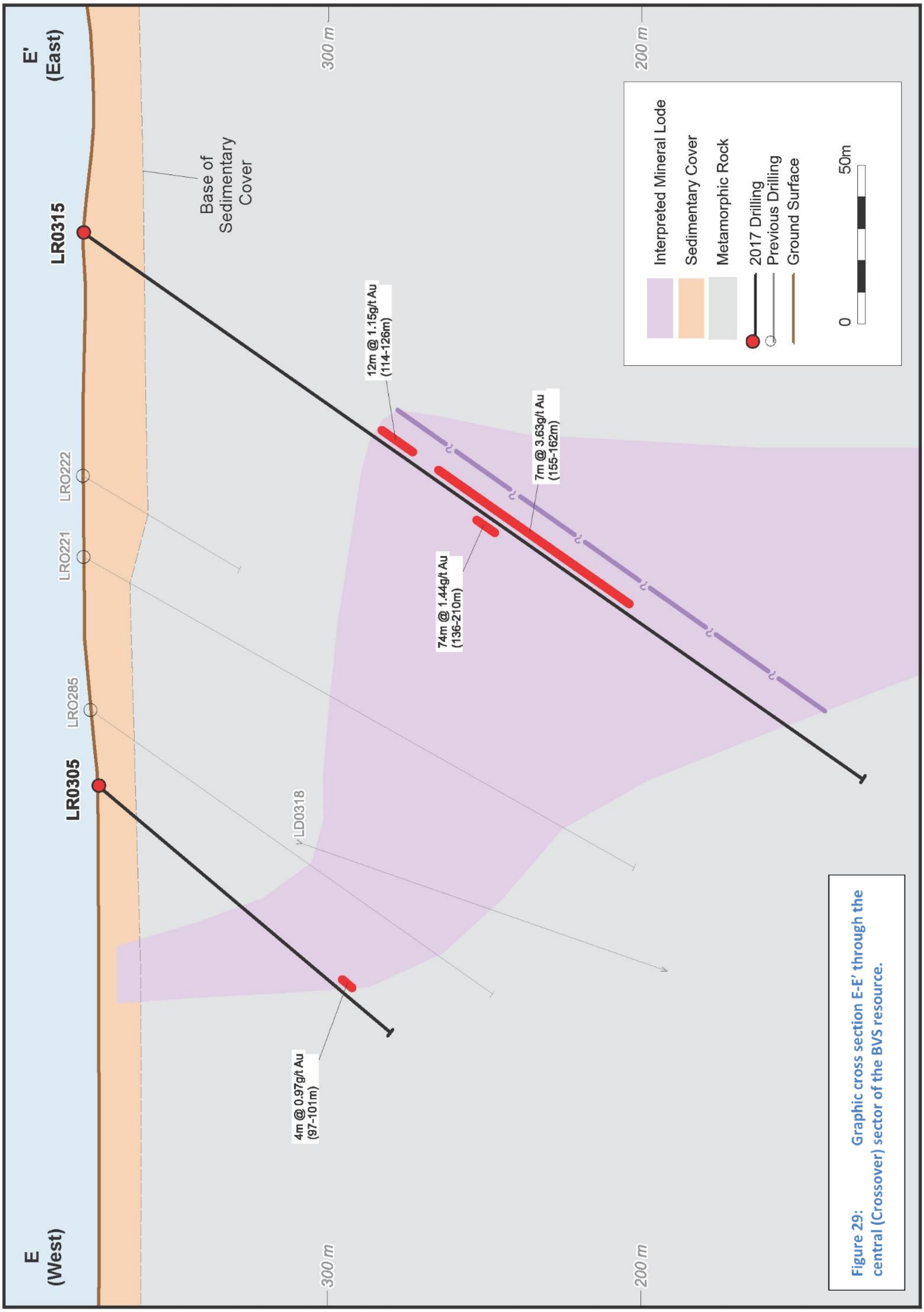

Figure 29: Graphic cross section E-E' through the central (Crossover) sector of the BVS resource.

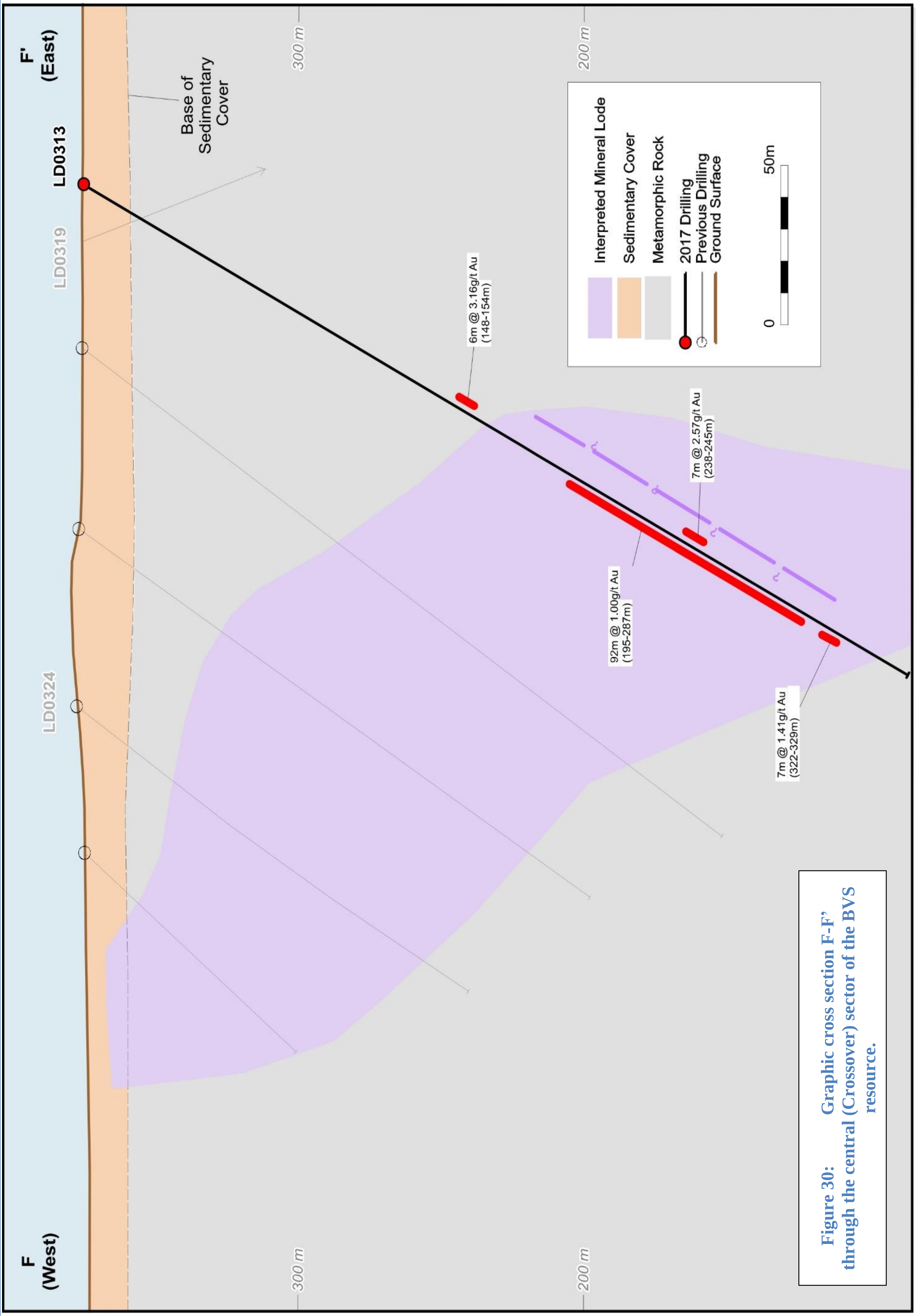

Figure 30: Graphic cross section F-F' through the central (Crossover) sector of the BVS resource.

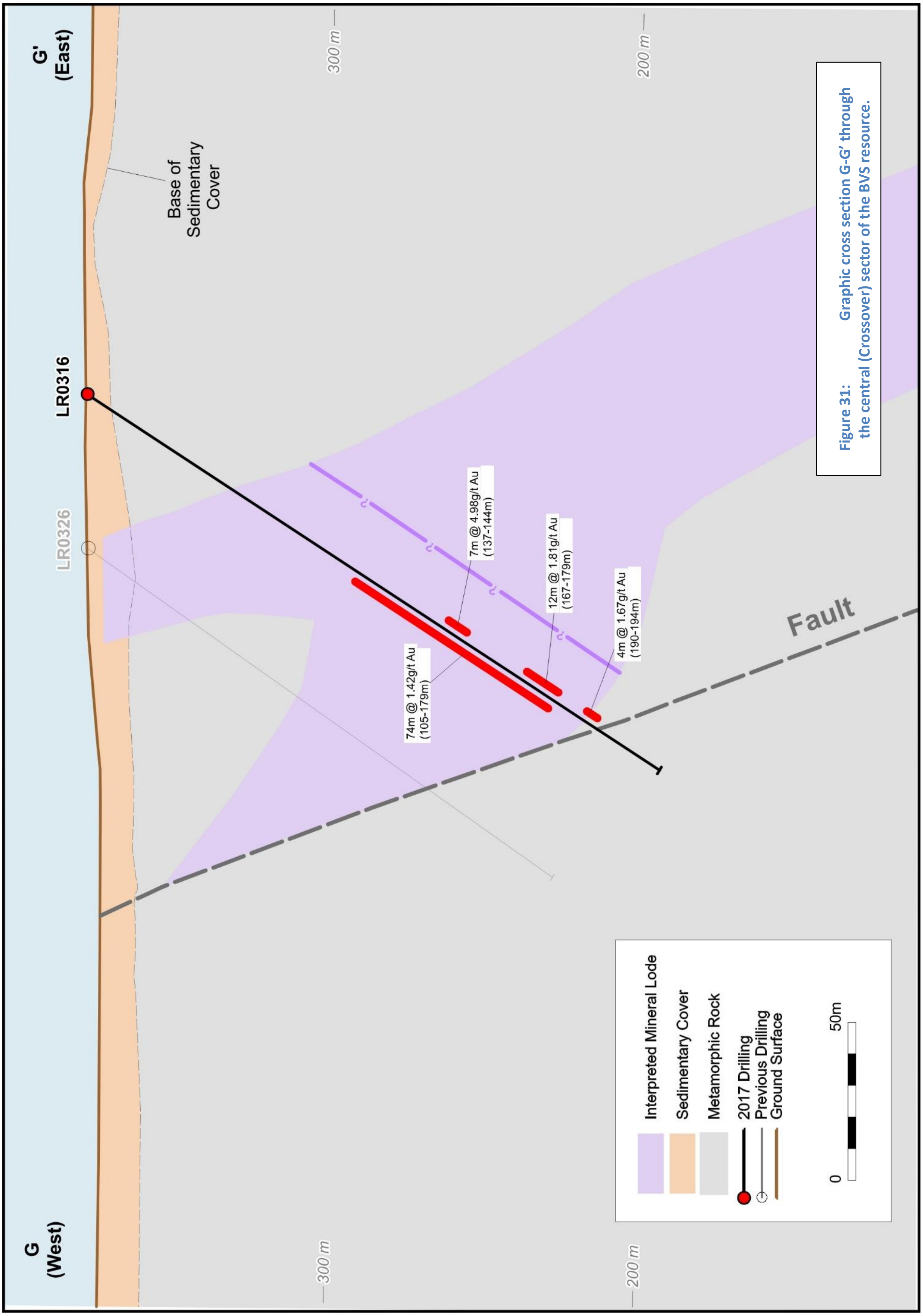

Figure 31: Graphic cross section G-G' through the central (Crossover) sector of the BVS resource.

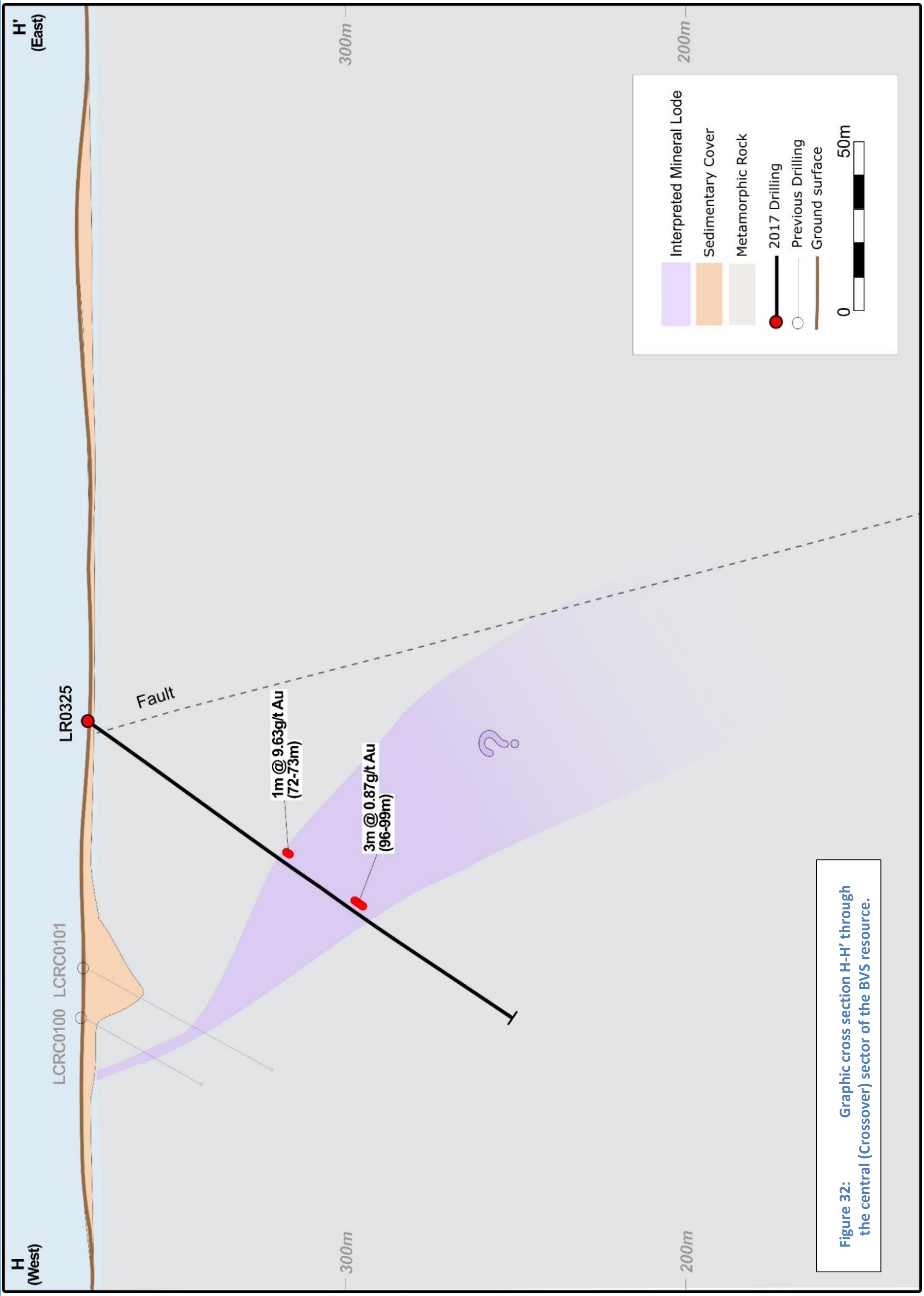

Figure 32: Graphic cross section H-H' through the central (Crossover) sector of the BVS resource.

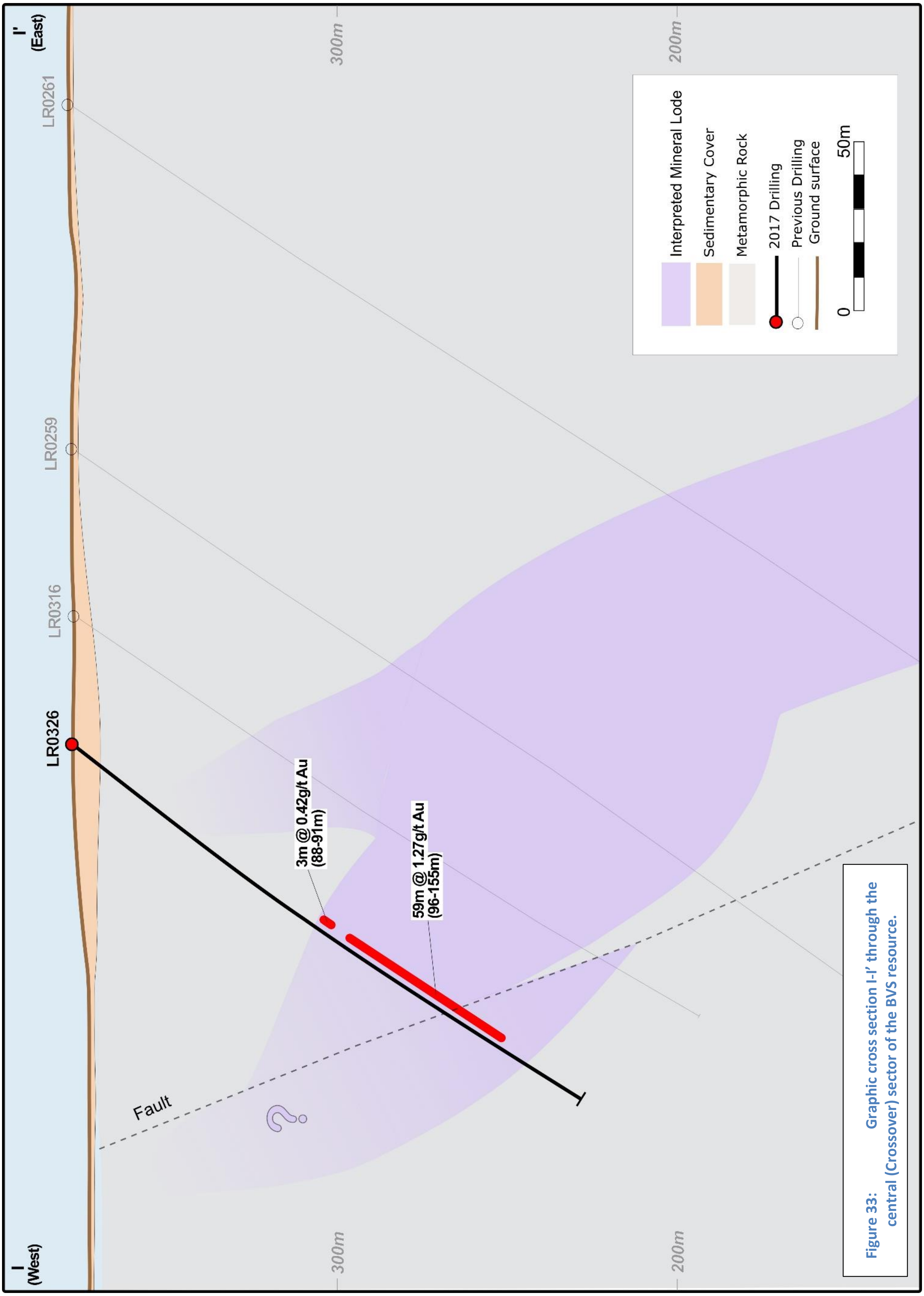

Figure 33: Graphic cross section I-I' through the central (Crossover) sector of the BVS resource.

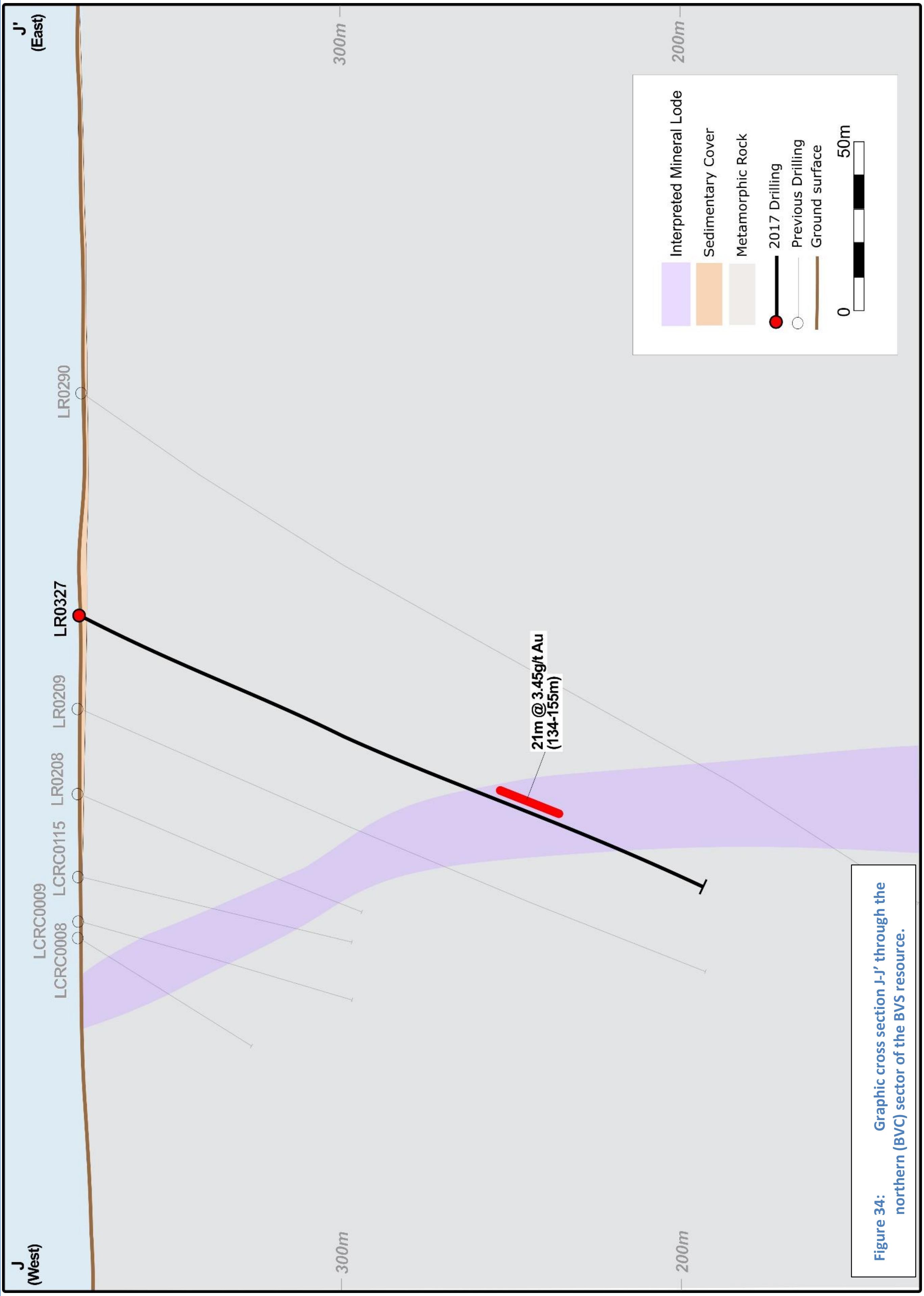

Figure 34: Graphic cross section J-J' through the northern (BVC) sector of the BVS resource.

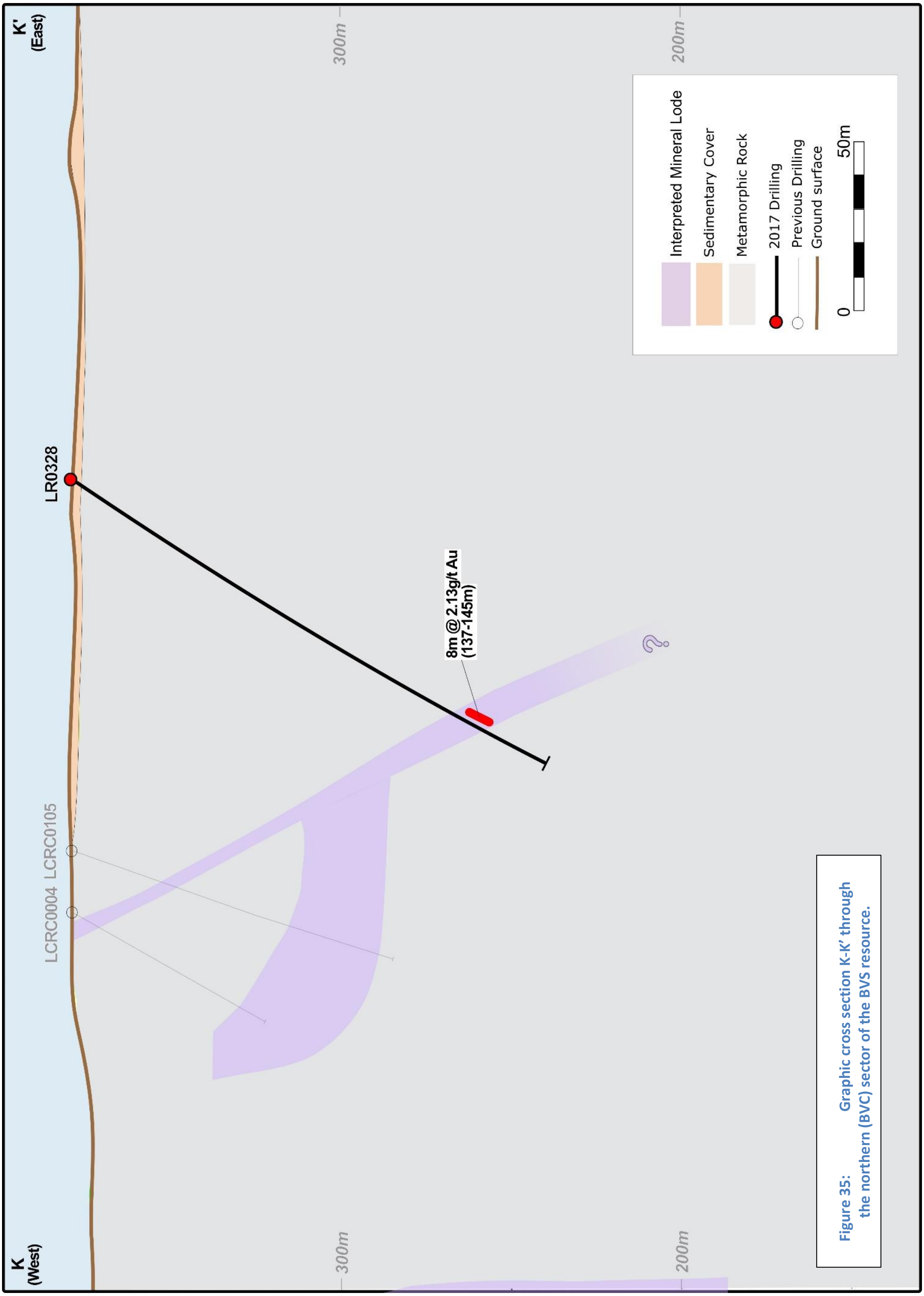

Figure 35: Graphic cross section K-K' through the northern (BVC) sector of the BVS resource.

APPENDIX FOUR: SUMMARY OF RC DRILL INTERSECTIONS FOR 2017.

Table 6: Summary of significant intersections using a 0.5 g/t gold cut-off grade

Hole ID	Prospect	End of Hole	Dip	Azimuth[1]	Easting[2] (metres)	Northing[2] (metres)	Altitude[2] (metres)	Sample[3] Method	From (metres)	To (metres)	Width[4] (metres)	Gold Grade[5] (ppm)
LR0299	BVS	100	-70	273	739362	7806374	375	RC	56	74	18	0.83
LR0300	BVS	112	-55	273	739402	7806393	378	RC	59	67	8	0.97
and									79	96	17	3.71
including									91	96	5	7.76
LR0301	BVS	232	-55	273	739530	7806370	380	RC	117	118	1	5.36
and									126	197	71	1.71
including									165	180	15	4.12
and									206	213	7	6.24
including									209	213	4	10.12
LR0302	BVS	118	-55	273	739417	7806492	380	RC	101	104	3	2.20
LR0303	BVS	148	-55	273	789452	7806485	380	RC	121	128	7	0.86
LR0304	BVS	148	-50	273	739425	7806445	380	RC	46	68	22	1.00
and									112	126	14	2.74
including									124	126	3	4.33
LR0305	BVS	154	-50	273	739438	7806513	372	RC	97	101	4	0.97
LR0306	BVS	184	-55	273	7806477	739500	380	RC	66	87	21	2.41
including									72	76	4	5.50
and									84	87	3	2.97
and									101	126	25	3.32
including									114	117	3	16.30
and									124	126	2	6.26
and									135	152	17	1.93
LR0307	BVS	231.5	-55	273	739559	7806467	380	RC	50	54	4	0.56
and									120	220	100	1.67
including									145	165	20	3.34
and									173	177	4	4.71
LR0308	BVS	244	-55	273	739530	7806421	380	RC	121	127	6	1.02
and									135	169	34	3.41
including									150	156	6	10.69
and									161	169	8	4.37
and									179	204	25	1.15
LR0309	BVS	202	-55	273	739480	7806379	380	RC	116	166	50	3.23
LR0310	BVS	303.5	-55	273	739577	7806362	380	RC	95	98	3	1.63
and									132	150	18	0.89
and									156	168	12	0.43
and									176	185	9	1.23
and									202	227	25	1.71
and									243	265	22	2.74
LR0311	BVS	351	-55	273	739618	7806334	380	RC	167	190	23	1.35
and									209	218	9	0.76
and									255	282	27	1.22
and									319	330	11	2.76

Table 6:	Summary of significant intersections using a 0.5 g/t gold cut-off grade											
Hole ID	Prospect	End of Hole	Dip	Azimuth[1]	Easting[2] (metres)	Northing[2] (metres)	Altitude[2] (metres)	Sample[3] Method	From (metres)	To (metres)	Width[4] (metres)	Gold Grade[5] (ppm)
LR0312	BVS	297.5	-55	273	739594	7806409	380	RC	**118**	**135**	**17**	**0.63**
and									**142**	**147**	**5**	**1.82**
and									**160**	**254**	**94**	**1.56**
including									183	195	12	4.07
and									227	235	8	4.83
LR0313	BVS	351	-55	273	739628	7806429	374	RC	**148**	**154**	**6**	**3.16**
and									**195**	**210**	**15**	**0.98**
and									**218**	**249**	**31**	**1.23**
including									238	245	7	2.57
and									**260**	**274**	**14**	**2.12**
and									**280**	**287**	**7**	**1.01**
and									**322**	**329**	**7**	**1.41**
LR0314	BVS	303.5	-55	273	739614	7806457	380	RC	**131**	**134**	**3**	**2.13**
and									**165**	**219**	**54**	**2.92**
including									170	190	20	4.49
and									210	215	5	7.34
and									**226**	**232**	**6**	**1.18**
and									**265**	**269**	**4**	**3.5**
LR0315	BVS	303.5	-55	273	739611	7806483	375	RC	**114**	**126**	**12**	**1.15**
and									**136**	**210**	**74**	**1.44**
including									155	162	7	3.63
LR0316	BVS	220	-55	273	739562	7806511	378	RC	**105**	**115**	**10**	**0.61**
and									**122**	**152**	**30**	**2.39**
including									137	144	7	4.98
and									**167**	**179**	**12**	**1.81**
and									**190**	**194**	**4**	**1.67**
LR0325	BVS	154	-55	273	739405	7806342	377	RC	**72**	**73**	**1**	**9.63**
and									**96**	**99**	**3**	**0.87**
LR0326	BVS	184	-55	273	739525	7806514	378	RC	**88**	**91**	**3**	**0.42**
and									**96**	**155**	**59**	**1.27**
including									145	154	9	4.31
LR0327	BVS	202	-65	273	739679	7806808	378	RC	**134**	**155**	**21**	**3.45**
LR0328	BVS	166	-55	273	739668	7806698	382	RC	**137**	**145**	**8**	**2.13**

Notes:

[1] All Azimuths are reported in degrees relative to the project grid (GDA94). Orientation data presented in Appendix 1 represents collar data.

[2] All coordinates are reported in GDA94. Collars were surveyed by Differential GPS prior to drilling. Final collar coordinates, surveyed using a Differential GPS will be updated in due course.

[3] All intersection widths are length weighted averages. All widths are Intersection or Apparent Widths and may not represent the true widths of the mineralisation.

[4] Assay results presented are Certified Final Assays. A 0.5ppm gold cut-off grade was used at the beginning and end of the reported mineralised intersects. Low-grade zones up to 6 metres are included in overall intercepts (bold). Low-grade zones less than two metres width within an intersection were included in the secondary intersections as per 2013 to 2016 announcements for comparative purposes. No upper cut-off was applied. Results presented are gold only: no metal equivalents are used.

[5] Narrow, low grade intersections intercepted in the southern sector. Intercepts included as indicative that structure was intercepted. Similar narrow, low grade intercepts are not included elsewhere as they do not representing significant mineralisation.

APPENDIX FIVE: TENEMENT HOLDINGS.

Table 6: Woolgar Tenement Holdings as at 15 March 2018. All Tenements are held by Strategic 100%.

Tenement	Tenement Name	Status	Area (Sub-blocks)	Area (HA)	Date of Grant	Date of Expiry
* EPM 9599	Woolgar	Granted	32	-	02.09.1993	01.09.2019
* EPM 11886	Woolgar	Renewal Pending	23	-	21.04.2004	20.04.2018
* EPM 13942	Steam Engine	Granted	3	-	09.11.2006	08.11.2021
* EPM 14060	Woolgar South	Granted	40	-	21.04.2004	20.04.2021
* EPM 14209	Woolgar	Granted	49	-	21.04.2004	20.04.2021
EPM 26263	Woolgar	Granted	100	-	05.12.2016	04.12.2021
ML 2642	Soapspar	Granted	-	4.05	31.01.1974	31.08.2029
ML 2728	Shamrock	Granted	-	128	25.05.1989	31.08.2029
ML 2729	Mowbray	Granted	-	128	25.05.1989	31.08.2029
ML 2739	Mowbray #3	Granted	-	128	25.05.1989	31.08.2029
ML 2793	New Soapspar	Granted	-	146.4	08.08.1991	31.08.2029
ML 90044	Sandy Dam	Granted	-	29.2	27.04.1995	30.04.2029
ML 90122	Sandy Creek	Granted	-	350.8927	02.09.2004	30.09.2029
ML 90123	Flat Creek	Granted	-	124.7277	23.11.2004	30.11.2029
ML 90238	North Star	Granted	-	882.6	19.09.2017	30.09.2034

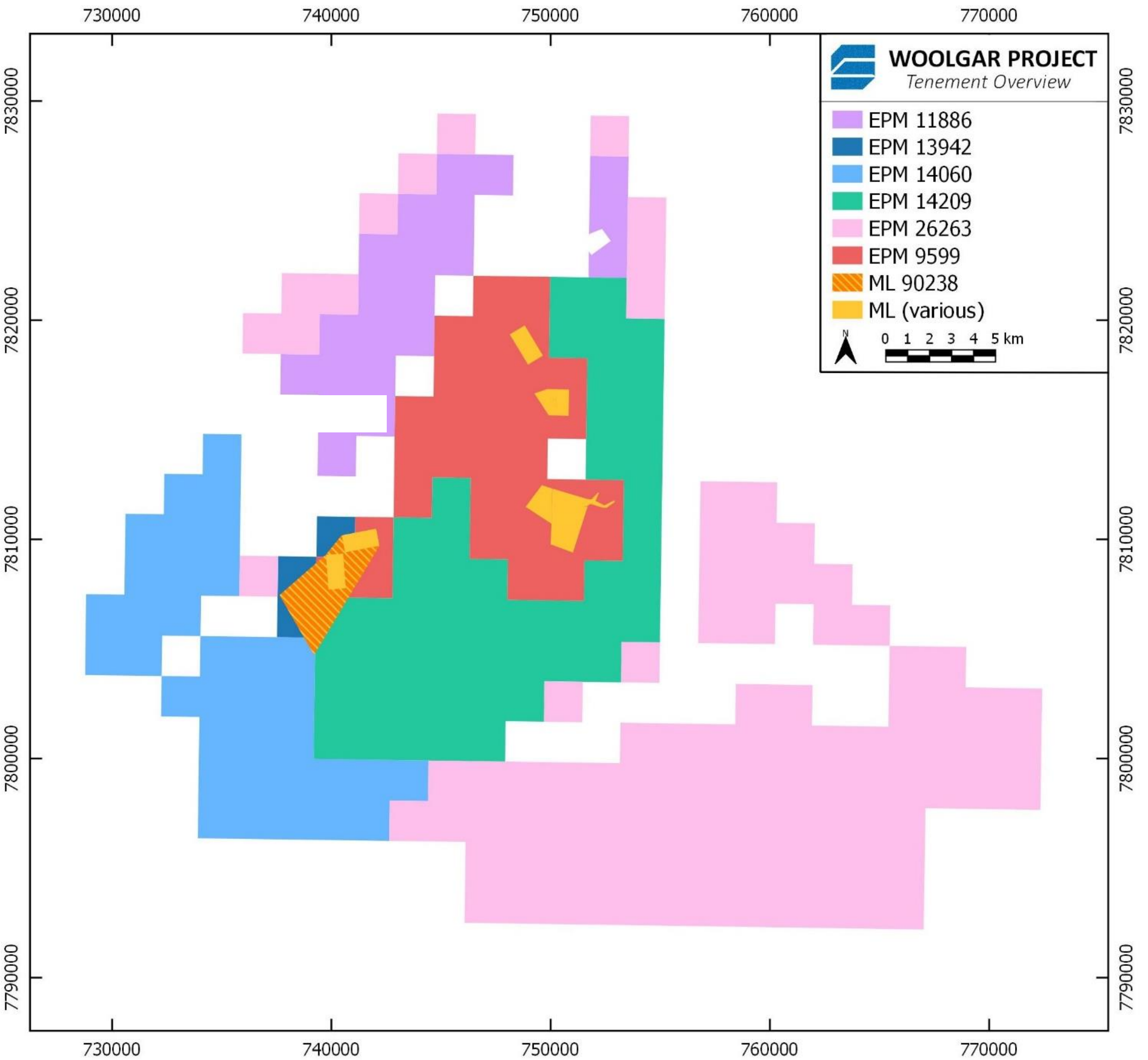

Figure 36: Tenement location map for Woolgar Project

DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 31 December 2017.

1. DIRECTORS

The names, qualifications, experience and special responsibilities of the Directors in office at any time during or since year-end are as follows:

- **Mr. Laif Allen McLoughlin** *Chairman (Executive Chairman)*

  BBus (Economics), MBA

  Mr McLoughlin's work experiences span across a number of industries in both private and public sectors and in various team and leadership roles. Mr McLoughlin is currently Executive Chairman of Strategic Minerals Corporation and is an advisor for the QCoal Groups. Prior to this Mr McLoughlin held senior positions at The Suncorp Group, SMS Management and Technology and the Department of Defence where he was Officer in Charge of the Management Consulting Team.

  He is a member of the Australian Institute of Company Directors and AusIMM and has not held any other Australian public company directorships in the past three years.

- **Mr Christopher Ian Wallin** *Non-executive Director*

  FAusIMM, FAIG

  Mr Wallin is a Fellow of the Australian Institute of Mining and Metallurgy, Fellow of the Australian Institute of Geoscientists and a Member of the Geological Society of Australia. He has 40 years' experience in the Queensland exploration and mining industry.

  Mr Wallin is the Sole Director and owner of the QCoal Group which has managed the development and operation of numerous open-cut mines in Queensland and is currently overseeing the development of the Byerwen Coal Project. In 2014 QCoal's ongoing commitment to the industry was celebrated when the company was awarded the Queensland Miner of the Year Award.

  In addition to exploration and mining QCoal is proud to be a principal sponsor of the Royal Flying Doctor Service Queensland.

  Mr Wallin is the Sole Director of QGold Pty Ltd which is the major shareholder in Strategic Minerals Corporation NL.

- **Mr Jay Richard Stephenson** *Non-executive Director (Independent) and Company Secretary*

  MBA, FCPA, CMA, FCIS, MAICD

  Mr Stephenson has been involved in business development for over 25 years including the past 20 years as Director, Chief Financial Officer and Company Secretary for various listed and unlisted entities in resources, manufacturing, wine, hotels, and property. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, business restructuring as well managing all areas of finance for companies.

  Mr Stephenson also holds or has held the following directorships over the past three years: Non-Executive Director of Doray Mining Limited since August 2009 and Nickelore Limited since July 2011. Chairman, Non-Executive Director of Yonder and Beyond Group Limited since February 2011 and Non-Executive Director of Drake Resources Limited since 2005. Past Non-Executive Director of Aura Energy Limited - August 2005 to July 2013, Bulletproof Limited (Spencer Resources Limited) July 2011 to January 2014, Veriluma Limited (Parmelia Resources Limited) - May 2014 to October 2016 and Ensurance Ltd (Parker Resources Limited) - January 2011 to December 2012.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. DIRECTORS' MEETINGS

The number of directors' meetings attended by each of the Directors of the Company who hold or held office during the financial year was:

	DIRECTORS' MEETINGS		AUDIT COMMITTEE		NOMINATION COMMITTEE		REMUNERATION COMMITTEE		FINANCE AND OPERATIONS COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
L A McLoughlin	4	4	*At the date of this report, the Remuneration, Audit, Nomination, and Finance and Operations Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.*							
C I Wallin	4	4								
J Stephenson	4	4								

3. DIRECTORS' INTERESTS

The relevant interests of Directors in the shares and options of the Company up to the date of this report were as follows:

	Shares (Direct) No.	Shares (Indirect) No.	Shares (Direct) No.	Shares (Indirect) No.
2017				
L A McLoughlin	146,739	-	-	-
C I Wallin	-	56,684,380	-	-
J Stephenson	-	-	-	-
	146,739	56,684,380	-	-
2016				
L A McLoughlin	86,423	-	-	-
C I Wallin	-	43,415,208	-	-
J Stephenson	-	-	-	-
	86,423	43,415,208	-	-
The aggregate number of shares acquired/(disposed or consolidated) directly or indirectly by Directors during the year up to the date of this report was:				
L A McLoughlin	60,316	-	-	-
C I Wallin	-	13,269,172	-	-
J Stephenson	-	-	-	-
	60,316	13,269,172	-	-

4. PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the course of the financial year was gold and mineral exploration.

5. OPERATING RESULTS

For the 2017 financial year the Group delivered a loss before tax of $620,949 (2016: $579,159 loss).

6. REVIEW OF OPERATIONS

During the year, the Group continued its exploration of the Woolgar Project in Queensland. Refer to the detailed Operations Review on page 4 this report.

7. DIVIDENDS

The Directors have not paid an interim dividend nor do they recommend the payment of a final dividend.

DIRECTORS' REPORT

8. FINANCIAL POSITION

The net assets of the Group have increased from 31 December 2016 by $2,075,678 to $24,626,735 at 31 December 2017 (2016: $22,551,057).

As at 31 December 2017, the Group's cash and cash equivalents increased from 31 December 2016 by $91,609 to $405,702 at 31 December 2017 (2016: $314,093) and had working capital of $170,521 (2016: $243,882 working capital), as noted in Note 18(e).

The consolidated entity's financial position has enabled the Group to limit its borrowings to internal parties and not to external financial institutions. This maintains a satisfactory working capital ratio.

The directors believe the Group is in a satisfactorily stable financial position to continue its current operations.

9. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the Group during the year ended 31 December 2017.

10. EVENTS SUBSEQUENT TO REPORTING DATE

There were no subsequent events which occurred subsequent to the reporting date that are not covered in this Directors' Report above or written within the financial statements at Note 24 Events subsequent to reporting date.

11. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely future developments in the operations of the Consolidated Entity are referred to in the Operations Review on page 4 this report.

12. DIRECTORS' SHAREHOLDINGS, CONTRACTS AND BENEFITS

Since the end of the previous financial year no Director of the Company has received, or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts) by reason of a contract made by the Company with the Director or with a firm of which the Director is a member, or a Company in which the Director has a substantial financial interest, other than as disclosed in the remuneration report below.

DIRECTORS' REPORT

13. 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) Details of remuneration

(c) Service agreements

(d) Equity instruments disclosure relating to Key Management Personnel

(e) Share-based compensation

(f) Loans to / from Key Management Personnel

(g) Transactions with Related Parties of Key Management Personnel

The information provided in this remuneration report has been audited as required by s.308(3C) of the *Corporations Act 2001* (Cth).

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

The following report determines the principles used to determine the nature and amount of remuneration. The Board is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team. The role also includes responsibility for share option schemes, superannuation entitlements, retirement and termination entitlements, fringe benefit policies, liability insurance policies and other terms of employment.

The Board will review the arrangements having regard to performance, relevant comparative information and at its discretion may obtain independent expert advice on the appropriateness of remuneration packages. Remuneration packages are set at levels intended to attract and retain Executives capable of managing the Company's activities.

The practices of negotiation and annual review of executive directors' performance and remuneration are carried out, in an informal way by the Executive Chairman who makes recommendations to the Board of the Company. The Chairman of the Board who makes recommendations to the full board undertakes, in an informal way, the review of the Managing Director's performance and remuneration. There is no formal relationship between remuneration and performance due to the Company still being in the exploration phase.

The Board will meet at least annually or as required, usually on the anniversary date of each service agreement for the particular Director and or Executive. At these meetings, the particular Director and/or Executive will declare his/her interest and not vote, as well he/she will depart from the meeting, so as not to be present whilst the issue is being discussed.

Given the nature and size of the Company there has been no requirement to engage the services of a remuneration consultant for the year ending 31 December 2017.

i. Remuneration of non-executive directors

Total remuneration for non-executive directors is not to exceed $250,000 per annum, excluding options which are approved separately at a general meeting. Non-Executive Directors' fees are set with reference to fees paid to other Non-Executive Directors of comparable companies and are presently $40,000 per annum plus superannuation (2016: $40,000). The Executive Chairman receives a fee of $220,000 per annum inclusive of superannuation (2016: $220,000). Non-Executive Director's remuneration is reviewed annually by the Board.

ii. Share trading policy

The trading of shares issued to participants under any of the Company's employee equity plans is subject to, and conditional upon, compliance with the Company's employee share trading policy, publicly available via the ASX on 20 December 2010.

iii. Remuneration Framework

The executive remuneration framework has two components:

- base pay and benefits, including superannuation where applicable; and
- long term incentives through Directors options.

The executive remuneration mix is consistent with that of an exploration company in that pay is currently not based on the performance of the Company and both components of the executives target pay is not at risk. The table below sets out the percentage of long term incentives by way of options which contribute to the executive's remuneration mix.

DIRECTORS' REPORT

13. REMUNERATION REPORT (AUDITED)

(b) Details of remuneration

Details of the nature and amount of each element of the emoluments of each of the key management personnel of the Company For the year ended 31 December 2017 are set out in the following tables.

	Short-term benefits		Post-employment benefits	Equity-settled share-based payments:		Options as a percentage of remuneration
	Cash, salary & fees	Non- monetary	Super-annuation	Options	Total	
	$	$	$	$	$	%
2017						
Mr L A McLoughlin	199,100		18,915	-	218,015	-
Mr C I Wallin	40,000		3,800	-	43,800	-
Mr J Stephenson	-		-	-	-	
	239,100	-	22,715	-	261,815	
2016						
Mr L A McLoughlin	157,808	-	11,033	-	168,841	-
Mr C I Wallin	23,333	-	2,217	-	25,550	-
Mr J Stephenson (1)	38,000	-	-	-	38,000	-
Mr W A C Martin(2)	204,915	-	-	-	204,915	-
	424,056	-	13,250	-	437,306	-

(1) In 2016, Mr Stephenson was a director of consulting companies which provided consulting services to the Company for which fees outlined above were paid. Mr Stephenson ceased to be a shareholder and director of the before mentioned companies on the 16th September 2016.

(2) Mr Martin passed away in April 2016. Of the amount in salary $118,873 was paid to the estate of Mr Martin which represents the payment of leave entitlements.

Long term incentives are provided through the Strategic Minerals Option Plan. The issue of options is not linked to performance conditions because by setting the option price at a level above the current share price at the time the options are granted provides incentive for management to improve the Group's performance.

(c) Service agreements

There are no service agreements in place for Directors.

DIRECTORS' REPORT

13. REMUNERATION REPORT (AUDITED)

(d) Equity instruments disclosure relating to Key Management Personnel

i. Shareholdings

Number of shares held by Parent Entity Directors and other key management personnel of the Group, including their personally related parties, are set out below.

2017	Balance at start of year No.	Effect of 15:1 Consolidation No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year No	Balance at end of year No.
Executive Chairman						
Mr L A McLoughlin[(1)]	86,423				60,316	146,739
Non-Executive Directors						
Mr C I Wallin[(1)]	43,335,083				11,704,554	55,039,637
Mr J Stephenson	-					-
	43,421,506	-	-	-	11,764,870	55,186,376

(1) Other changes during the year represent shares acquired on market

(e) Share-based Compensation

i. Options

There were no options on issue at 31 December 2017.

ii. Equity Instruments issued on exercise of remuneration options

There were no equity instruments issued during the period to Directors or other key management personnel as a result of options exercised that had previously been granted as compensation.

(f) Loans to / from Key Management Personnel

There were no loans to / from Key Management Personnel for the year ended 31 December 2017.

(g) Transactions with Related Parties of Key Management Personnel

There are no other significant related party transactions not already identified at the 31 December 2017 year end.

There are no other related party transactions other than those payments to Directors as disclosed in the remuneration report.

END OF REMUNERATION REPORT

DIRECTORS' REPORT

14. LOANS TO DIRECTORS AND EXECUTIVES

No loans have been made to Directors of Strategic Minerals Corporation NL and the specified executives of the consolidated entity, including their personally-related entities.

15. SHARES UNDER OPTION

There were no options for ordinary shares of Strategic Minerals Corporation NL at the date of this report.

16. LIABILITY INSURANCE

The Company has taken out an insurance policy to cover its Directors and Officers to indemnify them against any claims of negligence.

17. ENVIRONMENTAL REGULATION

The mining leases granted to the Company pursuant to Mining Acts are granted subject to various conditions, which include standard environmental requirements. The Company adheres to these conditions and the Directors are not aware of any contraventions of these requirements.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the first measurement period the directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

18. NON-AUDIT SERVICES

During the year, Hall Chadwick QLD, the Company's auditor, did not perform any services other than their statutory audits.

Details of remuneration paid to the auditor can be found within the financial statements at Note 23 Auditor's Remuneration on page 87

In the event that non-audit services are provided by Hall Chadwick QLD, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001. These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

The Directors are satisfied that the provision of non-audit services Hall Chadwick QLD (or by another person or firm on Hall Chadwick QLD's behalf is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

19. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

20. AUDITORS INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under s.307C of the *Corporations Act 2001* (Cth) is set out on page 56.

21. AUDITORS

The auditor, Hall Chadwick QLD continues in accordance with s.327 of the *Corporations Act 2001* (Cth).

DIRECTORS' REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).

LAIF ALLEN McLOUGHLIN
Executive Chairman
Dated this Thursday, 29 March 2018

HALL CHADWICK
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS | QLD

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07 3221 2416 P
hallchadwickqld.com.au

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Strategic Minerals Corporation NL

I declare that, to the best of my knowledge and belief during the year ended 31 December 2017 there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

Hall Chadwick QLD

Geoffrey Stephens
Hall Chadwick QLD
Chartered Accountants

Dated this ....29.......... day of ......March...... 2018

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for establishing the Company's corporate governance framework. In establishing its corporate governance framework, the Board has referred to the 3rd edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

The Corporate Governance Statement discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The Company's Corporate Governance Plan has been posted on the Company's website at www.stratmin.com.au.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which: (a) sets out the respective roles and responsibilities of the board, the chair and management; and (b) includes a description of those matters expressly reserved to the board and those delegated to management.	YES	The Company has adopted a Board Charter. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Boards composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter is stated in Schedule 1 of the Corporate Governance Plan which is available on the Company's website.
Recommendation 1.2 A listed entity should: (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 relevant to a decision on whether or not to elect or re-elect a director.	YES	a) The Company has detailed guidelines for the appointment and selection of the Board. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director. b) Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the director.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	YES	The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that director's or senior executive's appointment.
Recommendation 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.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board: (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary or it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.	YES	a) The Company has adopted a Diversity Policy. i. The Diversity Policy provides a framework for the Company to achieve a list of 6 measurable objectives that encompass gender equality. ii. The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives. b) The Diversity Policy is stated in Schedule 9 of the Corporate Governance Plan which is available on the company website. c) i. The measurable objectives set by the Board will be included in the annual key performance indicators for the CEO, MD and senior executives. In addition the Board will review progress against the objectives in its annual performance assessment. ii. The Board will include in the annual report each year, the measurable objectives, progress against the objectives, and the proportion of male and female employees in the whole organisation, at senior management level and at Board Level.
Recommendation 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.	NO	a) The Board is responsible for evaluating the performance of the Board and individual directors on an annual basis. It may do so with the aid of an independent advisor. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan. b) The Company's Corporate Governance Plan requires the Board to disclosure whether or not performance evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Reports.
Recommendation 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.	YES	a) The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives. b) The Company's Corporate Governance Plan requires the Board to conduct annual performance of the senior executives. Schedule 6 'Performance Evaluation' requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Report.
Principle 2: Structure the board to add value		
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) 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 meetings; 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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	NO	Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Nomination Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee under the written terms of reference for that committee. The duties of the Nomination Committee are outlined in Schedule 5 of the Company's Corporate Governance Plan available online on the Company's website. The Board devotes time at board meetings to discuss board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules. The Board regularly updates the Company's board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	YES	See Board Skills Matrix below. (1) Skill gap noticed however an external taxation firm is employed to maintain taxation requirements. (2) Skill gap noticed however an external IT firm is employed on an ad hoc basis to maintain IT requirements.
Recommendation 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 ASX Corporate Governance Principles and Recommendation (3rd Edition), 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 question and an explanation of why the board is of that opinion; and (c) the length of service of each director	YES	a) The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. These details are provided in the Annual Reports and Company website. b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors' interests, positions associations and relationships are provided in the Annual Reports and Company website. c) The Board Charter provides for the determination of the Directors' terms and requires the length of service of each Director to be disclosed. The length of service of each Director is provided in the Annual Reports and Company website.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	NO	The Board Charter requires that where practical the majority of the Board will be independent. Details of each Director's independence are provided in the Annual Reports and Company website.
Recommendation 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.	NO	The Board believes that the current Chairman can and does make quality and independent judgements in the best interest of the Company and other stakeholders notwithstanding that he is not an independent director in accordance with the criteria set out in the recommendations.
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	YES	The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.
Principle 3: Act ethically and responsibly		
Recommendation 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.	YES	a) The Corporate Code of Conduct applies to the Company's Directors, senior executives and employees. b) The Company's Corporate Code of Conduct is in Schedule 2 of the Corporate Governance Plan which is on the Company's website.

Board Skills Matrix	Number of Directors that Meet the Skill
Executive and Non- Executive experience	3
Industry experience and knowledge	3
Leadership	3
Corporate governance and risk management	3
Strategic thinking	3
Desired behavioural competencies	3
Geographic experience	2
Capital Markets experience	3
Subject matter expertise:	
- accounting	2
- capital management	2
- corporate financing	2
- industry taxation [1]	2
- risk management	3
- legal	3
- IT expertise [2]	0

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) 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 an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	NO	Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee. The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that 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.	YES	The Company's Corporate Governance Plan states that a duty and responsibility of the Board is to ensure that before approving the entity's financial statements for a financial period, the CEO and CFO have declared 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.
Recommendation 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.	YES	The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	YES	a) The Board Charter provides details of the Company's disclosure policy. In addition, Schedule 7 of the Corporate Governance Plan is entitled 'Disclosure – Continuous Disclosure' and details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. b) The Board Charter and Schedule 7 of the Corporate Governance Plan are available on the Company website.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Shareholder Communications Strategy outlines a range of ways in which information is communicated to shareholders.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 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.	YES	The Shareholder Communications Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX. Shareholders queries should be referred to the Company Secretary at first instance.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) 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 meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	NO	Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee. The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meeting to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.
Recommendation 7.2 The board or a committee of the board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and (b) disclose in relation to each reporting period, whether such a review has taken place.	YES	a) The Company process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 8 of the Corporate Governance Plan is entitled 'Disclosure – Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls. b) The Board Charter requires the Board to disclose the number of times the Board met throughout the relevant reporting period, and the individual attendances of the members at those meetings. Details of the meetings will be provided in the Company's Annual Report.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	YES	Schedule 3 of the Company's Corporate Plan provides for the internal audit function of the Company. The Board Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	Schedule 3 of the Company's Corporate Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) 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 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.	NO	Due to the size and nature of the existing board and the magnitude of the Company's operations the Company currently has no Remuneration Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee. The role and responsibilities of the Remuneration Committee are outlined in Schedule 4 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.
Recommendation 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 and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior Directors.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme 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.	YES	a) Company's Corporate Governance Plan states that the Board is required to review, manage and disclose the policy (if any) 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. The Board must review and approve any equity based plans. b) A copy of the Company's Corporate Governance Plan is available on the Company's website.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
Revenue and other income	5	1,792	19,666
Administration expense		(188,274)	(158,416)
Consulting and legal		(88,418)	(68,431)
Depreciation and amortisation	6(a)	(3,756)	(18,413)
Employee benefit expense		(280,681)	(315,635)
Premises expense		(59,320)	(14,067)
Impairment of assets		-	(10,537)
Impairment of shares in listed company		5,500	1,500
Travel expense		(7,792)	(14,826)
(Loss) before income tax		(620,949)	(579,159)
Income tax expense/(benefit)		-	-
(Loss) for the year		(620,949)	(579,159)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(620,949)	(579,159)
Total Comprehensive Loss is attributable to:			
Equity holders of the Company		(620,948)	(579,037)
Non-Controlling Interest		(1)	(122)
		(620,949)	(579,159)
Loss per share attributable to the ordinary equity holders of the Company		¢	¢
Basic (loss) per share	9	(0.93)	(1.38)

Where diluted earnings per share are anti-dilutive, they are not disclosed.

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 $	2016 $
Current assets			
Cash and cash equivalents	10	405,702	314,093
Trade and other receivables	11	111,138	95
Other current assets	15	22,630	6,312
Total current assets		539,470	320,500
Non-current assets			
Financial assets	12	81,303	51,300
Plant and equipment	13	18,852	8,607
Mineral exploration and evaluation assets	14	24,346,337	22,230,117
Other non-current assets	15	17,151	17,151
Total non-current assets		24,463,643	22,307,175
Total assets		25,003,113	22,627,675
Current liabilities			
Trade and other payables	16	316,567	52,008
Provisions	17	42,869	24,610
Borrowings		9,513	-
Total current liabilities		368,949	76,618
Non-current liabilities			
Provisions	17	7,429	-
Total non-current liabilities		7,429	-
Total liabilities		376,378	76,618
Net assets		24,626,735	22,551,057
Equity			
Contributed equity	18(a)	52,236,018	49,539,212
Reserves		-	2,972,522
Accumulated losses		(27,603,272)	(29,954,846)
Capital and reserves attributable to owners of Strategic Minerals Corporation NL		24,632,746	22,556,888
Non-controlling interest		(6,011)	(6,010)
Total equity		24,626,735	22,550,878

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

		Contributed equity $	Share based payment reserve $	Accumulated Losses $	Sub-total $	Non Controlling Interest $	Total Equity $
Balance at 1 January 2016		48,142,683	2,972,522	(29,375,809)	*21,739,396*	(5,888)	21,733,508
Total comprehensive loss for the year		-	-	(579,037)	*(579,037)*	(122)	(579,159)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	18(a)	1,396,529	-	-	*1,396,529*	-	1,396,529
Balance at 31 December 2016		49,539,212	2,972,522	(29,954,846)	*22,556,888*	(6,010)	22,550,878
Balance at 1 January 2017		49,539,212	2,972,522	(29,954,846)	*22,556,888*	(6,010)	22,550,878
Total comprehensive loss for the year		-	-	(620,948)	*(620,948)*	(1)	(620,949)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	18(a)	2,696,806	-	-	*2,696,806*	-	2,696,806
Options previously expired			(2,972,522)	2,972,522	-		-
Balance at 31 December 2017		52,236,018	-	(27,603,272)	*24,632,746*	(6,011)	24,626,735

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
Cash flow from operating activities			
Payments to suppliers & employees		(461,779)	(765,100)
Interest received		1,792	1,666
Net cash (outflow) from operating activities	10(d)	(459,987)	(763,434)
Cash flow from investing activities:			
Purchase of property, plant, equipment		(14,000)	-
Payments/Refunds of security deposits		(24,503)	(9,732)
Payments for exploration expenditure assets		(2,116,220)	(1,130,759)
Net cash (outflow) from investing activities		(2,154,723)	(1,140,491)
Cash flow from financing activities:			
Proceeds from issue of shares		2,731,350	1,415,898
Cost of capital raising		(34,544)	(19,369)
Proceeds of borrowings		9,513	-
Net cash inflow from financing activities		2,706,319	1,396,529
Net increase / (decrease) in cash held		91,609	(507,396)
Cash and cash equivalents at the beginning of the period		314,093	821,489
Cash and cash equivalents at the end of period	10(b)	405,702	314,093

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Strategic Minerals Corporation NL and Controlled Entities (the Consolidated Group or "Group"). Strategic Minerals is a no liability, listed public company incorporated and domiciled in Australia. The Group is a for profit entity for the purposes of preparing the financial statements. The addresses of its registered office and principal place of business are disclosed on page 1 of this report.

The separate financial statements of the parent entity, Strategic Minerals Corporation NL, have not been presented within this financial report as permitted by the *Corporations Act 2001* (Cth).

The financial statements were authorised for issue on 29 March 2018 by the Directors of the Company.

(a) Basis of preparation

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

i. Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AAS Board) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the *Corporations Act 2001* (Cth).

Australian Accounting Standards (AASBs) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

ii. Going Concern

The 31 December 2017 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realization of assets and extinguishment of liabilities in the ordinary course of business.

The Group incurred a loss for the year of $620,949 (2016: $579,159 loss) and a net cash out-flow from operating and investing activities of $2,614,710 (2016: $1,903,925 out-flow).

As at 31 December 2017, the Company had working capital of $170,521 (2016: $243,882 working capital), as disclosed in note 18(e).

This financial report is prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the Group's ability to generate positive cash flows through its existing business and/ or raising of further equity.

During the year the Group raised $2,696,806 through placements and rights issues. Due to the on-market takeover bid announced on 4 December 2017, the Group has been unable to raise capital through undertaking a placement or rights issue. As such, on 9 March 2018 the Group entered into a $1 million loan facility agreement with director, Christopher Wallin. The board is confident when the on-market takeover bid expires in its ability to raise additional funds and continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Management are currently putting plans in place to raise capital during the year.

The ability of the company to execute its planned exploration and evaluation activities in addition to repaying the before mentioned loan, requires the Company to raise additional capital within the next 12 months. Due to the nature of its operations the directors recognise that there is a need on an ongoing basis for the Company to regularly raise additional cash to fund future exploration activity and meet other necessary corporate expenditure. Accordingly when necessary, the Company investigates various options for raising additional funds which may include but not limited to an issue of shares or the sale of exploration assets where increased value has been created through previous exploration activity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows and confidence in raising additional funds through various methods. In the event that the Group is not successful in raising funds from the issue of new equity or sale of exploration assets, there exists material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

iii. Accounting Policies.

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 January 2017 but determined that their application to the financial statements is either not relevant or not material.

iv. Historical Cost

Except for the cash flow information, the consolidated 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. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

v. Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 4.

vi. Comparative Figures

Where required by AASBs comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(b) Principles of Consolidation

i. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the parent, Strategic Minerals Corporation NL, and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 24(b).

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(c) Segment reporting

The accounting policies used by the Group in reporting segments are in accordance with the measurement principles of Australian Accounting Standards.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a regular basis. Management has identified the operating segments based on the main minerals of the members of the Group as well as the Treasury function. The main mineral type of the Group is Gold.

(d) Revenue and other income

i. Interest revenue

Interest revenue is recognised in accordance with Note 1(i)iii Finance income and expenses.

ii. Other income

Other income is recognised when the Group obtains control over the funds, which is at the time of receipt.

All revenue is stated net of the amount of GST (Note 1(q) Goods and Services Tax (GST)).

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(h) Trade and other receivables

Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days. 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. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

(i) Financial instruments

Financial Instruments are initially recognised at fair value plus transaction costs. Subsequent to initial recognition they are measured as follows:

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available for sale financial assets are measured at fair value. Listed shares are valued at closing bid price.

i. Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments are not reversed through the statement of profit or loss and other comprehensive income.

ii. Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities) the Group establishes fair value by using a variety of valuation techniques. Where the fair value of a financial asset cannot be reliably measured, it will be measured at cost.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

iii. Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

(j) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives, as follows:

Machinery	4-5 years
Vehicles	3-8 years
Furniture, fittings and equipment	5-11 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Payables 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 payables are classified as financial liabilities. Financial liabilities are measured at amortised cost using the effective interest method.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(m) Employee benefits

i. Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave is expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

ii. Long service leave

Any liability for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the reporting date.

iii. Share-based payments

Share-based compensation benefits are provided to employees via the Strategic Minerals Corporation NL Employee Option Plan.

The fair value of options granted under the Strategic Minerals Corporation NL Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

(o) Earnings per share

i. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

ii. Diluted earnings per share

Potential shares as a result of options outstanding at the end of the year are not dilutive and therefore have not been included in the calculation of diluted earnings per share.

(p) Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped 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 in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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

Impairment of exploration and evaluation assets

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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 taxation authority is included with other receivables or payables in the consolidated statement of financial position

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(r) Fair Value

i. Fair Value of Assets and Liabilities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 AASB.

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 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 instruments, 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.

ii. Fair value hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the 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. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

iii. Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach:* valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 2 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The following Australian Accounting Standards and interpretations have been issued or amended and are applicable to the consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date. The directors anticipate that the adoption of these standards and interpretations in future periods will have no material financial impact on the financial statements of the Group.

AASB reference	Title and Affected Standard(s)	Nature of Change	Application date	Impact on Initial Application
AASB 9 (issued December 2014)	Financial Instruments	**Classification and measurement** AASB 9 amendments the classification and measurement of financial assets: • Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). • Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL. • All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss. The following requirements have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement* into AASB 9: • Classification and measurement of financial liabilities, and • Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income. **Impairment** The new impairment model in AASB 9 is now based on an 'expected loss' model rather than an 'incurred loss' model. A complex three stage model applies to debt instruments at amortised cost or at fair value through other comprehensive income for recognising impairment losses. A simplified impairment model applies to trade receivables and lease receivables with maturities that are less than 12 months. For trade receivables and lease receivables with maturity longer than 12 months, entities have a choice of applying the complex three stage model or the simplified model.	Annual reporting periods beginning on or after 1 January 2018	The Directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 2 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

AASB reference	Title and Affected Standard(s)	Nature of Change	Application date	Impact on Initial Application
AASB 15 (issued December 2014)	Revenue from Contracts with Customers	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. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 *Revenue*.	Annual reporting periods beginning on or after 1 January 2018	The Directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosures.
AASB 16 (issued February 2016)	Leases	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 *Leases.* It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Annual reporting periods beginning on or after 1 January 2019.	To the extent that the entity, as lessee, has significant operating leases outstanding at the date of initial application, 1 January 2019, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments. Thereafter, earnings before interest, depreciation, amortisation and tax (EBITDA) will increase because operating lease expenses currently included in EBITDA will be recognised instead as amortisation of the right-of-use asset, and interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 *Leases*. This trend will reverse in the later years. There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 3 FINANCIAL RISK MANAGEMENT

Risk management has focused on limiting liabilities to a level which could be extinguished by sale of assets if necessary.

The Group's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group is engaged in mineral exploration and evaluation, and does not currently sell product and derives only limited revenue from interest earned.

Risk management is carried out by the Board as a whole and no formal risk management policy has been adopted but is in the process of development.

The Group holds the following financial instruments:	2017 $	2016 $
Financial assets		
Cash and cash equivalents	405,702	314,093
Trade and other receivables	111,138	95
Other financial assets	81,303	51,300
	598,143	365,488
Financial liabilities		
Trade and other payables	316,567	52,008
Borrowings	9,513	-
Net financial instruments	272,063	313,480

(a) Market risk

i. Price risk

The Group is currently exposed to equity securities by way of shares held in listed companies. The price risk for listed securities is immaterial in terms of the possible impact on profit or loss or total equity as a result of any increase/decrease in the price of traded securities. All listed investments are classed as level 1 of the fair value hierarchy. The Group is not currently exposed to commodity price risk.

ii. Fair value interest rate risk

Refer to 3(d) below

(b) Credit risk

Credit exposure represents the extent of credit related losses that the Group may be subject to on amounts to be received from financial assets. Credit risk arises from cash held at bank and principally from trade and other receivables including intercompany loans. The objective of the consolidated entity is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant.

The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated above.

The credit quality of the financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available). The table below details the credit quality of the financial assets:

Financial assets	Credit Quality	2017 $	2016 $
Cash and cash equivalents	Aa2	405,702	314,093
Trade and other receivables			
Counterparties without external credit rating			
- Sundry receivables	Group 1	111,138	95

Group 1 – Existing customers (more than 6 months) with no defaults in the past.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

(c) Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The objective of the consolidated entity is to maintain sufficient liquidity to meet commitments under normal and stressed conditions.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. Due to the lack of material revenue, the Group aims at maintaining flexibility in funding by maintaining adequate reserves of liquidity.

The Group did not have access to any undrawn borrowing facilities at the reporting date.

All liabilities are current and will be repaid in normal trading terms.

(d) Cash flow and fair value interest rate risk

From time to time the Group has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future and the exposure to interest rates is limited to the cash and cash equivalents balances. As such, this is not considered a material exposure and no sensitivity analysis has been prepared.

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is below.

2017	Floating interest rate $	Fixed interest maturing in 1 year or less $	Non-interest bearing $	Total $
Financial assets				
Cash and deposits	405,702	-	-	405,702
Receivables	-	-	111,138	111,138
Financial assets	-	-	81,303	81,303
	405,702	-	192,441	598,143
Financial Liabilities				
Trade and other creditors	-	-	316,567	316,567
Borrowings	-	9,513	-	9,513
	-	9,513	316,567	326,080
2016				
Financial assets				
Cash and deposits	314,093	-	-	314,093
Receivables	-	-	95	95
Financial assets	-	-	51,300	51,300
	314,093	-	51,395	365,488
Financial Liabilities				
Trade and other creditors	-	-	52,008	52,008
	-	-	52,008	52,008

(e) Financial risk management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable, loans to and from subsidiaries, leases and hire purchase for motor vehicles. The main purpose of non-derivative financial instruments is to raise finance for Group operations. The Group does not speculate in the trading of derivative instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

(f) Net fair value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary assets and financial liabilities approximates their carrying values.

i. Fair value hierarchy

AASB 13 *Fair Value Measurement: Disclosures* requires disclosure of the fair value measurements by level of the following fair value measurement hierarchy:

1. Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities;
2. Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
3. Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

All financial assets are classified as Level 1 and their value has been calculated in line with accounting policy note 1(i) Fair Value Estimation.

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes assumptions concerning the future. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below.

(a) Impairment of Assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets and in particular exploration assets. Where an impairment trigger exists, the recoverable amount of the asset is determined and is dependent upon the ability of the Group to successfully continue exploration of all areas of interest and satisfy the requirements under AASB 6.

Specifically, the Company has reviewed its exploration tenements with regard to AASB 6 and have determined that:

1. the period for which the Group has the right to explore in the exploration tenements has not expired during the period or will not expire in the near future, and is expected to be renewed;
2. substantive expenditure on further exploration for and evaluation of mineral resources in the exploration tenements is planned;
3. exploration will be ongoing for some time and as such it is far too early to state that a discovery of commercially viable quantities of mineral resources has not occurred; and
4. as the exploration is still ongoing, there is not sufficient data to conclude that the carrying amount of the exploration and evaluation asset is unlikely to be recovered.

(b) Key Judgments – Exploration and evaluation expenditure

Refer to **Note** 14(b) Mineral EXPLORATION AND EVALUATION ASSETS

NOTE 5 REVENUE AND OTHER INCOME

	2017 $	2016 $
From continuing operations:		
Interest – unrelated parties	1,792	1,666
Other income	-	10,500
Gain on sale of property, plant and equipment	-	7,500
Total revenue and other income	1,792	19,666

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 6 LOSS BEFORE INCOME TAX

	2017 $	2016 $
Loss before income tax has been determined after including the following expenses:		
(a) Depreciation and amortisation:		
Depreciation and amortisation of plant and equipment	3,756	18,413
(b) Employment costs:		
Employee benefits expense - superannuation	7,429	44,872

NOTE 7 SEGMENT REPORTING

Management has identified the operating segments based on the main minerals of the members of the Group. The main mineral type of the Group is Gold. Segment assets include the cost to acquire the tenement and the capitalised exploration costs of those tenements.

2017	Gold $	Treasury $	Total $
Segment revenue and other income	-	1,768	1,768
Segment profit for the year	-	1,768	1,768
Reconciliation of segment loss to group loss:			
Depreciation expense	-	-	(3,756)
Impairment of shares in listed company	-	-	5,500
Corporate expense	-	-	(624,461)
Total group revenue and other income			(620,949)
Segment assets as at the year end			
Segment assets	**24,346,337**	405,702	24,752,039
Reconciliation of segment assets to group assets:			
Property plant and equipment			18,852
Financial assets			81,303
Receivables and other assets			150,919
Total assets			25,003,113
Segment and group liabilities as at year end		376,378	376,378
2016			
Segment revenue and other income	-	18,822	18,822
Segment profit for the year	-	18,822	18,822
Reconciliation of segment loss to group loss:			
Depreciation expense	-	-	(18,413)
Impairment of shares in listed company	-	-	1,500
Corporate expense	-	-	(581,068)
Total group revenue and other income			(579,159)
Segment assets as at the year end			
Segment assets	**22,230,117**	314,093	22,544,210
Reconciliation of segment assets to group assets:			
Property plant and equipment			8,607
Financial assets			51,300
Receivables and other assets			23,558
Total group revenue and other income			22,627,675
Segment and group liabilities as at year end		76,618	76,618

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 8 INCOME TAX

	2017 $	2016 $
(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Loss before income tax	(620,949)	(579,159)
Prima facie tax payable on loss from ordinary activities before income tax at 27.5%	(170,761)	(173,748)
Movement on deferred tax assets not recognised	170,761	173,748
Income tax benefit	-	-
(b) Deferred tax liability		
Exploration and evaluation expenditure – Australia Mining Properties	6,701,508	6,672,796
Temporary differences – Australia	-	-
	6,701,508	6,672,796
Off-set of deferred tax assets	(6,701,508)	(6,672,796)
Net deferred tax liability recognised	-	-
(c) Unrecognised DTA arising on timing		
Tax Losses	9,886,492	9,940,253
Temporary Differences	58,841	62,716
Expenses taken to equity	22,407	40,188
	9,967,740	10,043,157
Offset DTL	(6,701,508)	(6,672,796)
Net DTA unrecognised	3,266,233	3,370,361

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The Group has tax losses of $11,877,210 (2016: $11,234,535) that have the ability to be carried forward indefinitely for offset against future taxable profits of the Group. The recoupment of available tax losses as at 31 December 2017 are contingent upon the Group satisfying the following conditions:

(a) deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised;

(b) the conditions for deductibility imposed by tax legislation continuing to be complied with and the company meeting either its continuity of ownership test or in the absence of satisfying that test the company can satisfy the same business test; and

(c) there being no changes in tax legislation which would adversely affect the Group from realising the benefits from the losses.

In the event that the Group fails to satisfy these conditions above or the Commissioner of Taxation challenges the Group's ability to utilise its losses, the Group may be liable for future income tax on assessable income derived by the company.

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 9 EARNINGS PER SHARE (EPS)

		2017 $	2016 $
(a) Reconciliation of earnings to profit or loss			
(Loss) / profit for the year		(620,949)	(579,159)
Less: loss attributable to non-controlling equity interest		(1)	(122)
(Loss) / profit used in the calculation of basic and diluted EPS		(620,948)	(579,037)

		2017 No.	2016 No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS		66,724,503	59,656,964

		2017 ¢	2016 ¢
(c) Earnings per share			
Basic EPS (cents per share)	9(d)	(0.93)	(0.97)

(d) The Group does not report diluted earnings per share where options would not result in the issue of ordinary shares for less than the average market price during the period (out of the money). In addition, the Group does not report diluted earnings per share on annual losses generated by the Group. At the end of the 2017 financial year, the Group had no unissued shares under options that were out of the money which are anti-dilutive (2016: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 10 CASH AND CASH EQUIVALENTS

	2017 $	2016 $
(a) Current:		
Cash at bank and on hand	405,702	314,093
	405,702	314,093
(b) Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flow is reconciled to items in the consolidated statement of financial position as follows:		
Cash and cash equivalents	405,702	314,093

(c) The effective interest rate on cash at bank and bank term deposits is 2.25%. These deposits have an average maturity of less than 6 months. The Group's exposure to interest rate risk is discussed in Note 3.

(d) Reconciliation of operating loss after income tax to net cash provided by operating activities

	2017 $	2016 $
Operating loss after income tax	(620,949)	(579,159)
Add / (less) non-cash items:		
Depreciation	3,756	18,413
Impairment of mining tenements	-	10,537
Impairment of shares in listed company	(5,500)	(1,500)
Non cash changes in assets & liabilities:		
Decrease/(increase) in receivables & prepayments	(127,541)	18,046
Increase/(decrease) in provisions	25,688	(157,765)
Increase/(decrease) in payables	264,564	(72,006)
Cash flow from operations	(459,982)	(763,434)

(e) Non cash Financing and investing activities

There are no non-cash financing and investing activities for the year ended 31 December 2017 (2016: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 11 TRADE AND OTHER RECEIVABLES

	2017 $	2016 $
(a) Current		
GST refundable	111,072	95
Other receivables	66	-
	111,138	95

(b) The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, and leases. Risk exposure arising from current receivables is set out in Note 3.

The main purpose of non-derivative financial instruments is to raise finance for Group operations. Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value.

(c) At reporting date, there are no receivables past their due date.

NOTE 12 FINANCIAL ASSETS

	Note	2017 $	2016 $
(a) Non-current:			
Shares in listed corporations	12(b)	17,500	12,000
Term deposits		63,803	39,300
		81,303	51,300

(b) The Group currently holds 50,000 EWC shares. The fair value of EWC fully paid ordinary shares at 31 December 2017 was based on the ASX quoted market value. These shares are classified as Tier 1 financial assets. These shares are a financial asset through profit and loss.

NOTE 13 PLANT AND EQUIPMENT

	Note	2017 $	2016 $
(a) Non-current:			
Plant and equipment at cost		323,422	309,422
Less accumulated depreciation		(304,570)	(300,815)
		18,852	8,607
(b) Movements in Carrying Amounts			
Owned plant & equipment at cost:			
Brought forward		309,422	394,019
Additions		14,000	-
Disposals / adjustments to cost		-	(84,597)
Closing Balance		323,422	309,422
Accumulated Depreciation:			
Brought forward		(300,814)	(366,998)
Depreciation expense		(3,756)	(18,413)
Disposals / adjustments to cost		-	84,597
Closing Balance		(304,570)	(300,814)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 14 MINERAL EXPLORATION AND EVALUATION ASSETS

	Note	2017 $	2016 $
(a) Non-current:			
Exploration at cost:			
Balance at the beginning of the year		22,230,117	21,109,894
Expenditure during the year		2,116,220	1,120,223
Balance at the end of the financial year		24,346,337	22,230,117

(b) Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at reporting date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(p). The carrying value of capitalised expenditure at reporting date is $24,346,337 (2016: $22,230,117).

During the financial year, the Group undertook assessment of its tenement assets, as a result of this assessment; the Group decided that no impairment of its exploration assets was necessary.

(c) Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of the areas of interest. Capitalised costs of $2,116,220 (2016: $1,120,223) have been included in the cash flows from investing activities in the statements of cash flow.

NOTE 15 OTHER ASSETS

	2017 $	2016 $
(a) Current		
Prepayments	22,630	6,312
	22,630	6,312
(b) Non-current:		
Mineral Specimens	514	514
Security deposits on tenements	16,637	16,637
	17,151	17,151

NOTE 16 TRADE AND OTHER PAYABLES

	2017 $	2016 $
(a) Current:		
Unsecured		
Other creditors and accruals	316,567	52,008
Unissued securities	-	-
Total unsecured liabilities	316,567	52,008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 17 PROVISIONS

	2016 $	2016 $
(a) Current:		
Balance at beginning of year	24,610	182,375
Increase in provision	18,259	-
Leave paid out	-	(157,765)
Balance at end of year	42,869	24,610
(b) Non-current:		
Balance at beginning of year	-	-
Increase in provision	7,429	-
Leave paid out	-	-
Balance at end of year	7,429	-

(c) Provisions relate to annual leave and long service leave and are expected to be used during the employment period of the Group's employees.

NOTE 18 ISSUED CAPITAL

	Note	2017 No.	2016 No.	2017 $	2016 $
Fully paid ordinary shares at no par value	18(a)	70,450,536	62,383,313	52,236,018	49,539,212
(a) Ordinary shares					
At the beginning of the year		62,383,313	860,621,428	49,539,212	48,142,683
Shares issued during the year:					
18 Nov 2015: Shares issued at $0.021			-		-
29 Jan 2016: Shares issued at $0.021			5,810,567		122,021
27 May 2016: Effect of 15:1 consolidation	18(c)		(808,669,672)		-
10 Aug 2016: Shares issued at $0.28			4,620,990		1,293,877
13 Apl 2017: Shares issued at $0.36		916,667	-	330,000	-
23 May 2017: Shares issued at $0.36		5,761,667	-	1,901,350	-
14 Nov 2017: Shares Issued $0.36		1,388,889	-	500,000	-
			-		-
Transaction costs relating to share issues			-	(34,544)	(19,369)
At reporting date		70,450,536	62,383,313	52,236,018	49,539,212

(b) Terms and Conditions

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called otherwise each shareholder has one vote on a show of hands.

(c) Share Consolidation

The Company completed its 15:1 share consolidation in May 2016 following approval by shareholders in May 2016. The share consolidation involved the conversion of every 15 fully paid ordinary shares on issue into 1 fully paid ordinary share. Where the share consolidation resulted in a shareholder having a fractional entitlement to a share, the entitlement was rounded up to the next whole number of shares. Upon the completion of the share consolidation in May 2016, the number of shares on issue reduced from 866,431,995 shares to 57,762,323 shares as at that date.

NOTE 18 ISSUED CAPITAL (CONT.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(d) Options

There were no Options on issue at the end of the financial year.

(e) Capital Management

Management controls the capital of the Group. Their objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. The capital structure of the consolidated entity consists of equity attributable to equity holders of the parent comprising issued capital, reserves and accumulative losses.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group at 31 December 2017 and 31 December 2016 is as follows.

The consolidated entity is not subject to any externally imposed capital requirements.

	Note	2017 $	2016 $
Cash and cash equivalents	10	405,702	314,093
Trade and other receivables	11	111,138	95
Other current assets	15(a)	22,630	6,312
Trade and other payables	16	(316,567)	(52,008)
Provisions	17(a)	(42,869)	(24,610)
Borrowings		(9,513)	-
Working capital position		170,521	243,882

NOTE 19 NON-CONTROLLING INTERESTS

Management have assessed that the Fair Value of non-controlling interests is not materially different to the carrying amount.

NOTE 20 RESERVES

The reserves created in prior years relate to the premium paid on an options issue and to the fair value of employee incentive options issued to an executive director.

NOTE 21 COMMITMENTS

The group has no commitments in addition to those referred to in Note 24(f).

NOTE 22 CONTINGENT ASSETS AND LIABILITIES

Strategic Minerals Corporation NL has $52,851 worth of bank guarantees in relation to exploration licenses as at 31 December 2017 (2016: $52,851). There are no other contingent assets or liabilities at year end.

NOTE 23 AUDITORS' REMUNERATION

	2017 $	2016 $
Remuneration of the auditors, Hall Chadwick QLD of the Group for:		
- auditing or reviewing the accounts (Hall Chadwick QLD) (2016: BDO Audit (WA) Pty Ltd)	30,000	42,326
	s30,000	42,326

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 24 EVENTS SUBSEQUENT TO REPORTING DATE

On 4 January 2018 the ASX placed the Company into suspension from official quotation pending the release of a supplementary Target Statement due to revisions to the Technical Expert's Report and Independent Expert's Report.

On 4 January 2018 the Company announced on the ASX the Australian Government Takeovers Panel ('Panel') had received an application from Ms Veronica Oma in relation to the affairs of Strategic Minerals Corporation NL, who is currently the subject of an on-market takeover bid by QGold Pty Ltd. The Takeover Panel had not made a decision to conduct proceedings.

On 29 January 2018 the Company announced on the ASX the release of the third and final batch of four reverse circulation (RC) drill holes, totalling 706 meters, from the infill drill program at the Big Vein South (BVS) prospect in the Woolgar Project.

On 2 February 2018 the Company announced on the ASX that the Australian Government Takeovers Panel made a declaration of unacceptable circumstances in relation to an application by Ms Veronica Oma in relation to the affairs of Strategic Minerals Corporation NL.

On 6 February 2018 the Takeovers Panel announced on the ASX, the Company as well as QGold Pty Ltd lodged an application to the Takeovers Panel seeking a review of the Panel's decision to make a declaration of unacceptable circumstances in relation to the Company.

On 15 February 2018 the Takeovers Panel announced on the ASX it had made its final orders, which in effect requires:

- The issue and dispatch of a supplementary bidder's statement and a supplementary target's statement
- QGold Pty Ltd to provide persons who sold Strategic Minerals shares following the announcement of the takeover bid with the ability to purchase from QGold Pty Ltd the number of shares that they sold
- That the threshold to seek delisting of Strategic Minerals is increased to take into account the shares sold during the takeover bid by the entity who received shares under a a placement in November 2017
- The payment of costs to the applicant

On 19 February 2018 the Company announced on the ASX the review Panel made interim orders in response to an application for a stay by QGold Pty Ltd of the final orders made by the initial Panel on 15 February 2018 in relation to the Company. The review Panel has stayed the effect of the final orders.

On 2 March 2018 the Company announced on the ASX the review panel affirmed the initial Panel orders following the announcement made on the 6 February for the application for review of the Panel's decision.

On 9 March 2018 the Company announced on the ASX it had agreed to a $1 million loan facility with director, Christopher Wallin. The loan is repayable over 8 months following drawdown and was granted on an interest fee basis to be secured over the Company's Queensland mining leases.

On 14 March 2018 the Company announced on the ASX the results from the multiple geochemistry and mapping programs at its wholly-owned Woolgar Project in North Queensland through 2017.

On 16 March 2018 the Company announced on the ASX the extension of the on-market bid by QGold Pty Ltd to acquire ordinary shares of the Group to the end of normal trading on the Friday 29 June 2018.

There were no other significant events after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 24 PARENT ENTITY DISCLOSURES

	2017 $	2016 $
(a) Financial Position of Strategic Minerals Corporation NL		
Current assets	503,270	263,956
Non-current assets	24,446,922	22,310,591
Total assets	24,950,192	22,574,547
Current liabilities	367,968	75,635
Non-current liabilities	7,429	
Total liabilities	375,397	75,635
Net assets	24,574,795	22,498,912
Equity		
Contributed equity	52,236,020	49,539,212
Reserves	2,972,525	2,972,524
Accumulated losses	(30,633,750)	(30,012,824)
TOTAL EQUITY	24,574,795	22,498,912
(b) Controlled Entities		
Loans to subsidiaries	1,741,691	1,741,691
Less provision for impairment	(1,741,691)	(1,741,691)
Net carrying value	-	-
Investment in controlled entities at cost	12,027,401	12,027,401
Less provision	(12,027,401)	(12,027,401)
Net carrying value	-	-

Shares in controlled entities are unlisted and comprise:

	Place of Incorporation	2017 Holding %	2017 Amount $	2016 Holding %	2016 Amount $
Alpha Uranium Pty Ltd	WA	98	320,000	98	320,000
Signature Resources Pty Ltd	WA	100	235,250	100	235,250
Spencer Mining Pty Ltd	WA	100	4,000,002	100	4,000,002
Strategic Metals Corporation Pty Ltd	NSW	100	100	100	100
Strategic Mineral Investments Pty Ltd	WA	100	4,456,005	100	4,456,005
Telluride Mining Pty Ltd	NSW	100	260,304	100	260,304
Bayfield Mineral Sands Pty Ltd *	WA	100	-	100	-

**100% owned and controlled by Strategic Mineral Investments*

Investments in subsidiaries are accounted for at cost and have been written down to nil.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 24 PARENT ENTITY DISCLOSURES (CONT.)

	2017 $	2016 $
(c) Financial Performance of Strategic Minerals Corporation NL		
Loss for the year	(620,926)	(574,917)
Total comprehensive loss	(620,926)	(574,917)

(d) Guarantees entered into by Strategic Minerals Corporation NL

There are no guarantees entered into by Strategic Minerals Corporation NL for the debts of its subsidiaries as at 31 December 2017 (2016: none).

(e) Contingent liabilities of Strategic Minerals Corporation NL

There are no contingent liabilities as at 31 December 2017 (2016: none).

(f) Commitments of Strategic Minerals Corporation NL

	2017 $	2016 $
Capital expenditure commitments payable:		
- not later than 12 months	874,858	1,164,432
- between 12 months and five years	3,292,430	1,858,230
- later than five years	865,771	395,027
Total Exploration tenement minimum expenditure requirements	5,033,059	3,417,689
Operating lease commitments for premises due:		
- not later than 12 months	44,550	8,486
- between 12 months and five years	21,847	-
- later than five years		-
Total Operating lease commitments	66,397	8,486

The commitments of Strategic Minerals corporation NL above are the same as those for the Group.

NOTE 25 RELATED PARTY TRANSACTIONS

There are no other related party transactions other than those payments to Directors as disclosed in the remuneration report.

NOTE 26 KEY MANAGEMENT PERSONNEL COMPENSATION

		2017 $	2016 $
Short term employee benefits	26(a)	239,100	424,056
Post-employment benefits		22,715	13,250
Share based payments		-	-
		261,815	437,306

(a) Prior period short term employee benefit included an amount of $118,873 paid to the estate of Mr Martin (representing the payment of leave entitlements). Mr Martin passed away in April 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 28 COMPANY DETAILS

The registered office of the Company is:

Address:

Street:	283 Rokeby Road
	SUBIACO WA 6008
Postal:	PO Box 52
	WEST PERTH WA 6872
Telephone:	+61 (0)8 6141 3500
Facsimile:	*+61 (0)8 6141 3599*

The principle place of business of the Company is:

Address:

Street:	*Le*vel 29 Waterfront Place
	1 Eagle Street
	BRISBANE QLD 4000

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 63 to 91, are in accordance with the *Corporations Act 2001* (Cth) and:

   (a) comply with Accounting Standards;

   (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 to the financial statements; and

   (c) give a true and fair view of the financial position as at 31 December 2017 and of the performance for the year ended on that date of the Company and Consolidated Group.

   (d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* (Cth);

2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Laif Allen McLoughlin
EXECUTIVE CHAIRMAN

Dated this Thursday, 29 March 2018

HALL CHADWICK
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS | QLD

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INDEPENDENT AUDITOR'S REPORT – TO THE MEMBERS OF STRATEGIC MINERALS CORPORATION NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Strategic Minerals Corporation NL, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

(a) the accompanying financial report of Strategic Minerals Corporation NL and controlled entities 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; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibilities 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(a)(ii) in the financial report which indicates the group incurred a net loss of $620,949 and a net cash outflow from operating and investing activities of $2,614,710 during the year ended 31 December 2017. As stated in Note 1(a)(ii) these events or conditions, along with other matters as set forth in Note 1(a)(ii), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in 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 our report.

Key Audit Matter	How our audit addressed the key audit matter
Accounting for Exploration and Evaluation Assets At 31 December 2017 the carrying value of Exploration and Evaluation Assets was $24,346,337 (2016: $22,230,117) as disclosed in Note 14. The Groups accounting policy with respect to Exploration and Evaluation assets is disclosed in Note 1(p). The carrying value of exploration and evaluation expenditures represents a significant asset of the group and judgment is applied in considering whether facts and circumstances indicate that the exploration expenditure should be tested for impairment as disclosed in Note 4. As a result, the asset was assessed for impairment indicators in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources.	We have critically evaluated management's assessment of each impairment trigger under AASB 6 Exploration and Evaluation of Mineral Resources, including but not limited to: • Obtaining from management a schedule of areas of interest held by the Group and selected a sample of tenements, and assessed as to whether the Group had rights to tenure over the relevant exploration areas and also considered whether the Group maintains the tenements in good standing; • Reviewed cash flow forecast indicating Group's commitment to continue to explore on the specific areas of interest; • Considered whether any areas of interest had reach a stage where a reasonable assessment of economically recoverable reserves existed; • Checked mining leases had been renewed and exploration permits had not expired; and • Considered whether there are any other facts or circumstances that existed to indicate impairment testing required. We have also assessed the adequacy of the related disclosures in Note 1(p), Note 4 and Note 14 to the financial statements.

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 our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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. In note 1, the

Directors also state, in accordance with Australian Accounting Standards AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibility for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Groups internal control

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

We have audited the remuneration report included in pages 51 to 53 of the Directors' report for the year ended 31 December 2017.

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.

Opinion

In our opinion the remuneration report of Strategic Minerals Corporation NL for the year ended 31 December 2017 complies with section 300A of the Corporations Act 2001.

Hall Chadwick QLD

Geoffrey Stephens
Hall Chadwick QLD
Chartered Accountants

Dated this ......29...... day of ......March...... 2018

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Securities Exchange in respect of listed public companies.

1 SHAREHOLDING AS AT 12 MARCH 2018

a. Distribution of Shareholders

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 1,000	115	33,715	0.05
1,001 – 5,000	228	540152	0.77
5,001 – 10,000	59	455,753	0.65
10,001 – 100,000	70	2,210,584	3.14
100,001 – and over	25	67,210,332	95.40
	497	70,450,536	100.00

b. Unmarketable Parcels

	Minimum Parcel Size	Holders
Minimum $500.00 parcel at $0.40 per unit	1,250	138

c. Voting Rights

The voting rights attached to each class of equity security are as follows:

- **Ordinary shares**: Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

d. 20 Largest Shareholders — Ordinary Shares as at 12 March 2018

Ran k	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	QGold Pty Ltd	56,370,244	80.01
2.	HSBC Custody Nominees (Australia) Limited	3,287,036	4.67
3.	HSBC Custody Nominees (Australia) Limited	1,129,000	1.60
4.	J P Morgan Nominees Australia Limited	989,729	1.40
5.	Citicorp Nominees Pty Limited	659,755	0.94
6.	Field Limited	583,334	0.83
7.	Energy World International Ltd	438,980	0.62
8.	Yandal Investments Pty Ltd	418,979	0.59
9.	McNeil Nominees Pty Limited	321,342	0.46
10.	QGold Pty Ltd	314,136	0.45
11.	Mr Bernard Thomas Hooley	285,092	0.40
12.	National Nominees Limited	275,525	0.40
13.	Ms Veronica Patricia Mary Oma	248,766	0.35
14.	Terena Pty Ltd <Terena Super Fund A/C>	225,057	0.32
15.	Mr David J Lauritz & Mrs Deborah M Lauritz <Lauritz Super Fund A/C>	200,000	0.28
16.	Mr Meint P De Jong & Mrs Joy I De Jong <W G Fertilisers S/Fund A/C>	200,000	0.28
17.	Mayo Secretaries Limited	185,365	0.26
18.	31 May Pty Ltd	181,100	0.26
19.	Bond Street Custodians Limited	152,777	0.22
20.	Mr Laif A McLoughlin & Mrs F Wallin	146,739	0.21
		66,616,866	**94.55**

2 COMPANY SECRETARY

The name of the Company Secretary is Jay Stephenson.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

3 PRINCIPAL REGISTERED OFFICE

As disclosed in the Corporate Directory of this Annual Report.

4 REGISTERS OF SECURITIES ARE HELD AT THE FOLLOWING ADDRESSES

As disclosed in the Corporate Directory of this Annual Report.

5 STOCK EXCHANGE LISTING

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited, as disclosed in the Corporate Directory of this Annual Report.

6 UNQUOTED SECURITIES

a. Options over Unissued Shares

There are no Options currently on issue.

7 USE OF FUNDS

The Company has used its funds in accordance with its initial business objectives.

STRATEGIC MINERALS
CORPORATION N.L.