



***Strategic
Minerals
Corporation N.L.***

ABN 35 008 901 380

ANNUAL REPORT

31 December 2014

CORPORATE DIRECTORY

Directors

Laif McLoughlin	Chairman (Appointed 1 June 2014)
Walter A C Martin	Managing Director
Jay Stephenson	Non-executive Director
Claude Guerre	Chairman (Resigned 30 May 2014)

Company Secretary

Jay Stephenson

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ANNUAL REPORT

31 DECEMBER 2014

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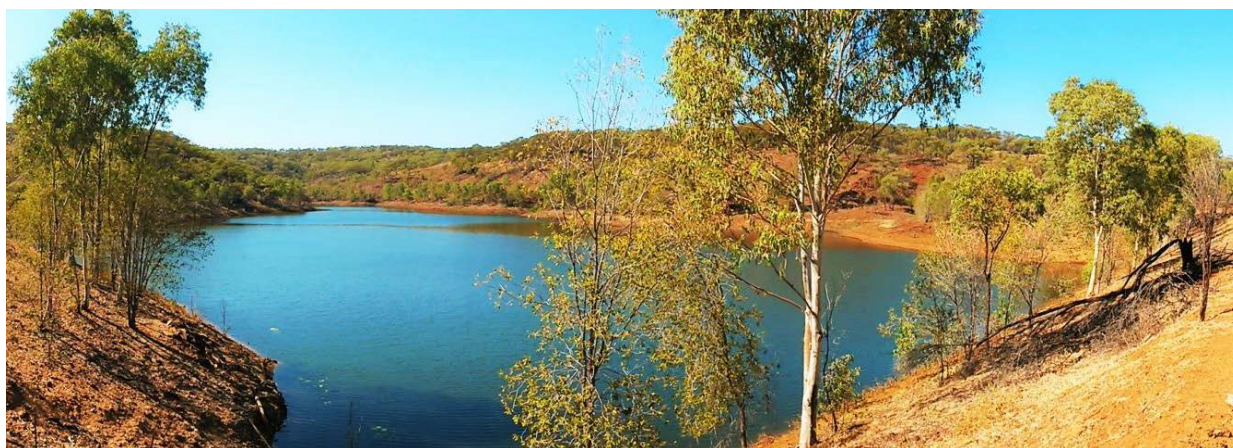


Figure 1: Lodge Lake. Plant water supply reservoir, Woolgar Project.

CHAIRMAN'S LETTER

Dear Shareholders

It was a privilege for me to be appointed Chairman of Strategic Minerals following the Company's 2013 Annual General Meeting in May last year. Soon after being appointed Chairman, I took the opportunity to visit the Woolgar Project site in July 2014 and spent a number of days with our exploration team during our Big Vein South program. It was a great opportunity for me to see first hand the very encouraging results from our targeted drilling program and also to gain a broader understanding of the other prospective areas in the Woolgar precinct.

I now have pleasure in presenting the Company's Annual Report to shareholders for 2014.

During 2014, Strategic concentrated its exploration activities on drill testing the strike and depth extensions of the significant gold mineralisation encountered in 2013 in the Big Vein South and Big Vein Central prospects, situated within the Lower Camp in the south of the Woolgar Project. This has successfully expanded the volumes, widths and continuity of grades in this exciting area and remodelling of the gold resource calculation has been commissioned by competent independent third parties to update the inventory of these prospects.

Additionally, the Company has progressed vital field mapping, geophysics, petrography and site based activities in order to continue exploring for further similar targets throughout the Lower Camp and further along the trend of the Woolgar Fault Zone (WFZ). A detailed review of the results of the 2014 program provided an opportunity for the Company to assess the programs' performance, and enabled technical studies, including the recent detailed metallurgical recovery test work study and remodelling of the gold resource inventory of the Big Vein South and Central deposits.

The resource remodelling report has not been received in time for inclusion in this annual report. However, as recently announced to the ASX, the metallurgical testwork studies showed gold recovery averaged 96% across the six bulk samples tested with no refractory characteristics being observed in any of the tests. This indicates that the material is suitable for gold recovery in a standard CIL processing plant.

I am satisfied the company has met its objectives for 2014 and confirmed the significant mineralisation in the highly prospective mesothermal zone in the Lower Camp. This has been achieved whilst maintaining our high safety standards and prudent management of operational expenditure.

Many shareholders would be aware that QGold Pty Ltd ("QGold") conducted an on market takeover of Strategic in June 2014. Given the current economic climate and the considerable difficulties experienced by junior and major resource companies, Strategic shareholders should be encouraged by QGold's approach as a sign of the quality of prospective assets held by Strategic.

During 2015, Strategic aims to provide shareholders with an updated resource inventory for our Lower Camp deposits, obtain the grant of Mining Lease Application 90238 and to consolidate the technical findings and data to assist in the design of future targeted exploration programs.

With the exciting results produced from the 2013 and 2014 exploration programs the Company has established a solid base from which to identify future exploration opportunities in the Woolgar project area.



Chairman Laif McLoughlin

A handwritten signature in black ink, appearing to read 'Laif Allen McLoughlin'.

Laif Allen McLoughlin

CHAIRMAN

Strategic Minerals Corporation NL



Operations Review 2014

WOOLGAR GOLD PROJECT QUEENSLAND

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

2014 DRILLING HIGHLIGHTS -BIG VEIN SOUTH AND CENTRAL SYSTEM

- 7,867 metres of Reverse Circulation drilling in 29 drillholes¹;
- Drilling focused on the mesothermal Big Vein South and Big Vein Central prospects in the Lower Camp;
- Successful delineation of significant mesothermal mineralisation beneath low-grade, near-surface intersections;
- Successful infill drilling linking broad-spaced deeper intersections from 2013;
- Greater widths, grades and continuity in the mid and deeper levels; and
- System is partially closed off along strike, however remains open to depth.

2014 EXPLORATION HIGHLIGHTS

- 352 line-km of ground magnetometry over the Lower Camp, in addition to the 178 line-km in 2013;
- Detailed prospect-level mapping, along the trends of the WFZ and the Mowbray structures in the Lower Camp; and
- Continued reconnaissance mapping of significant structures across the western sector, west and northwest of the Perseverance and Union prospects for target generation purposes.

METALLURGICAL TESTWORK

- Metallurgical testwork indicated gold recoveries averaging 96%² with generally favourable, non-refractory processing characteristics compatible with a CIL plant.



Figure 2: Drilling LR0247 in Big Vein South.

¹ Summary results only presented herein. For full details of the 2014 results, please refer to "First phase of drilling successfully completed at Woolgar" issued on 13th August 2014; "Further results from 2014 phase 1 drill program" issued 21st August 2014; "Final results from 2014 phase 1 drill program" issued on 4th September 2014; "Quarterly Activities Report and Quarterly Cashflow Report - Sept 2014" issued 28th October 2014; and "Final results from 2014 phase 2 drill program – Woolgar" issued on 18th November 2014, available at www.stratmin.com.au

² Summary results only presented herein. For full details of these results, please refer to "Testwork Indicates 96% Gold Recovery in Lower Camp" issued on 27th February 2015, available at www.stratmin.com.au



Project Overview

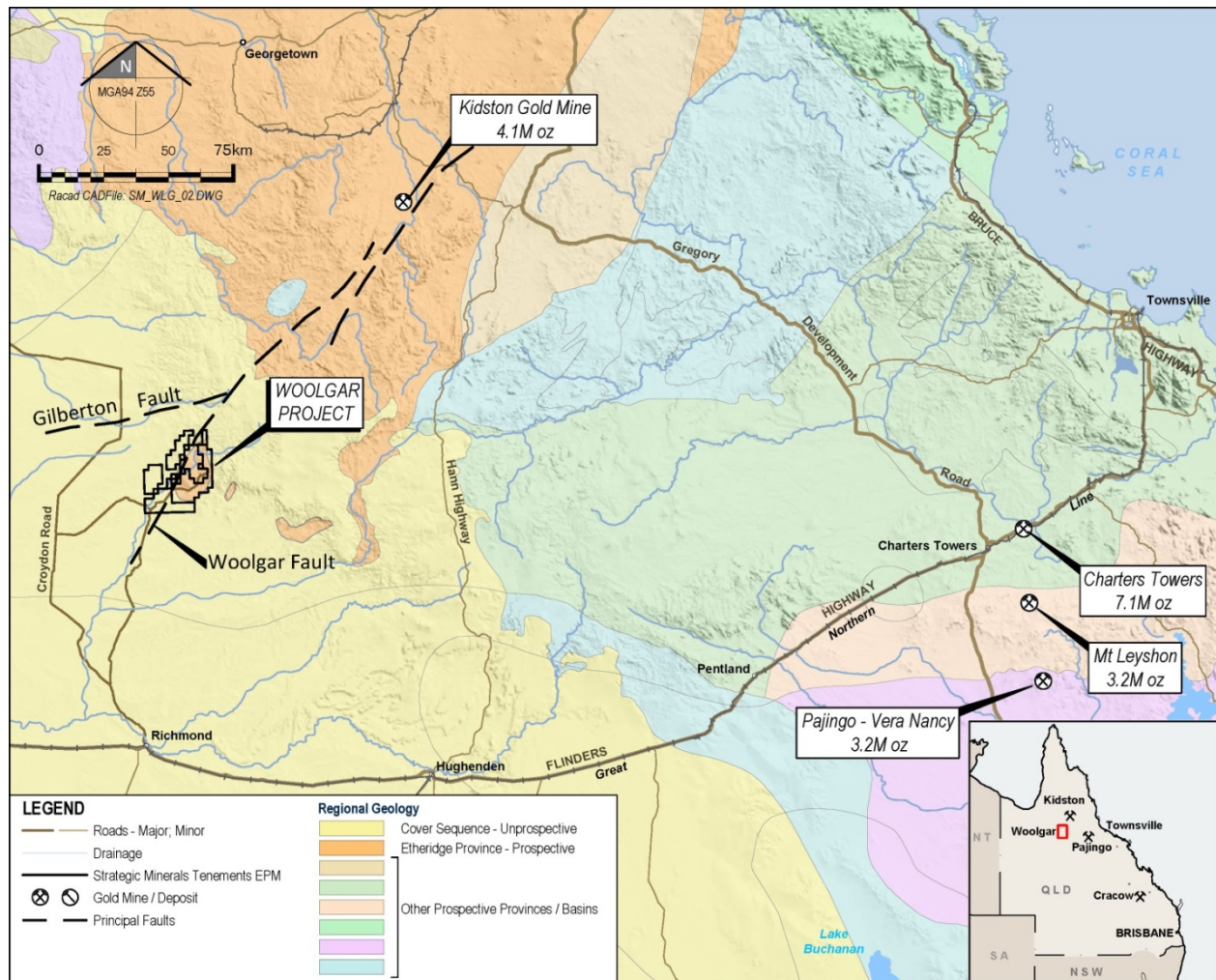


Figure 3: Location map of Woolgar, showing the regional provinces of northeast Queensland and significant gold deposits. As can be seen, the Woolgar Goldfield corresponds to an inlier (erosional window) of the highly prospective and historically productive Etheridge Province exposed within the overlying generally unprospective sedimentary cover sequences.

The Woolgar Project consists of exploration permits and mining leases, located approximately mid-way between Townsville and Mt Isa, north Queensland. The Woolgar district is an area of basement rocks exposed within younger sedimentary cover. Woolgar was the location of a gold rush in the 1880's, with intermittent alluvial and small-scale, shallow, reef mining thereafter. The widespread historic workings and subsequent exploration work has identified this district as having strong potential to host significant gold mineralisation, see Figure 4.

The mineralisation is associated with the Woolgar Fault Zone (WFZ), a regional-scale structure trending east-northeast through the Woolgar project area that is also related to the historic Kidston mine to the north, see Figure 3. Strategic has identified epithermal vein deposits in the Sandy Creek, mesothermal veins along the WFZ and intrusive related mineralisation at Soapspar, as well as the alluvial gold associated with these. To date, a gold resource of 848,000 Oz. has been delineated, mostly within the Epithermal and Intrusive Related prospects.

The current focus is on the mesothermal veins in the Lower Camp area, situated at the southern end of the extensive mesothermal vein field associated with the WFZ. Here, the WFZ undergoes localised flexure through an intersection with district-scale structures. This style of structural location is considered highly prospective due to its potential to create geological conditions favourable for the emplacement and deposition of mineralisation.

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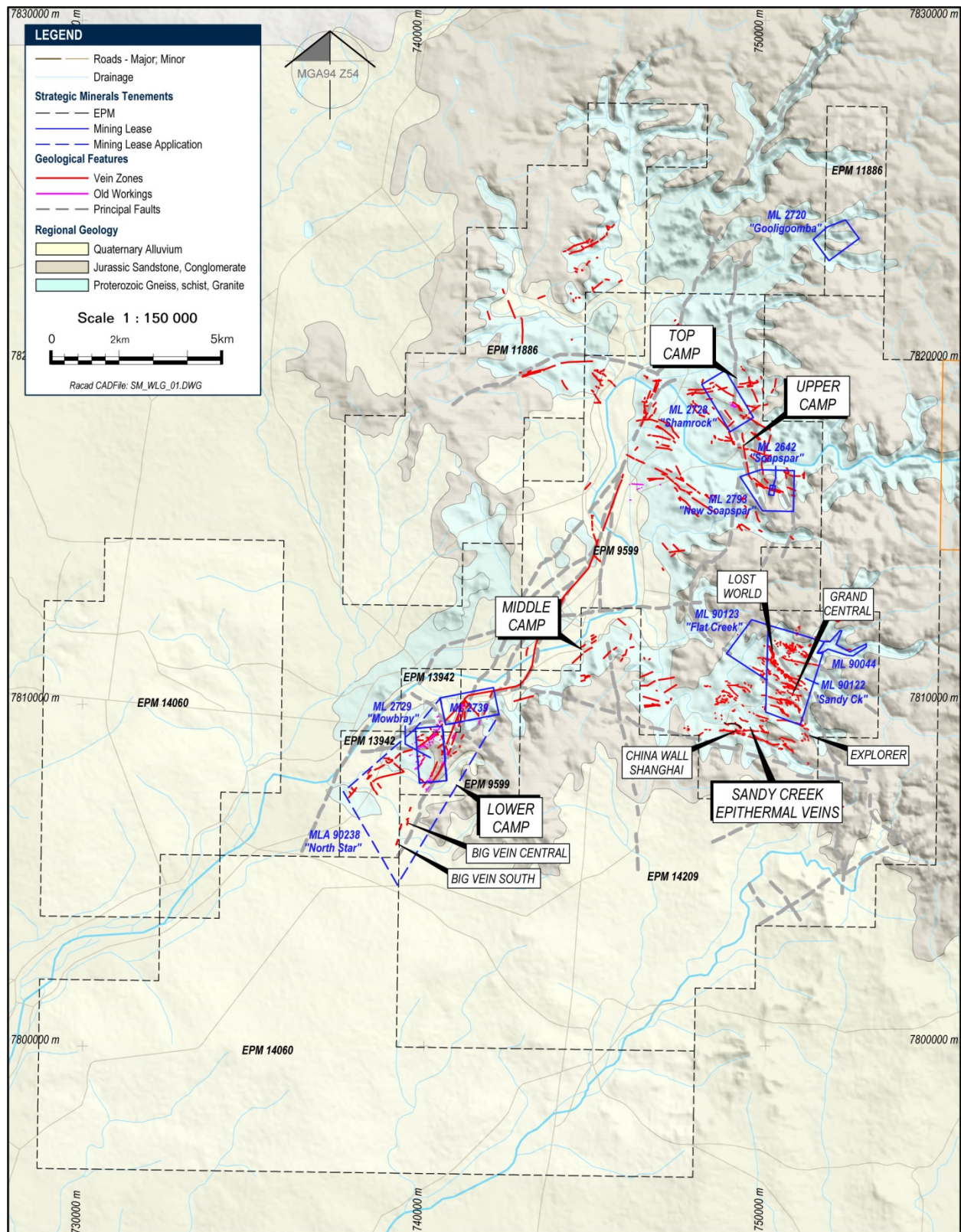


Figure 4: Simplified geological map of the Woolgar Project, highlighting the five main sectors (camps) and the Big Vein South and Central prospects drilled in the 2014 campaign.



2014 Drilling Program Summary

Drilling was conducted in two phases during 2014. Both phases utilised Reverse Circulation (RC) drilling, which was considered appropriate for the campaigns.

- The first phase was completed during July and August and was wholly focussed on extensional drilling in Big Vein South (BVS).
- The second phase was completed during September and October and included both extensional drilling in Big Vein Central (BVC) and follow-up holes in Big Vein South.

Table 1: Summary of drilling meterages in 2014.

Prospect	Drill Program	Number of Holes	Metres Drilled
Big Vein South	Phase 1	14	3942
	Phase 2	5	1478
	Total	19	5420
Big Vein Central	Phase 1	0	0
	Phase 2	10	2447
	Total	10	2447
Totals	Phase 1	14	3942
	Phase 2	15	3925
	Combined	29	7867

Phase 1 Overview

Phase 1 was focussed on depth and strike extensions in Big Vein South (BVS) where the geometry and occurrence of the mineralisation is reasonably well understood. Phase 1 drilling was designed with the objective of extending the known high grade mineralisation to depth, and along strike, both to the north and south of, as well as between the zones of high grade mineralisation identified in 2013.

The drilling was generally very successful with the higher grade mineralisation being encountered throughout the central portion of the prospect and being extended to depth a further 100 metres on average. The southern extensional drilling was less successful with the mineralisation pinching out sooner than expected, but the northern extension maintained moderate grades and widths, exceeding expectations. These targets were both followed up during the Phase 2 drilling.

Phase 2 Overview

Phase 2 was a combination of extensional drilling in BVC, similar to that in BVS in Phase 1, and additional follow-up drilling in BVS based on the results of Phase 1. A range of priority targets were identified for Phase 2 drilling based on the recent ground magnetometry survey, historical drilling and geological assessment and interpretation. The program was designed to be flexible enough to accommodate the more complicated geology, and was continually revised and refined based on results and the interpreted visible intersections.

Overall, the two drilling campaigns are considered to have been very successful and these results are being incorporated into an updated JORC 2012-compliant resource statement.

Significant intersections³

The results are presented below by prospect and sector: Cross sections of significant 2014 drillholes are presented below.

Big Vein South (BVS)

This is the southernmost prospect of the mesothermal gold mineralisation that occurs along and adjacent to the Woolgar Fault Zone (WFZ).

In general the results in the north and central sectors of BVS were very positive, successfully intercepting mineralisation similar to that identified in 2013 in most drillholes. The southern sector was only drilled to moderate depths, but the mineralisation was found to truncate abruptly, and this was not followed up.

The Grade-Width Long Sections shown below demonstrate the significant advances in the project over the years 2012 to 2014.

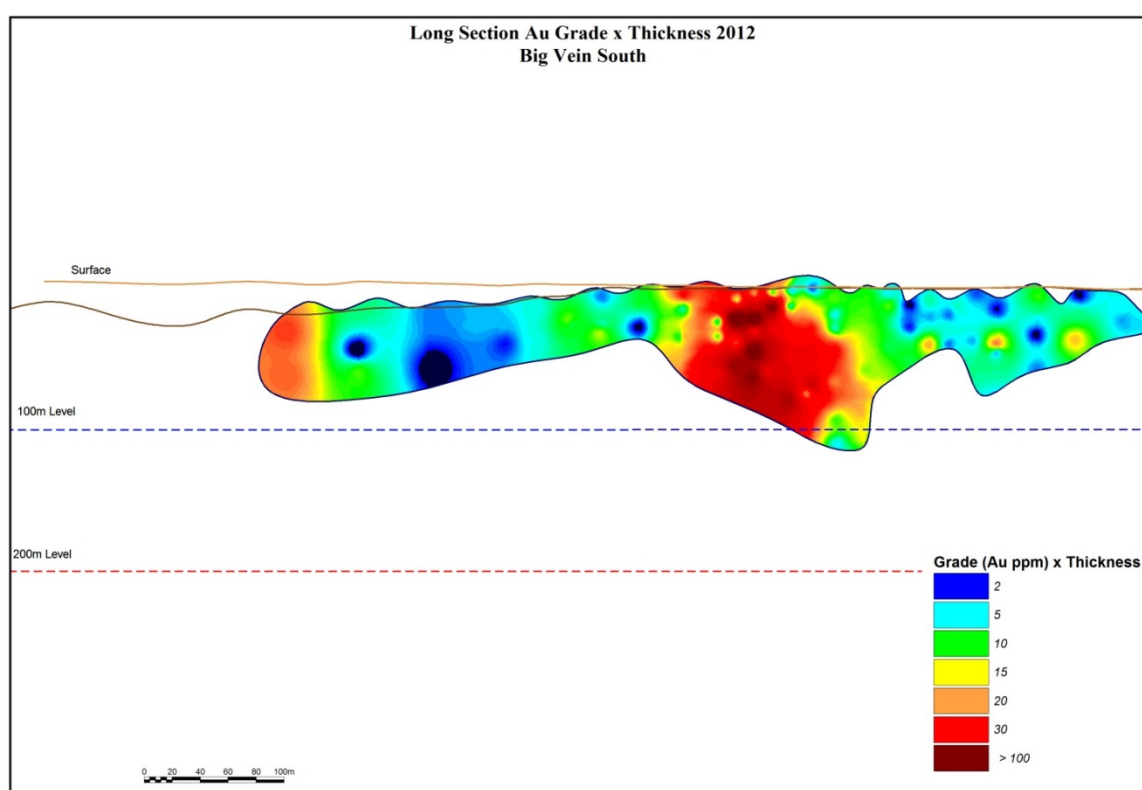
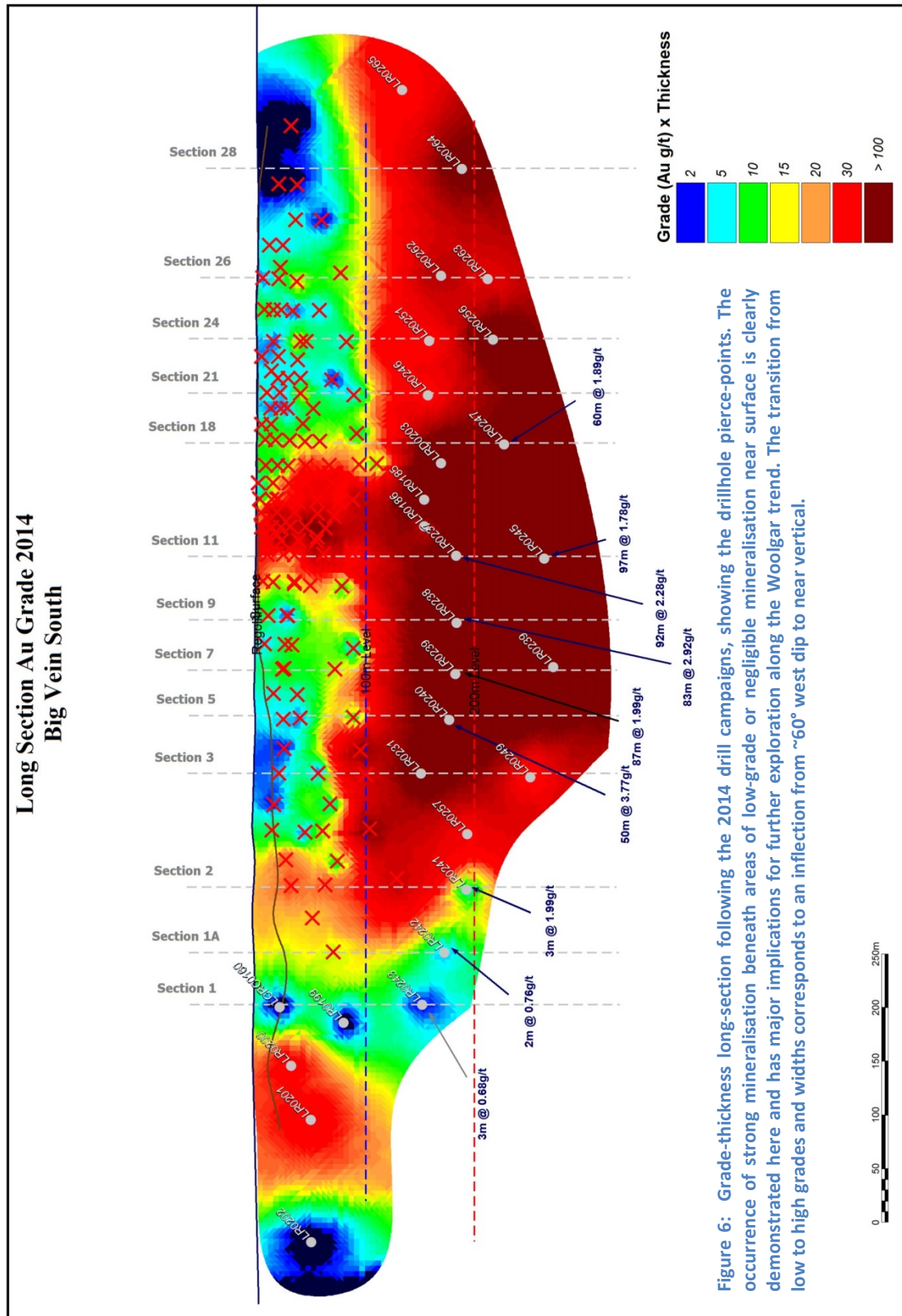


Figure 5: Grade-thickness long-section at end of year 2012 showing a single, tightly constrained high-grade chute. Compare this to the long sections in Figure 6 (2014) at the same scale.

³ All sample widths are Intersection or Apparent Widths and may not represent the true widths of the mineralisation. 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 less than two metres width were included in the intersection. No upper cut-off was applied.



Northern Sector – BVS

This sector corresponded to an abrupt truncation of the near-surface mineralisation in 2013 and it was unclear if this represented a termination to the mineralisation, a fault displacement or whether the mineralisation continued at depth. The 2014 drilling confirmed that the mineralisation both continued and was consistent, although with narrower widths than in the central sector, then diminishing gradually towards BVC.

- LR0246 16 metres at 2.16 g/t gold from 168 to 184 metres
 including 7 metres at 3.53 g/t gold from 174 metres
- LR0250 11 metres at 3.73 g/t gold from 125 metres
- LR0251 9 metres at 3.39 g/t gold from 175 metres
- LR0256 59m at 2.02 g/t gold from 218 to 277m
 including 9m at 4.19 g/t gold from 219m
 and 5m at 3.97 g/t gold from 250m
and 4m at 8.12 g/t gold from 286m
- LR0262 22m at 3.3 g/t gold from 177 to 199m
 including 9m at 5.98 g/t gold from 184m
- LR0263 1m at 8.29 g/t gold at 204m
and 50m at 1.11 g/t gold from 225 to 275
 including 15m at 2.14 g/t gold from 226
- LR0264 86m at 1.52 g/t gold from 151 to 237m
 including 7m at 4.31 g/t g/t gold from 172m
 and 4m at 4.61 g/t gold from 204m

The mineralisation to the north of the central sector is stronger, more extensive and more continuous than was expected based on previous results. There appears to be a continuous moderate grade and width of mineralisation extending northwards, which remains open at depth and may be improving.



Figure 7: Drilling in progress in Big Vein South.

Interpretation

- The drillholes directly to the north of the main chute, LR0246, LR0250, LR0251 and LR0256 have all have reasonable moderate grade and width intersections.
- Although narrower intercepts compared to central BVS, these confirm that moderate mineralisation continues to the north and is not truncated nor offset by a fault.
- The northernmost holes continue to show significant widths of mineralisation with gradually diminishing grades and narrowing higher-grade sectors It remains open and may be improving at depth.

- The moderate grades and widths of mineralisation in the deeper levels of northern BVS continue and appear to overlap the southern end of BVC on a sub-parallel, but discrete trend.
- The mineralisation now appears to extend very close to the BVC southern extension, 400 metres to the north, although these do still appear to be sub-parallel, rather than continuous. It remains possible that there is a linking structure between the two apparently discrete trends.

Central Sector - BVS

This sector defines the area around the two principle zones of mineralisation identified near the centre of the Big Vein South prospect in 2013 and represents the core of the mineralisation encountered to date.

The first four holes step back on the central mineralisation and beneath the near-surface, low-grade intercepts between LR0185 and LR0231, and test to a similar 150 to 200 metre depth from surface with 50 metre section spacing.

- LR0237 92 metres at 2.28 g/t gold from 136 to 228 metres;
including 6m at 7.3 g/t gold from 143m
and 14m at 3.5 g/t gold from 188
and 11m at 5.05 g/t gold from 209
- LR0238 83 metres at 2.92 g/t gold from 164 to 247 metres;
including 45 metres at 4.2 g/t gold from 189 to 234 metres
including 4m at 11.92 g/t gold from 198m
and 6m at 9.47 g/t gold from 212m
- LR0239 87 metres at 1.99 g/t gold from 162 to 248 metres; and
including 43m at 3.04 g/t gold from 199 to 242m
including 3m at 10.5 g/t gold from 199m
and 8m at 6.19 g/t gold from 234m
- LR0240 50 metres at 3.77 g/t gold from 188 to 238 metres.
including 24m at 5.43 g/t gold from 198 to 222m
including 3m at 10.25 g/t gold from 198m
and 3m at 10.69 g/t gold from 219m

In long-section they form a continuous, higher-grade core to the central mineralisation, proving that the mineralisation continues to depth beneath the central zone.

LR0257 from Phase 2 infills the 100 metre gap between the high grade main mineralisation to the north and the unexpectedly abruptly truncated mineralisation in LR0241 to the south.

- LR0257 11m at 3.31 g/t gold from 232 to 243m
including 2m at 9.54 g/t gold from 241m

This is a moderate grade and width intersection that appears to show the mineralisation is pinching out gradually, rather than an abrupt truncation to the north.

LR0245, LR0247, LR0248 and LR0249 all step back on the main chute, approximately 50 metres deeper than the previous five holes and with 100 metres spacing between sections. These are the deepest holes to date.

- LR0245 4 metres 2.17 g/t gold from 73 metres
and 2 metres at 2.82 g/t gold from 182 metres
and **97 metres at 1.78 g/t gold from 261 to 358 metres**

This is a broad, lower-grade intersection interpreted as being the northern margin of the main chute. It is notable that the intersection is reasonably homogeneous across its width, rather than the pattern of higher and lower-grade sectors observed normally.

- LR0247 2 metres at 3.48 g/t gold from 136 metres
and **60 metres at 1.89 g/t gold from 240 to 300 metres**
including 8 metres at 7.54 g/t gold from 256 metres

This is a robust section with a solid core mineralisation, possibly representing the centre of the lens locally.

- LR0248 104 metres at 1.17 g/t gold from 264 to 368 metres
including 11 metres at 2.79 g/t gold from 270 metres
and 10 metres at 2.28 g/t gold from 341 metres

LR0248 extends the deeper mineralisation on the southern side of the main mineralisation, although this appears to be broader and more diffuse than to the north.

- **LR0249** 2 metres at 4.45 g/t gold from 98 metres and **20 metres at 1.47 g/t gold from 298 to 318 metres**

LR0249 The results were weaker than in the deeper sections to the north and appears to represent the southern limit of the main mineralisation at this depth, although further deep drilling to test to the south is still recommended.

Interpretation

- Holes LR0237, LR0238 and LR0245 infilling to the south and stepping back on the main mineralisation around LR0185 are very encouraging, with an apparent weakening to the south towards the second chute.
- The mineralisation in the main ore-chute is behaving as expected, with reasonable intercepts at depth.
- The mineralised lenses appear to consist of main chutes within a broader low-grade halo, although there is significant pinch and swell between the higher-grade core zones.
- The deepest intercepts were generally broader with a more moderate grade than above, but average a similar grade thickness.
- The hanging and footwalls of the main mineralisation continue to diverge at depth, forming a sub-vertical wedge within the Woolgar Fault shear zone.
- Some sections in the core area appear to show a separation of discrete hanging and foot wall structures, although this may also be interpreted as intersecting mineralised trends within a larger braided shear-hosted system.
- Some sections show a more homogeneous gold distribution over broader widths, which may be due to their apparent proximity to the periphery of the lens as it is currently interpreted.
- Overall, first indications are that the drilling programs appear to have been successful in this sector.

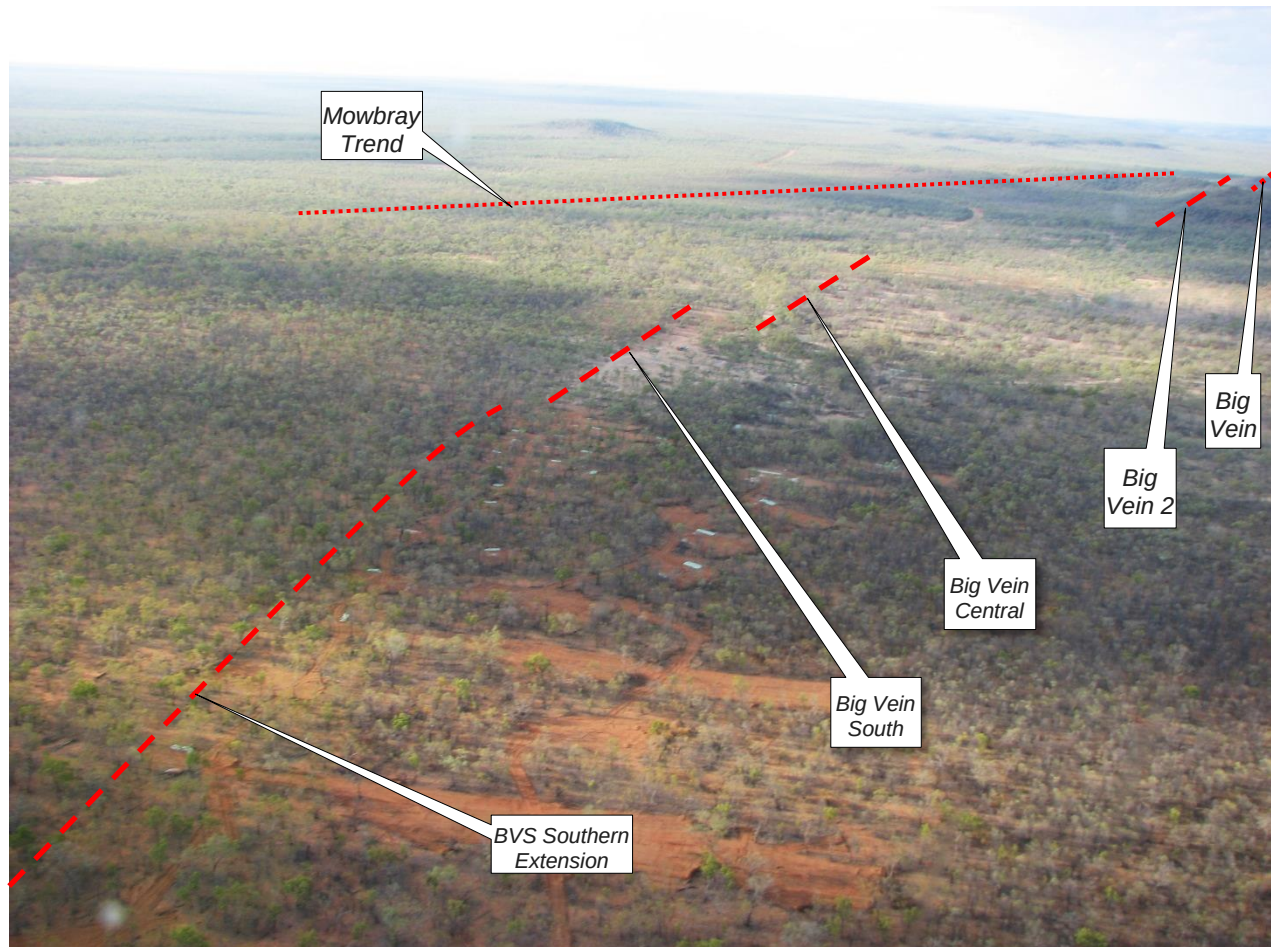


Figure 8: Aerial view of the Lower Camp in Woolgar, looking north, showing the principle prospects.

Southern Sector - BVS

To the south of the central high-grade sector, the mineralisation at shallow and moderate depths is truncated more abruptly than expected. This area has been drilled to moderate depth only.

- **LR0241** 3 metres at 1.99 g/t gold from 241 metres
- **LR0242** 2 metres at 0.76 g/t gold from 213 metres
- **LR0243** 2 metres at 0.95 g/t gold from 184 metres
- and 3 metres at 0.68 g/t gold from 206 metres

Interpretation

These holes all cut minor mineralisation only, confirming the location of the structure, but with no economic potential. The termination of the mineralisation locally had been expected, but as a gradational change, not so abruptly. LR0241 from Phase 1 in particular was far poorer than expected and prompted LR0257 in Phase 2 to test the 100m gap between strong and weaker mineralisation in order to better define the southern limit for resource purposes.

The depth extension locally has yet to be tested and it is possible that there is reasonable mineralisation beneath LR0257 and LR0241 extending southwards, similar to the near-surface, sub-horizontal cut-off in the central and northern sectors.

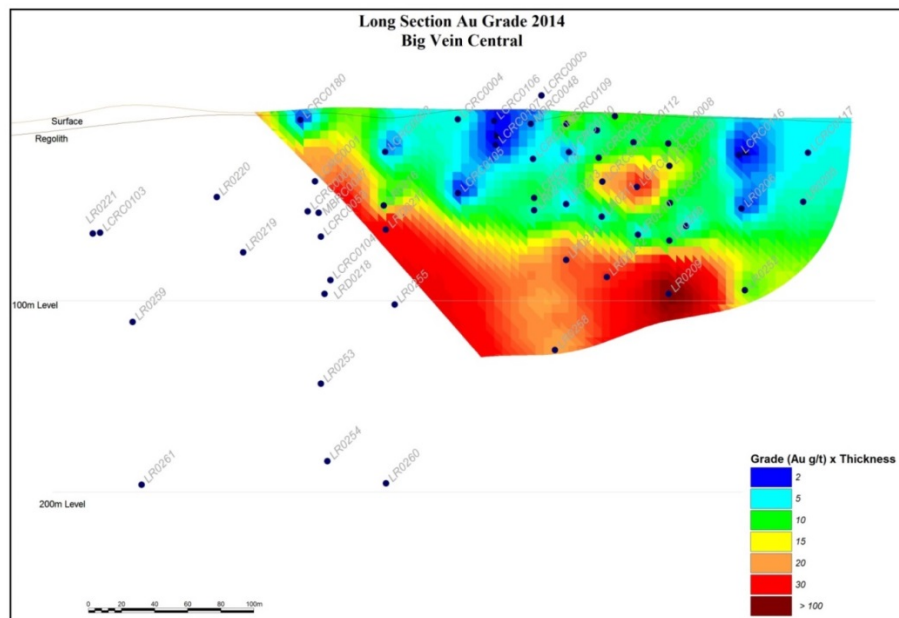
Southern Extension Target

No drilling was carried out in the far southern target at BVS. It remains possible that the moderate intersections to the south of BVS in 2013 indicate the presence of a further lens. It was decided to postpone this target until 2015 since it would require at least 1,500 metres of additional drilling to make a definitive conclusion either way and this was considered more exploratory and unlikely to add significantly to resource calculation this year.

Big Vein Central (BVC)

BVC is located approximately 500 metres northeast of BVS on an apparently discrete sub-parallel trend within the overall Woolgar Fault Zone.

The holes in this sector were designed to extend the mineralisation identified in 2013, which appeared to be similar in style and occurrence to that in BVS.



Northern sector – BVC

- **LR0252** 11m at 1.18 g/t gold from 103 to 114m
- **LR0258** 2m at 1.08 g/t gold from 151m
- and **7m at 2.40 g/t gold from 158m**

Interpretation

- LR0252 returned a moderate width at a lower than expected grade. It is interpreted that the mineralised lens is not well formed in this sector.
- LR0258 infilled between the northernmost and central drillholes in BVC. It confirms the position of the structure, but this continues to be poorer than the equivalent mineralisation in BVS.

Central sector – BVC

- LR0253 33m at 5.23 g/t gold from 160 to 193m
including 12m at 11.00 g/t gold from 160m
- **LR0254** 22m at 0.91 g/t gold from 211 to 233m
- LR0255 13m at 4.41 g/t gold from 125 to 138m
- **LR0260** 6m at 1.09 g/t gold from 240 to 246m

Interpretation

- The two holes, LR0253 and LR0255, testing the moderate depths, around the known mineralisation in LRD0217 returned successful intersections that extend the mineralisation at this level.
- LR0254 is a stepback testing 50 metres beneath LR0253. A moderate intersection was cut, but it was both weaker and narrower than expected.
- LR0260 stepped back on LR0255. This was relatively weak and narrow when compared to BVS.
- It is possible that this is due to lithological controls related to mafic intrusions that are intersected in several of the relatively poor, deeper RC holes, but not in the better, shallower RC and DDH holes.
- Detailed mapping and relogging confirmed the presence of intrusive bodies, but it remains inconclusive if these are related to the weaker mineralisation.

Southern Sector - BVC

- LR0221 61m at 1.95 g/t gold from 91 to 152m
including 6m at 5.46 g/t gold from 136m
- LR0259 54m at 2.92 g/t gold from 111 to 165m
including 7 m at 6.75 g/t gold from 132m
and 20m 4.75 g/t gold from 145m
- and 12m at 1.22 g/t gold from 212 to 224m
- LR0261 79m at 1.06 g/t gold from 215 to 293m
including 6m at 5.06 g/t gold from 215m
and 4m at 5.03 g/t gold from 263m
- **LR0265** 5m at 1.40 g/t gold from 88m
- and **12m at 2.55 g/t gold from 141 to 153m**
- including 7m at 3.189 g/t gold from 145m

Interpretation

- LR0221, LR0259 and LR0261 form a fence at 100m spacing across the “flat-zone”.
- LR0265 steps south 100 metres from LR0221.
- These demonstrate a strong and significant mineralisation forming a moderately dipping- structure and weakening gradually to the south.
- There remains significant potential for further mineralisation in this sector.

Metallurgical Testwork Results

In February 2015 Company announced the results of the initial metallurgical testwork on the BVS and BVC prospects in the Lower Camp of the Woolgar Project. This is the first part of a two stage metallurgical testwork program being conducted by the company to evaluate the metallurgical performance of the mineralisation.

This is the first phase of metallurgical studies conducted on the mesothermal-style mineralisation encountered on the Woolgar Fault Zone and is not directly associated with either the epithermal or intrusion-related mineralisation in the Sandy Creek and Soapspar sectors, for which metallurgical studies have been conducted historically.

Key results obtained from the program include:

- Gold recovery averaged 96% across the six samples tested;
- No refractory ore characteristics were observed in any of the tests, indicating the ore is suitable for gold recovery in a standard CIL processing plant;
- The consumption of reagents is considered moderate; and
- Silver, copper, lead and zinc values are moderate and are not considered to significantly affect the design of any future processing facilities, although a flotation circuit for the production of a base metal concentrate may be viable and will be examined later in the testwork program.

Table 2: Summary of significant metallurgical testwork results:

Prospect & Sector	Au Recovery, %	Au Grades, g/t
Big Vein Central - North & Central	96.61	5.11
Big Vein Central - Southern End	96.58	3.51
Big Vein South - Northern End	96.47	5.24
Big Vein South - North Central	97.32	5.59
Big Vein South - South-Central	93.11	4.03
Big Vein South - Southern End	96.25	5.10
Average	96.06	

Metallurgical Program Summary

Strategic Minerals (SMC or The Company) commissioned Core Process Engineering (Core) (www.coresources.com.au) to carry out a testwork program to assign preliminary gold recovery values to the Woolgar mineralisation and identify any metallurgical characteristics. This is the first part of a two stage metallurgical program. Samples for the program were taken from the mineralisation identified over the past two years in the southern prospects at Woolgar.

The goals of the testwork program were to:

1. Determine reportable metallurgical Au recovery data, using standard cyanide leaching technology, across 6 identified zones of the mineralised body, reported herein.
2. Conduct preliminary investigations of processing options available to the project, which will provide data necessary for preliminary estimates of processing options and associated capex and opex.

Two packages of work were designed, reflecting these goals. The results reported here relate to the first stage test data. The second stage will further evaluate metallurgical responses, such as gravity extraction of gold and the rate of gold leaching in the CIL process.

The tests were conducted on six composite samples formed from 191 intervals selected from a variety of grades, depths and sectors within the prospects. These results will be used as a guide to continued exploration and investment by the Company. The sample material was selected to be representative of the mineralisation styles encountered to date. The sample material was selected from holes drilled during 2013 and 2014, and is from beneath the base of complete oxidation.

The primary focus of these tests was on the gold recovery since this is the dominant metal of value in the system. Although silver, copper, lead and zinc also occur, these are relatively minor and are not expected to form a significant economic component of any project going forward. These metals were monitored for any potential effects that they may have on the leaching, recovery or consumption of reagents during processing. First indications from these tests suggest that such effects appear to be moderate and manageable within a normal processing circuit.

These results will be incorporated in the updated resource calculation over the Big Vein South and Central prospects for which preparations are underway.



Figure 10: Testwork in progress at Core Process Engineering's Brisbane facility.

Petrography

The Company commissioned a program of petrography and petrology studies. Samples of rock, RC chip and diamond core, consisting of various mineralisation, alteration and lithological styles were submitted for analysis. The results of this provide essential information for the metallurgical and resource work, as well as aiding a better understanding of the geology and controls on the mineralisation in the field for use in interpreting field relations for drill planning.

Lower Camp Resources⁴

During 2013, the known mineralisation was extended significantly in volume and continuity, but the spacing and distribution, combined with the significant changes in style, distribution and form were considered too unreliable to define a resource. The 2014 drilling has infilled and extended the mineralisation, as well as increasing the overall confidence about the style and form of the mineralised system. These objectives have been successfully achieved and preparations are currently underway to produce an upgraded JORC 2012-compliant Resource update for the BVS and BVC prospects. Unfortunately this is not available for this report, but will be published as soon as it is prepared.

⁴ For full JORC-compliant resource statement please refer to "QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 31st MARCH 2013" issued 30th April 2013, available at www.stratmin.com.au

2014 EXPLORATION ACTIVITIES

In addition to the 7,867 metres of RC drilling, SMC carried out

- Continued reconnaissance mapping of significant structures across the western sector, west and northwest of the Perseverance and Union prospects for target generation purposes;
- Detailed prospect-level mapping, along the trends of the WFZ and the Mowbray structures in the Lower Camp; and
- 352 km of ground magnetometry over the Lower Camp, in addition to the 178 km in 2013.

The extensive soil sampling program carried out from 2008 to 2013 has been suspended since it has already generated a large number of targets that require follow-up work. This may be continued on a reduced basis when justified in new areas, such as following up on the reconnaissance work in EPM 11886 and a proposal for MMI soils sampling in EPMs 14060 and 14209.

Reconnaissance Mapping

Target generation mapping over areas previously considered to be lower priority has been advanced in light of the highly successful drill programs at BVS and BVC. This is intended to continue to identify areas of potential interest and to prioritise the future focus of exploration in Woolgar.



Figure 11: Helicopter picking up geologists from a remote part of the mapping area.

To date the main focus of this has been on the district in the Middle Camp, west of the river and extending to the west and north. A large part of this work has covered areas in EPMs 9599 and 11886, and has successfully highlighted multiple prospective structures.

These structures have similar surface characteristics on lithologies, alteration, and vein and mineralisation texture as the BVS and BVC prospects. They occur in several orientations, paralleling the known district scale lineations seen in SMC's existing aeromagnetic survey of the area. This cross-cutting pattern is considered to be prospective since it increases the probability that one or more structures were favourably orientated to act as fluid conduits and host mineralisation at the time of emplacement.

The structures mapped are important for two further reasons:

1. They can be traced discontinuously in the field and in satellite images for over three kilometres, implying that they are large structures and thus more likely to be linked to the source of the mineralisation; and
2. They can be traced along strike from valley to valley, demonstrating that they are likely to be continuous beneath the overlying remnants of the sedimentary cover sequence that forms the hills locally.

This all increases the confidence that it is worthwhile to continue to develop these targets with surface and soil geochemistry, detailed mapping and geophysics to develop justifiable drill targets.

The next phase of this program will focus on the Middle Camp, east of the river spanning a large area of both EPMs 14209 and 9599. A significant number historic workings are located and multiple structures have been identified, requiring systematic follow-up.

Detailed Lower Camp Mapping

Detailed prospect scale mapping has been undertaken across the Lower Camp, concentrating along the trends of the main WFZ structures and the cross cutting regional-scale Mowbray structure. Both of these structures hosted some of the largest historic mining at the end of the 19th Century and are often clearly marked by old pits and shafts exploring for or exploiting ore. Most of the workings are shallow pits, although some shafts reportedly reached 60 feet or more, before encountering problems with water ingress. The old workings complicate the mapping and prioritisation of these structures since they were hand-picked for ore, so that none of the original material remains. Nonetheless, it is possible to infer the mineralisation style and compare it approximately to the surface and subsurface styles in BVS and BVC.



Figure 12: Untested vein target on the Big Vein Trend between Big Vein and Mowbray NE.

Part of this work covered a section of EPM 14209 through BVS prospect. Although further surface mapping in that part of EPM 14060 is not possible due to the lack of outcrop, there are known occurrences of veining and old workings outcropping west of the Mowbray NE, forming a continuation between the mesothermal Woolgar trend and the epithermal field at Sandy Creek. This work will form the basis of the planning for the first round of drilling in 2015 and will be rolled out to the most interesting of the prospects, including in EPM 14060 in order to prioritise these for drilling.

Ground Magnetometry

During 2014, SMC carried out a Ground Magnetometry survey over the central and southern Lower Camp. This comprised 352.5 linear kilometres of survey adding to the 177.5 linear kilometres surveyed during 2013, see Figure 7.

The aim of the survey was to cover:

- Along-strike extensions of the known mineralised Woolgar Fault Zone (WFZ);
- Off-axis, tangential and perpendicular structures to the WFZ; and
- Infill on the previous survey with higher density or perpendicular orientated survey lines.

The objective of the program was to extend the previous test survey over numerous prospective targets to the south, east and west, within the Lower Camp. The program involved techniques to improve resolution of features in all orientations in order to better visualise the easterly and north-easterly trending structures as well as the main north-trending Woolgar Fault Zone. Initial results indicated that this has been highly successful and two extensions to the survey program were implemented in order to capitalise on this.

Mineral Resource and Ore Reserves Statement 2014

As stated, Strategic have engaged H & S Consultants Pty Ltd ("HSC"), an independent specialist consultancy, to calculate an updated, JORC 2014-compliant, resource estimation of the BVS and BVC deposits, the results of which are expected to be received shortly. This process is underway and the results of this will be published as soon as it is prepared.

There has been no drilling nor reinterpretation work conducted on the other historic resources around the Lower Camp, nor the Sandy Creek and Soap spar deposits and the Company does not believe that any significant changes have occurred to significantly affect the standing resources on these deposits.

The resource inventory for the Lower Camp (BVS and BVC) structures will be updated upon receipt of the HSC Resource updated estimation and will be completed to JORC 2012 compliance levels. The existing historic JORC 2004 compliant resource for the remainder of the project is considered to remain valid and will not be revisited unless considered justified due to further exploration data or changes in the fundamental project economics.

Table 3: Summary resource table for the Woolgar Project. For full JORC-compliant resource statement please refer to "QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 31st MARCH 2013" published 30th April 2013, available at www.stratmin.com.au

Resource Classification	Cut-off grade g/t	Tonnes	Gold Grade g/t	Contained Gold oz	Mineralisation Type & Sector
Big Vein South					Lower Camp
Measured	0.75	286,000	2.46	22,700	Mesothermal
Indicated	0.75	340,000	1.53	16,700	
Inferred	0.75	122,000	1.85	7,200	
Subtotal		748,000	1.94	46,600	
Big Vein Central					Lower Camp
Indicated	0.75	50,300	2.09	3,400	Mesothermal
Inferred	0.75	51,200	1.56	2,600	
Subtotal		101,500	1.82	6,000	
Big Vein Two					Lower Camp
Indicated	0.75	15,500	2.01	1,000	Mesothermal
Inferred	0.75	92,200	3.09	9,100	
Subtotal		107,700	2.93	10,100	
Big Vein					Lower Camp
Inferred	0.50	94,000	3.84	11,600	Mesothermal
Subtotal		94,000	3.84	11,600	
Soap spar					Upper Camp
Measured	0.40	1,667,000	0.91	48,800	Intrusion
Indicated	0.40	1,175,000	0.90	34,000	Related
Inferred	0.40	472,000	0.82	12,400	
Subtotal		3,314,000	1.94	95,200	
Lost World					Sandy Creek
Measured	0.40	11,182,000	0.90	323,600	Epithermal
Indicated	0.40	2,392,000	0.80	61,500	Low Sulphidation
Inferred	0.40	2,413,000	0.73	56,600	
Subtotal		15,987,000	0.89	441,700	
Grand Central & Camp					Sandy Creek
Indicated	0.40	2,157,000	1.18	81,600	Epithermal
Inferred	0.40	607,000	1.02	19,700	Low Sulphidation
Subtotal		2,764,000	0.86	101,300	
Explorer					Sandy Creek
Measured	0.50	884,000	2.04	58,000	Epithermal
Indicated	0.50	460,000	1.14	16,900	Low Sulphidation
Inferred	0.50	107,000	1.02	3,500	
Subtotal		1,451,000	1.68	78,400	
Explorer South					Sandy Creek
Inferred	0.50	1,516,000	0.88	42,900	Epithermal
Subtotal		1,516,000	0.88	42,900	Low Sulphidation
Shanghai & Finn					Sandy Creek
Indicated	0.80	104,000	3.29	11,000	Epithermal
Inferred	0.80	29,000	3.44	3,200	Low Sulphidation
Subtotal		133,000	3.33	14,200	
Total for Woolgar Project					
Total		26,216,200	1.12	848,000	

Appendix One: Graphic Sections, Plans and Location Maps

Big Vein Central: Graphic Sections

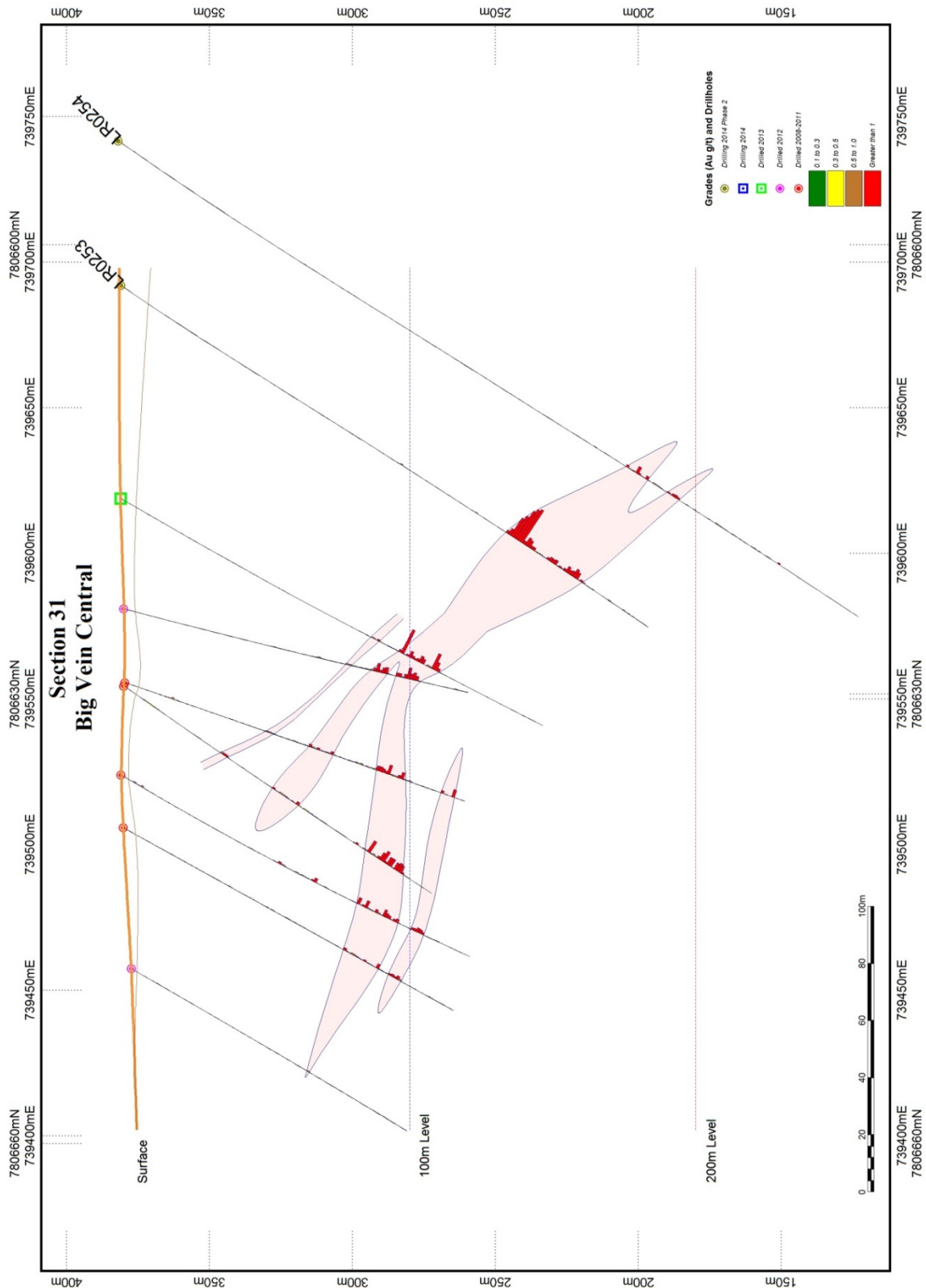


Figure 13: Cross section showing LR0253 and LR0254 in the centre of Big Vein Central with the interpreted mineralisation envelope.

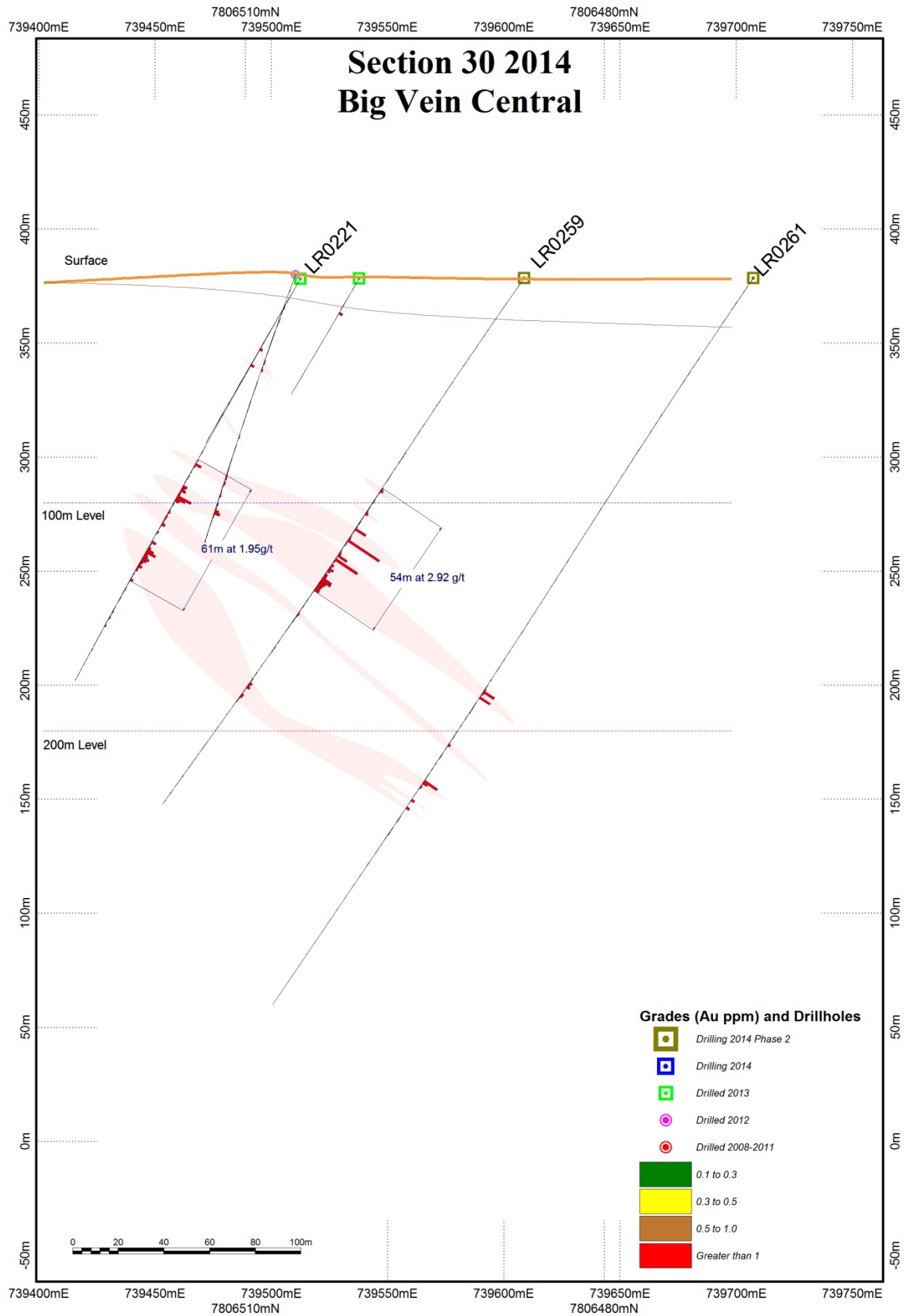


Figure 14: Cross section showing LR0221, LR0259 and LR0261 in the south of Big Vein Central.

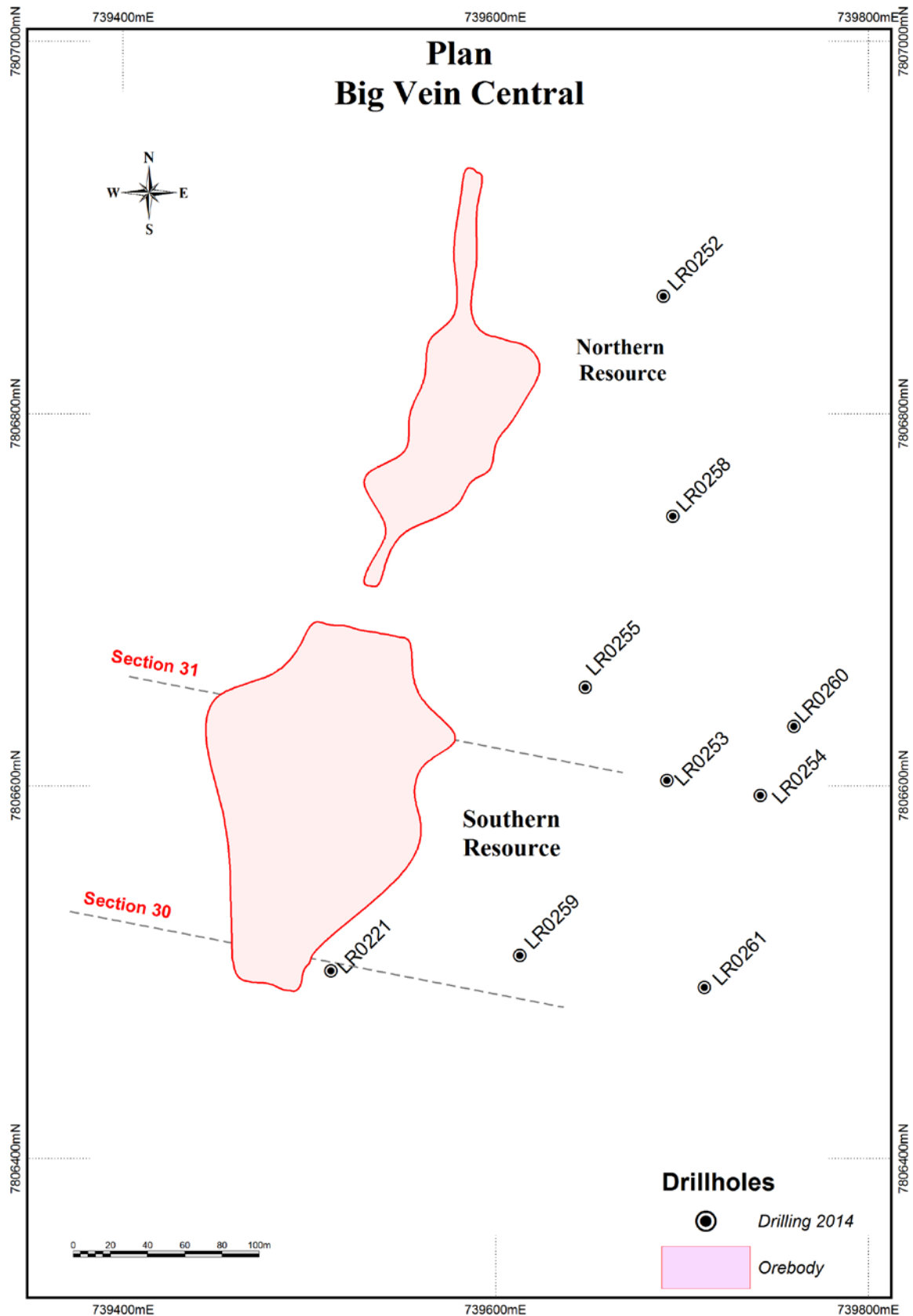


Figure 15: Plan of Big Vein Central showing 2014 collars and sections.

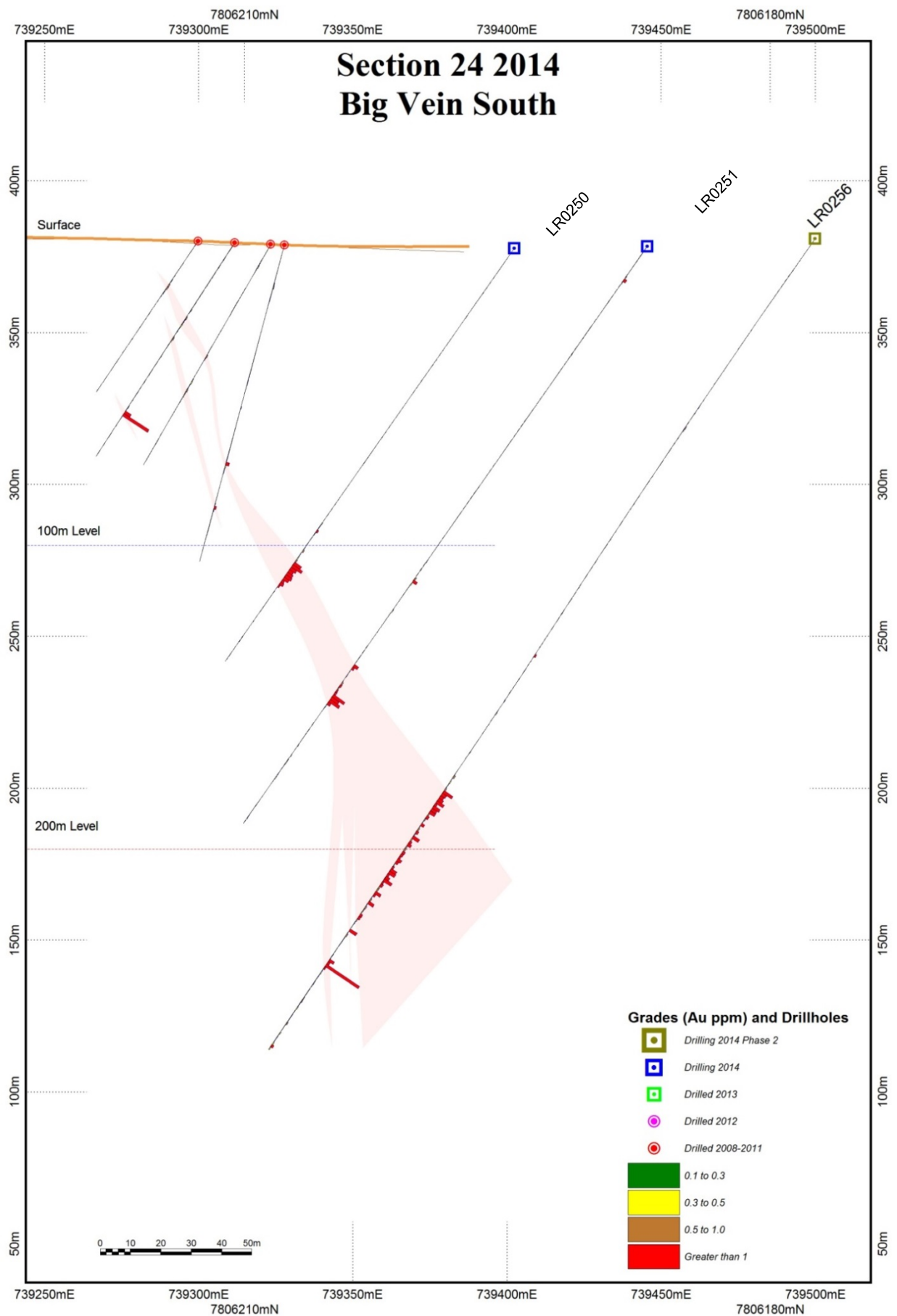
Big Vein South: Graphic Sections

Figure 16: Cross section showing LR0256 in the north of BVS with the interpreted mineralisation envelope.

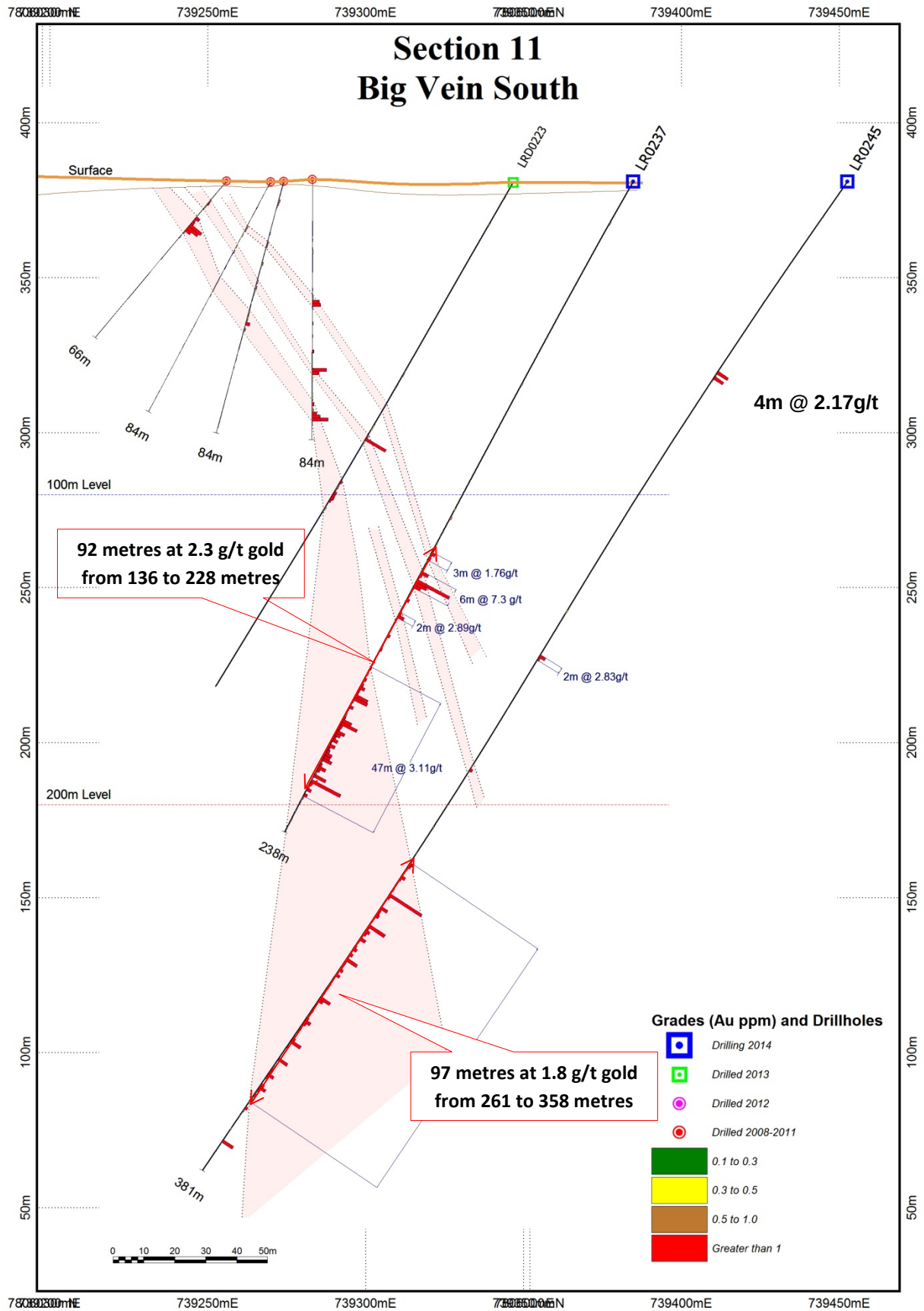


Figure 17: Section 11 showing LR0237 and LR0245 gold histogram values and interpreted mineralised envelopes.

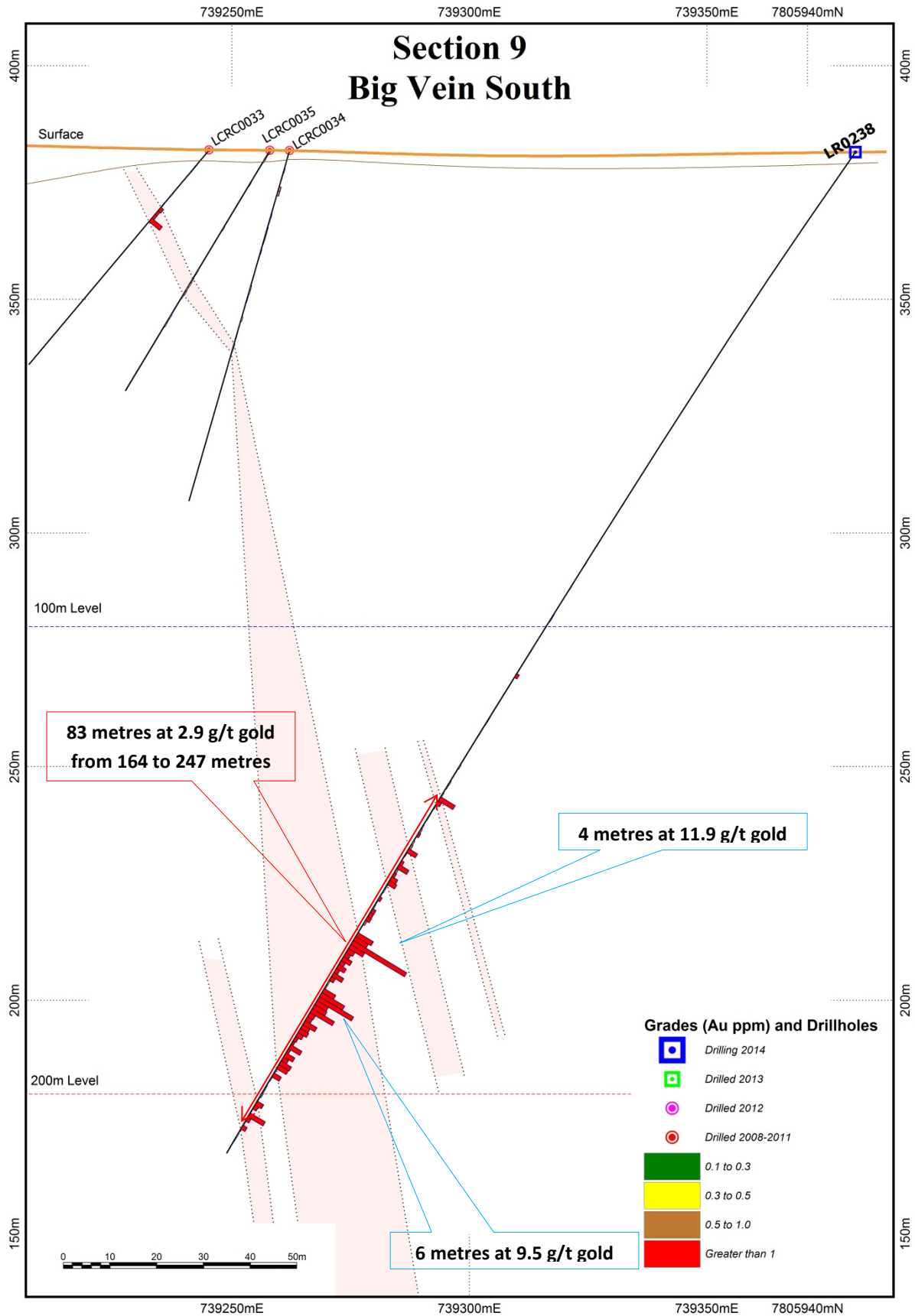


Figure 18: Section 9 showing LR0238 gold histogram values and interpreted mineralised envelopes.

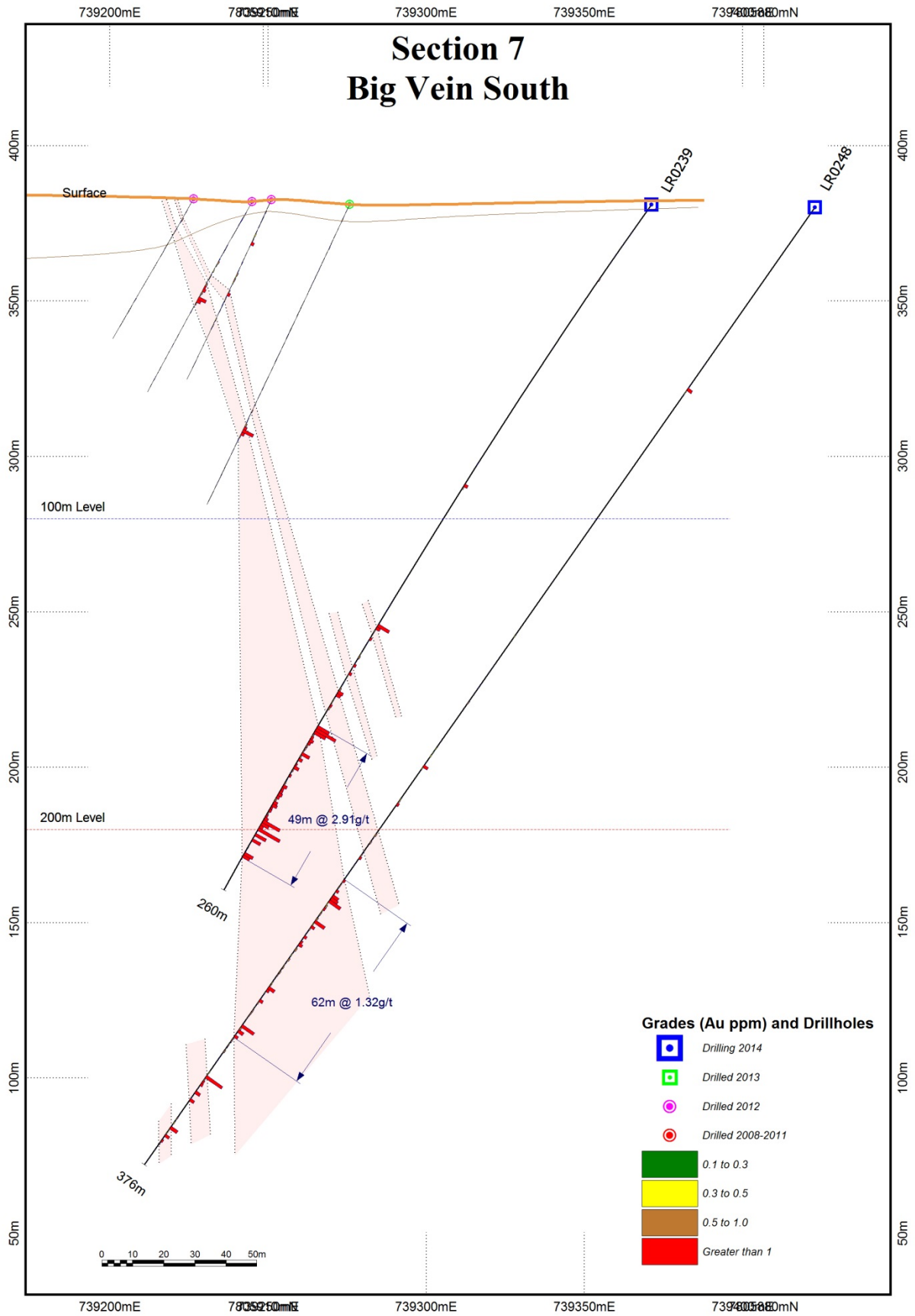


Figure 19: Section 7 showing LR0239 and LR0248 gold histogram values and interpreted mineralised envelopes.



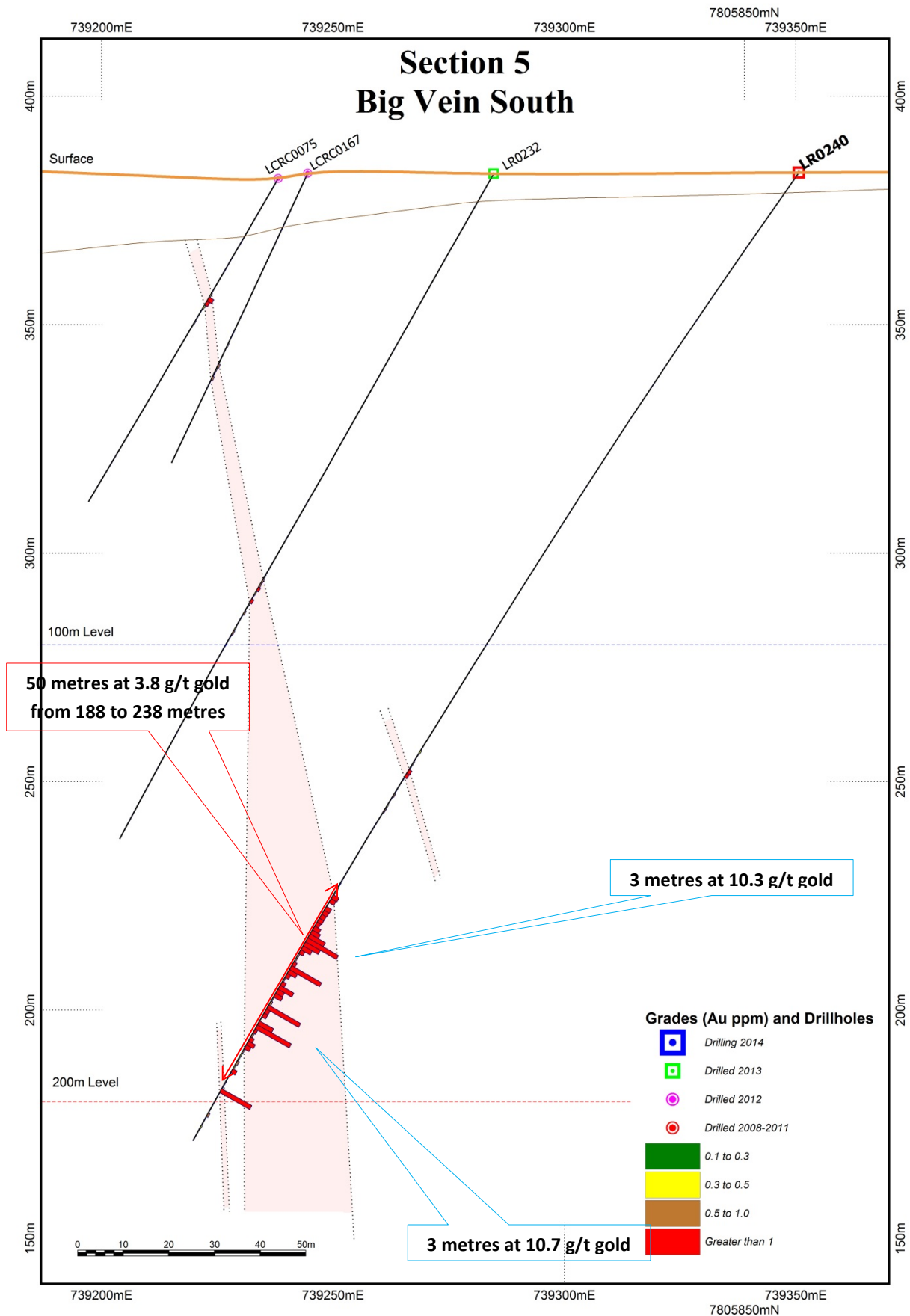


Figure 20: Section 5 showing LR0240 gold histogram values and interpreted mineralised envelopes.

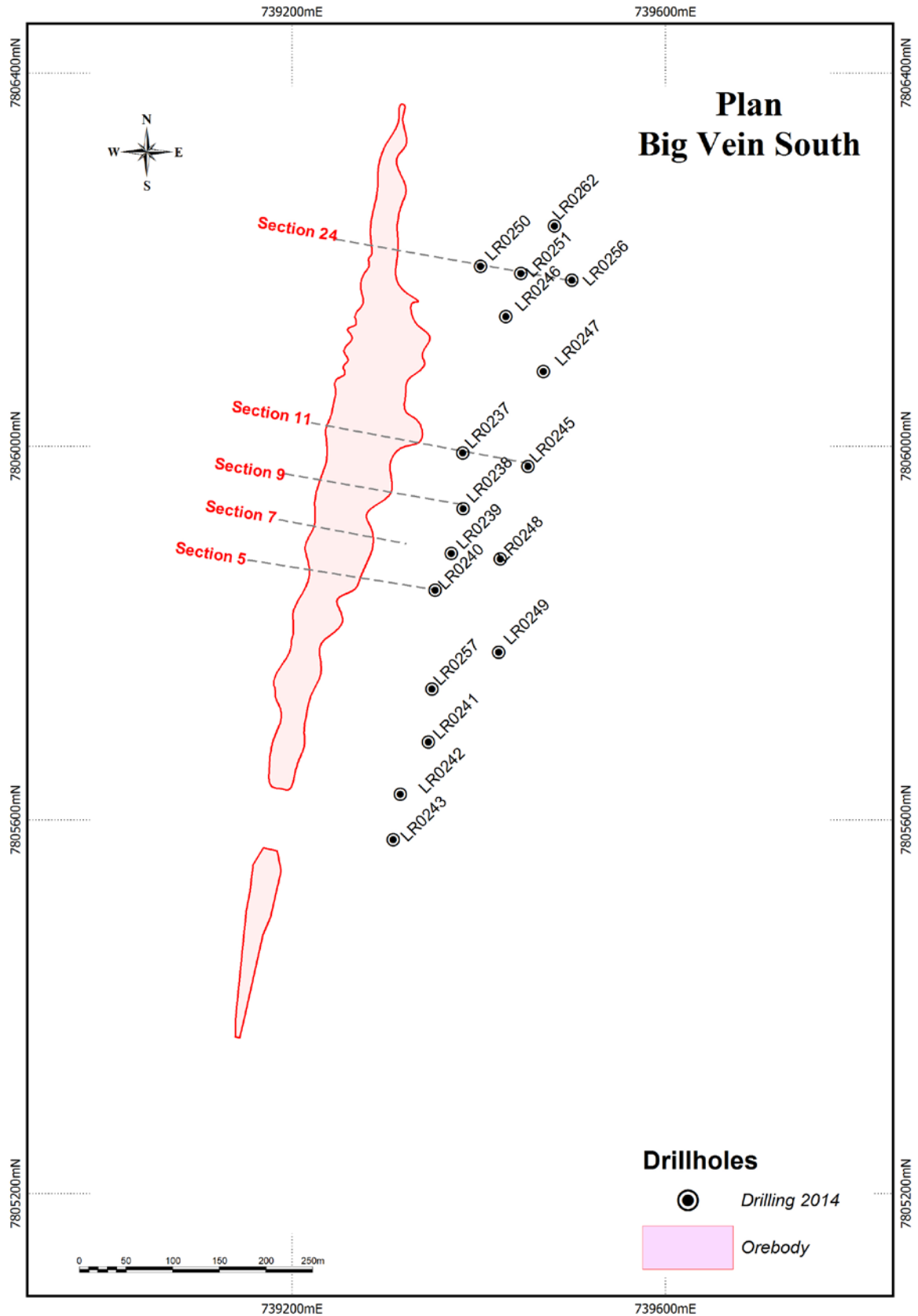


Figure 21: Plan of Big Vein South showing 2014 collars and sections.

Appendix Two: Summary of RC drill intersections for 2014.

Table 4: 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 Method	From (metres)	To (metres)	Width ³ (metres)	Gold Grade ⁴ ppm
Phase 1												
LR0237	BVS	238	-60	273	739383	7805993	380	RC	136	228	92	2.280
including								RC	143	149	6	7.300
and								RC	176	228	52	2.809
including								RC	188	202	14	3.579
and								RC	209	220	11	5.051
LR0238	BVS	253	-55	273	739383	7805933	380	RC	164	247	83	2.920
including								RC	189	234	45	4.220
including								RC	198	202	4	11.920
and								RC	212	218	6	9.470
LR0239	BVS	260	-55	273	739371	7805885	381	RC	161	248	87	1.990
including								RC	199	242	43	3.040
including								RC	199	202	3	10.500
and								RC	234	242	8	6.190
LR0240	BVS	250	-55	273	739353	7805846	382	RC	188	238	50	3.770
including								RC	188	233	45	3.832
including								RC	198	201	3	10.250
and								RC	219	222	3	10.690
LR0241	BVS	274	-55	273	739346	7805683	385	RC	241	244	3	1.990
LR0242	BVS	237	-55	273	739316	7805628	385	RC	213	215	2	0.760
LR0243	BVS	249	-55	273	739309	7805579	385	RC	184	186	2	0.945
and								RC	206	209	3.000	0.677
LR0244	Hole Abandoned											
LR0245	BVS	381	-55	273	739453	7805979	379	RC	73	77	4	2.165
and								RC	182	184	2	2.815
and								RC	261	358	97	1.778
LR0246	BVS	268	-55	273	739429	7806139	378	RC	168	184	16	2.159
including								RC	174	181	7	3.530
LR0247	BVS	412	-55	273	739469	7806080	379	RC	136	138	2	3.480
and								RC	240	300	60	1.889
including								RC	256	264	8	7.536
LR0248	BVS	376	-55	273	739423	7805879	380	RC	264	368	104	1.171
including								RC	270	281	11	2.792
including								RC	270	273	3	6.163
and								RC	280	283	3	3.003
and								RC	321	326	5	3.380
and								RC	341	351	10	2.283
LR0249	BVS	328	-55	273	739421	7805779	382	RC	98	100	2	4.445
and								RC	298	318	20	1.471
LR0250	BVS	166	-55	273	739402	7806193	378	RC	125	136	11	3.735
LR0251	BVS	232	-55	273	739445	7806185	378	RC	175	184	9	3.390
including								RC	180	184	4	6.323
Phase 2												
LR0252	BVC	178	-55	273	739690	7806863	375	RC	103	114	11	1.179
LR0253	BVC	220	-55	273	739692	7806603	381	RC	160	193	33	5.226

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Table 4: 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 Method	From (metres)	To (metres)	Width ³ (metres)	Gold Grade ⁴ ppm
including									160	172	12	10.996
LR0254	BVC	308	-55	273	739742	7806595	382	RC	211	233	22	0.914
LR0255	BVC	208	-55	273	739648	7806653	383	RC	125	138	13	4.423
LR0256	BVS	322	-55	273	739500	7806178	381	RC	218	277	59	2.021
including									219	228	9	4.188
and									250	255	5	3.968
and									286	290	4	8.115
LR0257	BVS	316	-55	273	739350	7805740	381	RC	232	243	11	3.310
including									241	243	2	9.535
LR0258	BVC	216	-55	273	739695	7806745	378	RC	151	152	2	1.075
and									158	165	7	2.401
LR0221 ⁵	BVC	202	-60	273	739512	7806501	378	RC	91	152	61	1.946
including									136	142	6	5.458
LR0259	BVC	280	-55	273	739613	7806509	379	RC	111	165	54	2.921
including									132	139	7	6.750
and									145	165	20	4.754
and									212	224	12	1.215
LR0260	BVC	346	-55	273	739760	7806632	380	RC	240	246	6	1.087
LR0261	BVC	382	-55	273	739712	7806492	379	RC	215	294	79	1.058
including									215	221	6	5.065
and									250	254	4	1.743
and									263	267	4	5.028
LR0262	BVS	250	-55	273	739481	7806236	379	RC	177	199	22	3.363
including									184	193	9	5.979
LR0263	BVS	316	-55	273	739531	7806227	379	RC	204	205	1	8.290
and									225	275	50	1.113
including									226	229	3	3.197
and									232	241	9	2.449
LR0264	BVS	274	-55	273	739552	7806328	391	RC	151	237	86	1.518
including									172	179	7	4.309
and									204	208	4	4.608
LR0265	BVC	190	-55	273	739487	7806418	389	RC	88	93	5	1.402
and									141	253	12	2.552
including									145	152	7	3.189

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 and surveyed using Differential GPS.

³ All intersection widths are length weighted averages. All sample 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 announcements for comparative purposes. No upper cut-off was applied.

⁵ LR0221 was drilled to 83 metres in 2013. It was extended to 202 metres as part of Phase 2, 2014.



APPENDIX THREE: TENEMENT REPORT

Table 5: Woolgar Tenement Inventory as at 31 December 2014

Prospect	Tenements	License No	Grant Date	Area	Interest	Comments
Woolgar	Perseverance	ML 2728	25/05/89	128 hectares	100%	Granted
Woolgar	Mowbray	ML 2739	25/05/89	128 hectares	100%	Granted
Woolgar	Mowbray 3	ML 2729	25/05/89	128 hectares	100%	Granted
Woolgar	Soapspar 1	ML 2642	31/01/74	4.05 hectares	100%	Granted
Woolgar	Soapspar 2	ML 2793	08/08/91	146.4 hectares	100%	Granted
Woolgar	Sandy Creek Dam	ML 90044	27/04/95	29.2 hectares	100%	Granted
Woolgar	Woolgar	EPM 9599	02/09/93	32 Sub Blocks	100%	Granted
Woolgar	Sandy Creek Plant	ML 90122	02/09/04	350.90 hectares	100%	Granted
Woolgar	Woolgar West	EPM 11886	21/04/04	23 Sub Blocks	100%	Granted
Woolgar	Woolgar East	EPM 14060	21/04/04	48 Sub Blocks	100%	Granted
Woolgar	Woolgar South	EPM 14209	21/04/04	49 Sub Blocks	100%	Granted
Woolgar	Steam Engine	EPM 13942	09/11/06	3 Sub Blocks	100%	Granted
Woolgar	Flat Creek	ML 90123	23/11/04	124.73 hectares	100%	Granted
Woolgar	North Star	ML 90238	Application	875.39 hectares	100%	Application

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 2014.

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 (Non-executive Director) (Appointed 1 June 2014) Age 37*

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 General Manager, Special Projects for the QCoal Group and also acts as Manager, Land and Fixed Assets. 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 Wally A C Martin *Managing Director (Executive) Age 74*

Dip Legal Studies

Mr Wally Martin has had extensive experience at senior management level in both the Government and private enterprise sectors for over 30 years with particular emphasis in the mining industry. Mr Martin was the founding Vice-President of the Association of Mining and Exploration Companies of WA and has, since 1979, been actively involved in the private sector of the mining industry as a managing director and director of a number of public listed mining companies. Mr Martin has been Managing Director of Strategic Minerals Corporation NL since 1991. Mr Martin also held a directorship in Hillcrest Litigation Service Ltd until March 2015.

Mr. Jay Stephenson *Director (Non-Executive) and Company Secretary Age 48*

MBA, FCPA, CMA, FCIS, MAICD

Mr Jay Stephenson has been involved in business development for over 20 years including the past 17 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 Quintessential Resources Limited since February 2011 and Non-Executive Director of Parmelia Resources Limited since May 2014. Past Non-Executive Director of Aura Energy Limited - August 2005 to July 2013, Bulletproof Limited (Spencer Resources Limited) July 2011 to January 2014 - and Parker Resources Limited - January 2011 to December 2012. No other directorships in the past three years.

Mr. Claude F Guerre *Director (Non-Executive) until his resignation on 30 May 2014 Age 71*

Mr Claude Guerre is based in Geneva where he is President of an investment and advisory company offering financial services to private and institutional investors.

Mr Guerre has over 24 years' experience as a financial analyst, chief investment officer with a leading international banking group and over 24 years' experience as an investment fund manager. Since establishing his financial services company in 1987, he has acted as a financial adviser and fund manager for several banks and financial institutions in Switzerland, Luxembourg, France and Spain.

He does not have any other Australian public company directorships.

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:

Director	Meetings Held	Meetings Attended	Circular Resolutions	Circular Resolutions Signed
L A McLoughlin (Appointed 01/06/2014)	4	4	1	1
W A C Martin	4	4	6	6
J Stephenson	4	4	7	7
C F Guerre (Resigned 30/05/2014)	-	-	2	2

3. DIRECTORS' INTERESTS

The relevant interests of Directors in the shares and options of the Company as at 31 December 2014 were as follows:

Director	Shares Direct	Shares Indirect	Options Direct	Options Indirect
2014				
L A McLoughlin (Appointed 01/06/2014)	-	262,668	-	-
W A C Martin	-	54,436	-	-
J Stephenson	-	-	-	-
C F Guerre (Resigned 30/05/2014)	-	-	-	-
2013				
W A C Martin	281,690	4,142,973	-	-
J Stephenson	-	205,335	-	-
C F Guerre (Resigned 30/05/2014)	1,095,000	4,050,000	-	-

The aggregate number of shares acquired/(disposed) directly or indirectly by Directors during the year up to the date of this report was:

L A McLoughlin (Appointed 01/06/2014)	-	262,668	-	-
W A C Martin	(281,690)	(4,088,537)	-	-
J Stephenson	-	(205,335)	-	-
C F Guerre (Resigned 30/05/2014)	(1,095,000)	(4,050,000)	-	-

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

The net consolidated loss of the Group for the year ended 31 December 2014 after providing for nil income tax was \$1,577,531 (2013: Loss of \$1,295,548).

6. REVIEW OF OPERATIONS

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

7. DIVIDENDS

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

8. FINANCIAL POSITION

The net assets of the consolidated entity have increased by \$2,192,770 to \$21,751,564 as at 31 December 2014. The major component of this movement was share capital issued in May 2014.

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

In May 2014 the Company offered 164,834,665 shares at 2.4 cents in a fully underwritten non-renounceable entitlements issue. The Company raised \$3,770,301 from this issue, net of costs.

There were no other significant changes in the state of affairs of the Group during the year ended 31 December 2014.

10. EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant events between the end of the financial year and the date of signing this report.

11. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely future developments in the operations of the Consolidated Entity are referred to in the "Review of Operations".

12. AUDIT COMMITTEE

The Company did not establish a separate Audit Committee of the Board of Directors in 2014. Refer to the Corporate Governance Statement in this Annual Report.

13. 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

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 section 308(3C) of the Corporations Act 2001.

(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 Managing Director 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 2014.

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 \$48,000 per annum (2013: \$48,000). The Non-Executive Chairman receives a fee of \$100,000 per annum (2013: \$72,000). Non-Executive Director's remuneration is reviewed annually by the Board.

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.

The executive remuneration framework has two components:

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

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.

REMUNERATION REPORT (AUDITED) (CONTINUED)

(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 2014 are set out in the following tables.

	Short-term benefits		Post-employment benefits	Share based payment options	Total	Options as a percentage of remuneration
	Cash, salary & fees	Non-monetary	Super-annuation			
Year 2014	\$	\$	\$	\$	\$	%
<i>Executive Director</i>						
Mr W A C. Martin*	217,605	10,768	-	-	228,374	-
<i>Non- Executive Directors</i>						
Mr L A McLoughlin	58,333	-	-	-	58,333	-
Mr J Stephenson**	48,000	-	-	-	48,000	-
Mr C F Guerre**	34,666	-	-	-	34,666	-
	358,604	10,768	-	-	369,373	-
Year 2013						
<i>Executive Director</i>						
Mr W A C. Martin *	461,257	26,338	-	-	487,595	-
<i>Non- Executive Directors</i>						
Mr C Bigeard***	20,000	1,524	-	-	21,524	-
Mr J Stephenson**	48,000	3,049	-	-	51,049	-
Mr C F Guerre**	72,000	3,049	-	-	75,049	-
	601,257	33,960	-	-	635,217	-

* Wally Martin's 2013 "cash, salary & fees" amount includes provision for backpay of \$276,694 for annual Consumer Price Index ("CPI") increases commencing 2003 which were not previously paid. During the year ended 31 December 2014 a further \$11,106 was accrued as backpay before a total amount of \$287,800 (gross) was paid to Mr Martin during that period.

** In 2013 and 2014, Mr Guerre and Mr Stephenson were directors of consulting companies which provided consulting services to the Company for which fees outlined above were paid.

*** Mr Bigeard resigned from his directorship on 31 May 2013.

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

The Company entered into a service agreement in 2002 with the Managing Director, Mr Wally Martin, who is currently employed on a salary of \$211,785 per annum. The service agreement is for a fixed term until 30 June 2016. In the event that the Company chooses to terminate Mr Martin's service agreement prior to the end of his term Mr Martin is entitled to a termination payment equal to three months' salary at his rate of remuneration as at the date of termination. No termination payment is payable if the terms of Mr Martin's service agreement are in breach. Mr Martin's remuneration is also adjusted annually on the anniversary date of his executive service agreement in line with the CPI.

There are no service agreements in place for Non-Executive Directors.

REMUNERATION REPORT (AUDITED) (CONTINUED)

(d) Equity instruments disclosure relating to Key Management Personnel**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.

2014	Balance at Start of the year	Other changes during the year ****	Balance at the end of the year
Directors:			
Mr L A McLoughlin - direct *	-	-	-
Mr L A McLoughlin - indirect *	-	262,668	262,668
Mr W A C Martin - direct	281,690	(281,690)	-
Mr W A C Martin - indirect	4,142,973	(4,088,537)	54,436
Mr J Stephenson - direct	-	-	-
Mr J Stephenson - indirect	205,334	(205,334)	-
Mr C F Guerre - direct **	1,095,000	(1,095,000)	-
Mr C F Guerre - indirect **	4,050,000	(4,050,000)	-
2013	Balance at Start of the year	Other changes during the year ****	Balance at the end of the year
Directors:			
Mr W A C Martin - direct	281,690	-	281,690
Mr W A C Martin - indirect	3,899,658	143,315	4,142,973
Mr J Stephenson - direct	-	-	-
Mr J Stephenson - indirect	176,000	29,334	205,334
Mr C F Guerre - direct **	795,000	200,000	1,095,000
Mr C F Guerre - indirect **	4,050,000	-	4,050,000
Mr C Bigeard - direct ***	-	-	-
Mr C Bigeard - indirect ***	-	-	-

* Mr L A McLoughlin was appointed as a Director on 1 June 2014.

** Mr C F Guerre resigned as a Director on 30 May 2014.

*** Mr C Bigeard resigned as a Director on 31 May 2013.

**** Other changes during the year include other acquisitions and disposals for Directors and their related parties.

STRATEGIC MINERALS CORPORATION NL

ABN 35 008 901 380

ANNUAL REPORT 31 DECEMBER 2014

REMUNERATION REPORT (AUDITED) (CONTINUED)

Option Holdings

There were no Options on issue during the year ended 31 December 2014.

2013	Balance at Start of the year	Granted as remuneration during the year	Options expired during the year	Balance at the end of the year
Directors:				
Mr W A C Martin	2,500,000	-	(2,500,000)	-
Mr J Stephenson	1,250,000	-	(1,250,000)	-
Mr C F Guerre *	2,500,000	-	(2,500,000)	-
Mr C Bigeard **	2,500,000	-	(2,500,000)	-

* Mr C Guerre resigned as a Director on 30 May 2014.

** Mr C Bigeard resigned as a Director on 31 May 2013.

(e) Share-based Compensation

Options

There were no options on issue at 31 December 2014.

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 2014.

(g) Transactions with Related Parties of Key Management Personnel

During the period ended 31 December 2014 the Company reimbursed office rental expenses to Mr Claude Guerre (Resigned 30 May 2014) totalling \$6,000 (2013: \$9,000).

On 23 May 2014, the Group paid an amount of \$287,800 (gross) to the Managing Director, Wally Martin. The amount was in relation to back-pay which had previously been accrued and was owing to Mr Martin at that date.

On 4 June 2014, the Group paid an amount of \$217,582 to the Christopher Wallin Superannuation Fund as an underwriting fee pertaining to the non-renounceable rights issue which closed on 9 May 2014. The underwriting fee was on commercial terms. Christopher Wallin Superannuation Fund is a related party due to its relationship with Mr Christopher Wallin, sole director of QGold Pty Ltd which holds a controlling interest in Strategic Mineral Corporation NL.

During the period, the Group continued to employ Wally Martins' wife, Geraldine Martin, on a part-time basis. The amount she was paid for her employment during the period was \$39,338 (gross including superannuation) (2013: \$39,285). Mr Martin's Daughter, Alison Martin, was also employed for a brief period in August 2014 and was paid a total of \$311 for her employment (2013: \$69).

There are no other significant related party transactions not already identified at the 31 December 2013 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 (AUDITED)

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.

SHARES UNDER OPTION

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

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of Strategic Minerals Corporation NL issued during or since the end of the financial year ended 31 December 2014 on the exercise of options. No further shares have been issued since that date. No amounts are unpaid on any of the shares.



LIABILITY INSURANCE

The Company, for a premium of \$26,775 has taken out an insurance policy to cover its Directors and Officers to indemnify them against any claims of negligence.

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.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditors experience and expertise with the Company and/or consolidated entity are important.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below to the accounts, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reason;

- None of the audit services undermine the general principles relating to auditor independence as set out in APES 110, Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

During the year the following fees were paid or are payable for services provided by BDO for non-audit services provided during the year

Taxation Services and Accounting Services

BDO Corporate Tax (WA) Pty Ltd

Total remuneration for taxation services

2014	2013
\$	\$
5,901	14,637
5,901	14,637

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.

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 39.

AUDITORS

The auditor, BDO Audit (WA) Pty Ltd continues in accordance with S. 327 of the Corporations Act 2001.



W A C MARTIN

Managing Director

Signed at Perth this 26th day of March 2015 in accordance with a resolution of Directors.



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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF STRATEGIC MINERALS CORPORATION NL

As lead auditor of Strategic Minerals Corporation NL for the year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Strategic Minerals Corporation NL and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'P Murdoch', is written over a horizontal line.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 26 March 2015



CORPORATE GOVERNANCE STATEMENT

For the year ended 31 December 2014

The Board of Directors of Strategic Minerals Corporation NL ("Company") is committed to maintaining high standards of Corporate Governance. This statement outlines the main Corporate Governance practices that were adopted or in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

The essential corporate governance principles are:

- 1 Lay solid foundations for management and oversight;
- 2 Structure the Board to add value;
- 3 Promote ethical and responsible decision-making;
- 4 Safeguard integrity in financial reporting;
- 5 Make timely and balanced disclosure;
- 6 Respect the rights of shareholders;
- 7 Recognise and manage risk;
- 8 Remunerate fairly and responsibly.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: *Management should establish and disclose the functions reserved to the board and delegated to management.*

Roles and Responsibilities:

The roles and responsibilities carried out by the Board are to:

- Oversee control and accountability of the Company;
- Set the broad targets, objectives, and strategies;
- Monitor financial performance;
- Assess and review risk exposure and management;
- Oversee compliance, corporate governance, and legal obligations;
- Approve all major purchases, disposals, acquisitions, and issue of new shares;
- Approve the annual and half-year financial statements;
- Appoint and remove the Company's Auditor;
- Appoint and assess the performance of the Managing Director and members of the senior management team;
- Report to shareholders.

The Board is also governed by the Company's constitution. The day to day management of the Company's affairs and implementation of corporate strategies and policy initiatives are formally delegated by the Board to the Managing Director and senior executives.

Recommendation 1.2 *Companies should disclose the process for evaluating the performance of senior executives.*

There are no formal processes for monitoring senior executive performance as the size of the Company permits ongoing monitoring by the board of senior executive performance.

Recommendation 1.3 *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 1.*

The evaluation of performance of senior executives has taken place throughout the year.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1: *A majority of the Board should be Independent Directors.*

Given the Company's background, nature and size of its business and the current stage of its development, the Board is comprised of three directors, none of whom are independent. The Board believes that this is both appropriate and acceptable.

Recommendation 2.2: *The Chairperson should be an Independent Director.*

The Chairperson, Mr Laif McLoughlin, is not independent, but due to his experience and expertise in areas the Company operates in, the Board considers he is suitably skilled to perform the role.

Recommendation 2.3: *The roles of the chairperson and chief executive officer should not be exercised by the same individual.*

The positions of Chairman and Managing Director are held by separate persons.

Recommendation 2.4: *The Board should establish a nomination committee.*

The Company will establish a nomination committee charter; however it has not established a nomination committee at this time due to the company's background, nature and size of its business and the current stage of its development. The Board undertakes the process of determining the need for, screening and appointing new directors.

Recommendation 2.5: *Disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives.*

The Company has adopted self-evaluation processes to manage Board performance. An annual review is undertaken in relation to the composition and skills mix of the Directors of the Company.

Recommendation 2.6: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 2.*

The skills and experience for the directors are set out in the company's Annual Report and on its website.

The Company has not included on its website, information on procedures for the selection and appointment of new Directors as these procedures are not formalised.

3. Promote ethical and responsible decision-making.

Recommendation 3.1: *Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent) and any other key executives as to:*

3.1.1 *The practices necessary to maintain confidence in the Company's integrity;*

3.1.2 *The practices necessary to take into account legal obligations and the reasonable expectations of shareholders;*

3.1.2 *The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

The Company has adopted a Code of Conduct setting standards expected of directors, officers, employees and contractors and demonstrate the Company's commitment to conducting business in an ethical and accountable manner. Directors, officers, employees and contractors are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Adherence to the code of conduct is expected at all times and the Board actively promotes a culture of quality and integrity.

The Board monitors the implementation of the Code. Breaches are reported by employees or contractors to the Managing Director or Company Secretary.

Recommendation 3.2: *Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.*

The Company has a diversity policy included in its Corporate Governance Policy.

Recommendation 3.3: *Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.*



The Board has established and disclosed its policy concerning diversity. However, the Board considers due to the size of the Company that setting measurable diversity objectives is not appropriate. The Company currently has 2 employees, one of whom is female. The Company utilises external consultants and contractors as and when required.

The Board will review this position on an annual basis and will implement measurable objectives as and when they deem the Company to require them.

Recommendation 3.4: *Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.*

Currently there is one woman working in the organization, comprising 20% of total staff and directors.

Recommendation 3.5: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 3.*

A summary of both the Company's Code of Conduct and its Share Trading Policy will be included on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1: *The Board should establish an audit committee.*

The Company has an Audit Committee charter, however it has not established an audit committee at this time. Given the small size of the Board, the Board as a whole perform the functions of an audit committee.

Recommendation 4.2: *Structure the Audit Committee so that it consists of:*

- Only non-executive directors
- A majority of independent directors
- An independent chairperson, who is not chairperson of the Board
- At least 3 members

Refer to Recommendation 4.1.

Recommendation 4.3: *The Audit Committee should have a formal charter.*

Refer to Recommendation 4.1

Recommendation 4.4: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 4.*

Refer to Recommendation 4.1.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: *Establish written policies and procedure designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.*

The Company has a formal continuous disclosure policy. The policy requires all executives and Directors to inform the Managing Director or in his absence the Company Secretary of any potentially material information as soon as practical after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on the ASX in deciding whether to buy, sell or hold the Company's securities.

Information need not be disclosed only if the ASX listing rules provide for non-disclosure.

The Managing Director is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

Recommendation 5.2: *Provide the information indicated in the ASX Corporate Governance Councils' Guide to Reporting on Principle 5.*

Disclosure is reviewed as a routine agenda item at each Board meeting.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1: *Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.*

The Company is committed to dealing fairly, transparently and promptly with shareholders. The Board aims to ensure that the shareholders are informed of all major developments.

The annual report is distributed to all shareholders who have specifically requested the document. In addition, the Company makes all ASX announcements, details of shareholder meetings and financial reports available on the Company's website.

Half-year financial reports prepared in accordance with the requirements of Accounting Standards and the Corporations Act 2001 are lodged with the Australian Securities and Investments Commission and the Australian Securities Exchange. The financial reports are sent to any shareholder who requests them and quarterly reports are submitted to the ASX under the requirements of the Exchange relating to mining companies. Copies of the quarterly reports are sent to shareholders whenever sufficient new information in the report warrants distribution.

Recommendation 6.2: *Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit, and the preparation and content of the auditor's report.*

The Company's auditor, BDO Audit (WA) Pty Ltd, will be in attendance at the annual general meeting and will also be available to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1: *The Board or appropriate committee should establish policies on risk oversight and management of material business risks and disclose a summary of those policies.*

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level. The Risk Management Policy is reviewed annually. A copy of the Risk Management Policy is available on the Company's website.

Recommendation 7.2: *The chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that:*

7.2.1 The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

7.2.2 The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Chief Financial Officer and Company Secretary states in writing to the Board that:

- The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the Board.
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

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

The Company's Managing Director and Chief Financial Officer provide this statement.

Recommendation 7.4: *Provide the information indicated in the ASX Corporate Governance Council's Guide to reporting on Principle 7.*

A description of the Company's risk oversight and management policy and internal compliance and control system is included on the Company's website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: *The Board should establish a remuneration committee.*

The Company has a charter for a remuneration committee however; a committee has not been established at this time. Given the small size of the board, the entire board performs the functions of the remuneration committee.

Recommendation 8.2: *Clearly distinguish the structure of non-executive Directors' remuneration from that of executives.*

The Company outlines the structure of remuneration of non-executive Directors and executives of the Company in the Remuneration report in the annual report.

Recommendation 8.3: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 8*

Refer to Recommendation 8.1 in relation to the remuneration committee.

Refer to the Remuneration report in this Annual Report in relation to the superannuation payments to directors. The Company does not have a superannuation scheme for its employees.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$	2013 \$
Revenue and other income from continuing operations	5	55,113	59,100
Administration expense		(263,350)	(241,774)
Consulting and legal		(204,123)	(153,352)
Depreciation and amortization	6	(45,115)	(41,435)
Employee benefit expense		(523,439)	(651,046)
Premises expense		(49,878)	(106,469)
Impairment of tenements	14	(540,000)	(108,876)
Impairment of shares in listed company		(4,250)	(46,513)
Other expense		(2,489)	(5,183)
(Loss) before income tax		(1,577,531)	(1,295,548)
Income tax expense/(benefit)	8	-	-
(Loss) for the year		(1,577,531)	(1,295,548)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(1,577,531)	(1,295,548)
Total Comprehensive Loss is attributable to:			
Equity holders of the Company		(1,577,536)	(1,295,548)
Non-Controlling Interest	5	-	-
		(1,577,531)	(1,295,548)
Loss per share attributable to the ordinary equity holders of the Company		Cents	Cents
Basic (loss) per share	9	(0.21)	(0.20)

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 30 JUNE 2014

	Note	2014 \$	2013 \$
Assets			
Current assets			
Cash and cash equivalents	10	1,780,386	956,114
Trade and other receivables	11	74,236	130,437
Total current assets		1,854,622	1,086,551
Non-current assets			
Financial assets	12	14,750	19,000
Plant and equipment	13	79,606	122,938
Mineral exploration & evaluation expenditure	14	20,070,119	18,965,286
Other non-current assets	15	82,444	60,051
Total non-current assets		20,246,919	19,167,275
Total assets		22,101,541	20,253,826
Liabilities			
Current liabilities			
Trade and other payables	16	214,068	590,218
Provisions	17	135,909	104,814
Total current liabilities		349,977	695,032
TOTAL LIABILITIES		349,977	695,032
NET ASSETS		21,751,564	19,558,794
EQUITY			
Contributed equity	18	47,398,273	43,627,972
Reserves	20	2,972,522	3,062,525
Accumulated losses	21	(28,613,349)	(27,125,817)
Capital and reserves attributable to owners of Strategic Minerals Corporation NL		21,757,446	19,564,680
Non-controlling interest	19	(5,881)	(5,886)
TOTAL EQUITY		21,751,564	19,558,794

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 2014

	Contributed equity	Share based payment reserve \$	Accumulated Losses \$	Total \$	Non Controlling Interest \$	Total Equity \$
Balance at 1 January 2013	40,779,629	3,062,525	(25,830,269)	18,011,885	(5,886)	18,005,999
Total comprehensive loss for the year	-	-	(1,295,548)	(1,295,548)	-	(1,295,548)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	2,848,343	-	-	2,848,343	-	2,848,343
Balance at 31 December 2013	43,627,972	3,062,525	(27,125,817)	19,564,680	(5,886)	19,558,794
Balance at 1 January 2014	43,627,972	3,062,525	(27,125,817)	19,564,680	(5,886)	19,558,794
Total comprehensive loss for the year	-	-	(1,577,536)	(1,577,536)	5	(1,577,531)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	3,770,301	-	-	3,770,301	-	3,770,301
Options expired 30 April 2013	-	(90,000)	90,000	-	-	-
Balance at 31 December 2014	47,398,273	2,972,525	(28,613,352)	21,757,446	(5,881)	21,751,564

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 2014

	Note	2014 \$	2013 \$
Cash flow from operating activities:			
Payments to suppliers & employees		(1,273,451)	(873,986)
Interest received		55,113	59,100
Net cash (outflow) from operating activities	26(i)	(1,218,338)	(814,886)
Cash flow from investing activities:			
Purchase of property, plant, equipment		(1,784)	(79,054)
Payments for security deposits		(22,393)	-
Payments for exploration expenditure assets		(1,703,514)	(1,639,332)
Net cash (outflow) from investing activities		(1,727,690)	(1,718,386)
Cash flow from financing activities:			
Proceeds from issue of shares		3,987,883	3,014,121
Cost of capital raising		(217,582)	(165,778)
Net cash inflow from financing activities		3,770,301	2,848,343
Net increase / (decrease) in cash held		824,272	315,069
Cash and cash equivalents at the beginning of the period		956,114	641,045
Cash and cash equivalents at the end of period	26(ii)	1,780,386	956,114

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 2014

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 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 2 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*.

The financial statements were authorised for issue on 26 March 2014 by the Directors of the Company.

a. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

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

Going Concern

The 31 December 2014 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. For the year ended 31 December 2014 the Group recorded a loss after tax of \$1,577,531 (2013: \$1,295,548) and had a net working capital surplus of \$1,504,645 (31 December 2013: surplus of \$391,519).

Following the successful rights issue in May 2014 which raised \$3,770,301 net of costs, the Board is confident of 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.

Based on these facts, the Directors consider the going concern basis of preparation to be appropriate for this financial report.

New and amended standards adopted by the Group.

The Group has applied the following standards and amendments for the first time in their annual reporting period commencing 1 January 2013:

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements
- AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039
- AASB CF 2013-1 Amendments to the Australian Conceptual Framework and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part A Conceptual Framework)
- AASB 12 Disclosure of Interests in Other Entities (issued August 2011)

The adoption of these standards only affected the disclosures in the notes to the financial statements, and did not result in adjustments to the amounts recognised in the financial statements.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

b. Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Strategic Minerals Corporation NL at the end of the reporting period. Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest, being the equity in a subsidiary not attributable directly or indirectly to a parent, is reported separately within the equity section of the consolidated statement of financial position and statement of profit or loss and other comprehensive income. The non-controlling interest in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

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 recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 cashflows 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.

h. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off against the receivable directly unless a provision for impairment has previously been recognised. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of profit or loss and other comprehensive income as part of other expenses.

Evidence of impairment may include indications that the customer is experiencing significant financial difficulty, where debt collection procedures have commenced, there is a fair probability that the customer will be put into administration or liquidation, or where balances are outstanding for more than 7 days. Receivables are determined to be uncollectible only when there is no expectation of recovering any additional cash. This may occur when a final distribution has been made from administrators/liquidators, or where unsuccessful attempts have been made to recover the debt through legal actions or debt collection agencies and the prospect of recovering any additional cash is remote.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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	10-15 years
- Vehicles	3-5 years
- Furniture, fittings and equipment	3-8 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.

Trade and other payables are classified as financial liabilities. Financial liabilities are measured at amortised cost using the effective interest method.

l. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

m. 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.

n. 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. Information relating to this Plan is set out in note 22.

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.

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.

o. 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.

p. 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.

q. 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.

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

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

r. 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 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.

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	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The following requirements have generally been carried forward unchanged from AASB 139 <i>Financial Instruments: Recognition and Measurement</i> into AASB 9. These include the requirements relating to: • 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.	Periods beginning on or after 1 January 2018	Adoption of AASB 9 is only mandatory for the 31 December 2018 year end. The entity has not yet made an assessment of the impact of these amendments.
AASB 124	Related Party Disclosures	Key management personnel The amendment requires separate disclosure of amounts recognised as an expense for key management personnel services provided by a separate management entity (but not in the categories set out in AASB 124.17).	Annual periods beginning on or after 1 July 2014	There will be no impact on the financial statements when these amendments are first adopted because this is a disclosure standard only. However, as the group currently engages the services of a management entity, additional disclosures will be required when this amendment is adopted for the first time for the year ended 31 December 2015.

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:

Financial assets

Cash and cash equivalents

Trade and other receivables

Other financial assets

Financial liabilities

Trade and other payables

	2014 \$	2013 \$
Cash and cash equivalents	1,780,386	956,114
Trade and other receivables	74,236	130,437
Other financial assets	14,750	19,000
	1,869,372	1,105,551
Trade and other payables	214,068	590,218
	1,655,304	515,333



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 (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:

	Credit Quality	2014 \$	2013 \$
Financial assets			
Cash and cash equivalents			
- held at National Australia Bank	Aa2	1,780,386	956,114
Trade and other receivables			
Counterparties with external credit rating (Moody's)			
- Sundry receivables	B2	-	2,500
Counterparties without external credit rating*			
- Sundry receivables	Group 1	4,354	21,372

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

(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.

	Floating interest rate	Fixed interest maturing in 1 year or less	Non-interest bearing	Total
	\$	\$	\$	\$
2014				
Financial assets				
Cash and deposits	339,231	1,441,155	-	1,780,386
Receivables	-	-	74,236	74,236
Financial assets	-	-	14,250	14,250
	<u>339,231</u>	<u>1,441,155</u>	<u>88,986</u>	<u>1,869,372</u>
Weighted average interest rate	-	2.79%		
Financial Liabilities				
Trade and other creditors	-	-	214,068	214,068
	<u>-</u>	<u>-</u>	<u>214,068</u>	<u>214,068</u>
	Floating interest rate	Fixed interest maturing in 1 year or less	Non-interest bearing	Total
	\$	\$	\$	\$
2013				
Financial assets				
Cash and deposits	133,025	823,089	-	956,114
Receivables	-	-	130,437	130,437
Financial assets	-	-	19,000	19,000
	<u>133,025</u>	<u>823,089</u>	<u>149,437</u>	<u>1,105,551</u>
Weighted average interest rate	-	3.95%		
Financial Liabilities				
Trade and other creditors	-	-	590,218	590,218
	<u>-</u>	<u>-</u>	<u>590,218</u>	<u>590,218</u>

(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.

(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.

Fair value hierarchy

AASB 7 *Financial Instruments: Disclosures* requires disclosure of the fair value measurements by level of the following fair value measurement hierarchy:

Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities;

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

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 2(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:

- i. 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;
- ii. substantive expenditure on further exploration for and evaluation of mineral resources in the exploration tenements is planned;
- iii. 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
- iv. 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) Share based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model, using the assumptions detailed in Note 22.

NOTE 5 REVENUE**From continuing operations:**

Interest – unrelated parties

Other income

Gain on sale of property, plant and equipment

2014	2013
\$	\$
55,113	59,100
-	-
55,113	59,100
55,113	59,100

Total revenue and other income

NOTE 6 EXPENSES

Loss before income tax has been determined
after including the following expenses:

Depreciation of non-current assets

- property, plant and equipment

Employee benefits expense - superannuation

2014	2013
\$	\$
45,115	41,435
4,571	10,981

STRATEGIC MINERALS CORPORATION NL

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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.

	Gold \$	Treasury \$	Total \$
2014			
Segment revenue	-	55,113	55,113
Segment loss for the year	(540,000)	55,113	(484,887)
Reconciliation to net operating loss:			
Depreciation expense			(45,115)
Impairment of shares in listed company			(4,250)
Corporate expense			(1,043,279)
Net loss per statement of profit or loss and other comprehensive income			(1,577,531)
Segment assets as at the year end			
Segment assets	20,070,119	1,780,386	22,390,505
Property plant and equipment			79,606
Financial assets			97,194
Receivables and other assets			74,236
Total assets from continuing operations per statement of financial position			22,641,541
Segment liabilities as at year end	50,754	299,223	349,977
2013			
Segment revenue	-	59,100	59,100
Segment loss for the year	(108,876)	59,100	(49,776)
Reconciliation to net operating loss:			
Depreciation expense			(41,435)
Impairment of shares in listed company			(46,513)
Corporate expense			(1,157,824)
Net loss per statement of profit or loss and other comprehensive income			(1,295,548)
Segment assets as at the year end			
Segment assets	18,965,286	956,114	19,921,400
Property plant and equipment			122,938
Financial assets			79,051
Receivables and other assets			130,437
Total assets from continuing operations per statement of financial position			20,253,826
Segment liabilities as at year end	109,435	585,597	695,032



NOTE 8 INCOME TAX

	2014 \$	2013 \$
(a) Income tax benefit		
Current tax	-	-
Deferred tax	-	-
	-	-
Income tax benefit is attributable to:		
Loss from continuing operations	-	-
Aggregate income tax benefit	-	-
Deferred income tax (revenue) expense comprises:		
Decrease (increase) in deferred tax assets	-	-
Decrease (increase) in deferred tax liabilities	-	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Unused tax losses for which no deferred tax asset has been recognised	(1,577,531)	(1,295,550)
Potential tax benefit @ 30%	(473,259)	(388,665)
Income tax benefit not recognised	473,259	388,665
Income tax benefit	-	-
(c) Deferred tax liabilities/(assets) not recognised		
Tax Losses	(1,577,531)	(1,295,550)
Potential tax benefit @ 30%	473,259	388,665
Total deferred tax assets not brought to account	9,174,793	7,912,424

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 \$9,174,793 (2013: \$7,912,424) 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 2014 are contingent upon the Group satisfying the following conditions:

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

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NOTE 9 LOSS PER SHARE

	2014	2013
Basic loss per share (cents per share)	(0.21)	(0.20)
The loss used in calculating basic loss per share is the loss attributed to members of Strategic Minerals Corporation NL	\$1,577,536	\$1,295,548
Weighted average number of shares in the calculation of the EPS	763,837,219	637,661,764

Where diluted earnings per share are not diluted, they are not disclosed.

NOTE 10 CASH AND CASH EQUIVALENTS

	2014 \$	2013 \$
Cash at bank and on hand	339,231	133,025
Bank term deposits	1,441,155	823,089
	1,780,386	956,114
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 statement of financial position as follows:		
Cash and cash equivalents	1,780,386	956,114

The effective interest rate on cash at bank and bank term deposits is 2.79%. These deposits have an average maturity of less than 6 months. The Group's exposure to interest rate risk is discussed in Note 3.

NOTE 11 TRADE AND OTHER RECEIVABLES

	2014 \$	2013 \$
Current		
Sundry receivables	4,354	23,872
Interest receivable and GST refundable	69,882	106,565
	74,236	130,437

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.

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

NOTE 12 FINANCIAL ASSETS

	2014 \$	2013 \$
Shares in listed corporations – "Available for sale" financial assets	14,750	19,000
	14,750	19,000

"Available for sale" financial assets, and other financial assets, comprise of investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments. Refer to Note 4 for an analysis of price risk.



NOTE 13 PLANT & EQUIPMENT

Plant and Equipment

Plant and equipment at cost

Less accumulated depreciation

	2014 \$	2013 \$
	382,495	380,712
	(302,889)	(257,774)
	79,606	122,938
MOVEMENTS:		
Owned plant & equipment at cost:		
Brought forward	380,712	301,658
Additions	1,783	79,054
Disposals / adjustments to cost	-	-
Closing Balance	382,495	380,712
Accumulated Depreciation:		
Brought forward	(257,774)	(216,339)
Depreciation expense	(45,115)	(41,435)
Disposals / adjustments to cost	-	-
Closing Balance	(302,889)	(257,774)

NOTE 14 EXPLORATION AND EVALUATION ASSETS

Exploration at cost:

Balance at the beginning of the year

Other expenditure during the year

Impairments

Balance at the end of the financial year

	2014 \$	2013 \$
	18,965,286	17,417,784
	1,644,833	1,656,378
	(540,000)	(108,876)
	20,070,119	18,965,286

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of the areas of interest. Capitalised costs of \$1,703,514 (2013: \$1,639,332) have been included in the cash flows from investing activities in the statements of cash flow. Impairments relate to expenses which were written off during the year which could not be allocated to a specific tenement.

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NOTE 15 OTHER NON-CURRENT ASSETS

	2014	2013
	\$	\$
Mineral Specimens	11,051	11,051
Security deposits on tenements	71,393	49,000
	82,444	60,051

NOTE 16 TRADE AND OTHER PAYABLES

	2014	2013
	\$	\$
Unsecured		
Current – other creditors and accruals	214,068	590,218
Total unsecured liabilities	214,068	590,218

NOTE 17 PROVISIONS - CURRENT

	2014	2013
	\$	\$
Balance at beginning of year	104,814	75,969
Increase in provision	39,904	53,216
Leave paid out	(8,809)	(24,371)
Balance at end of year	135,909	104,814

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 CONTRIBUTED EQUITY

	2014	2013
	\$	\$
(a) Paid Up Capital		
Issued capital 825,173,328 (2013: 659,338,663)	43,627,972	40,425,696
Capital Raising during the period	3,987,882	3,534,264
Less costs of capital	(217,582)	(331,988)
	47,398,273	43,627,972

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.



NOTE 18 CONTRIBUTED EQUITY (CONTINUED)

(b) Movements in ordinary share capital of the Company

Date	Details	Number of shares	Issue Price	\$
1 Jan 2013	Opening balance	565,147,377		40,779,629
15 Mar 2013	Shares issued at 3.2 cents	94,191,286	\$0.032	3,014,121
	Capital raising costs	-		(165,778)
31 Dec 2013	Balance at end of year	659,338,663		43,627,972
1 Jan 2014	Opening balance	659,338,663		43,627,972
15 May 2014	Shares issued at 2.4 cents	165,834,665	\$0.024	3,987,882
	Capital raising costs	-		(217,582)
31 Dec 2014	Balance at end of year	825,173,328		47,398,273

(c) Options

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

(d) Option issues

During the financial year no Options were issued.

(e) Option exercise

During the financial year no Options were exercised.

(f) Option expiry

During the financial year no Options expired.

(g) Option cancellation

During the financial year no Options were cancelled.

(h) 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 as disclosed in Notes 20 and 21.

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 2014 and 31 December 2013 is as follows.

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

	2014 \$	2013 \$
Cash and cash equivalents	1,780,386	956,114
Trade and other receivables	74,236	130,437
Trade and other payables	(214,068)	(590,218)
Working capital position	1,640,554	496,333

NOTE 19 NON-CONTROLLING ASSETS

	2014 \$	2013 \$
Balance at the beginning of the year	(5,886)	(5,886)
Share of profit / (loss) for the year	5	-
Balance at the end of the year	(5,881)	(5,886)

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

NOTE 20 RESERVES

	2014 \$	2013 \$
Reserves		
(a) Executive options issued	-	90,003
(b) Option Premium reserve	2,972,522	2,972,522
	2,972,522	3,062,525
Movements		
(a) Executive options issued		
Balance 1 January	90,003	90,003
Options Issued	-	-
Transfer to accumulated losses (2014: options expired in previous period)	(90,003)	-
Balance 31 December	-	90,003
(b) Option premium reserve		
Balance 1 January	2,972,522	2,972,522
Premium to Reserve	-	-
Balance 31 December	2,972,522	2,972,522

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 ACCUMULATED LOSSES

	2014 \$	2013 \$
Accumulated losses at 1 January	27,125,817	25,830,269
Net loss for the year	1,577,536	1,295,548
Transfer expired options	(90,003)	-
Accumulated losses at the end of the year	28,613,349	27,125,817



NOTE 22 SHARE BASED PAYMENTS

There were no options on issue at the end of the year (2013: NIL).

The establishment of the Strategic Minerals Corporation NL Executives Option Plan was approved by shareholders at the May 2007 Annual General Meeting. The Plan is designed to provide long term incentives for senior executives, including executive directors, to deliver positive minerals exploration results. Participation is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits. Options granted under the Plan carry no dividend or voting rights.

NOTE 23 PARENT ENTITY INFORMATION**(a) Financial Position of Strategic Minerals Corporation NL****ASSETS****Current assets**

Cash and cash equivalents

1,725,758 901,661

Trade and other receivables

74,542 130,743

Total current assets

1,800,300 1,032,404

Non current assets

Other financial assets

14,750 19,000

Property, plant & equipment

79,606 122,938

Mineral exploration & evaluation expenditure

20,067,917 18,423,084

Other non-current assets

81,930 59,537

Total non current assets

20,244,203 18,624,559

TOTAL ASSETS

22,044,503 19,656,963

LIABILITIES**Current liabilities**

Trade and other payables

213,490 589,639

Provisions

135,909 104,814

Total current liabilities

349,399 694,453

TOTAL LIABILITIES

349,399 694,453

NET ASSETS

21,695,105 18,962,510

EQUITY

Contributed equity

47,398,273 43,627,972

Reserves

2,972,525 3,062,525

Accumulated losses

(28,675,693) (27,727,987)

TOTAL EQUITY

21,695,105 18,962,510

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NOTE 23 PARENT ENTITY INFORMATION (CONTINUED)

(b) Controlled Entities

Loans to subsidiaries

Less provision for impairment

Net carrying value

Investment in controlled entities at cost

Less provision

Net carrying value

2014	2013
\$	\$
1,741,691	1,741,691
(1,741,691)	(1,741,691)
-	-
12,027,401	12,027,401
(12,027,401)	(12,027,401)
-	-

Shares in controlled entities are unlisted and comprise:

	Place of Incorporation	2014 Holding %	2014 Amount \$	2013 Holding %	2013 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.

(c) Financial Performance of Strategic Minerals Corporation NL

Loss for the year

Total comprehensive loss

2014	2013
\$	\$
(1,037,706)	(1,295,549)
(1,037,706)	(1,295,549)

(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 2014 (2013: none).

(e) Contingent liabilities of Strategic Minerals Corporation NL

There are no contingent liabilities as at 31 December 2014 (2013: none).



(f) Commitments of Strategic Minerals Corporation NL

	2014 \$	2013 \$
Capital expenditure commitments payable:		
- not later than 12 months	790,096	1,162,681
- between 12 months and five years	1,483,886	2,708,776
- later than five years	493,621	531,290
Total Exploration tenement minimum expenditure requirements	2,767,604	1,727,423
Operating lease commitments for premises due:		
- not later than 12 months	34,300	31,442
- between 12 months and five years	-	-
- later than five years	-	-
Total Operating lease commitments	34,300	31,442

NOTE 24 RELATED PARTY TRANSACTIONS

During the period ended 31 December 2014 the Company reimbursed office rental expenses to Mr Claude Guerre (Resigned 30 May 2014) totalling \$6,000 (2013: \$9,000).

On 23 May 2014, the Group paid an amount of \$287,800 (gross) to the Managing Director, Wally Martin. The amount was in relation to back-pay which had previously been accrued and was owing to Mr Martin at that date.

On 4 June 2014, the Group paid an amount of \$217,582 to the Christopher Wallin Superannuation Fund as an underwriting fee pertaining to the non-renounceable rights issue which closed on 9 May 2014. The underwriting fee was on commercial terms. Christopher Wallin Superannuation Fund is a related party due to its relationship with Mr Christopher Wallin, sole director of QGold Pty Ltd which holds a controlling interest in Strategic Mineral Corporation NL.

During the period, the Group continued to employ Wally Martins' wife, Geraldine Martin, on a part-time basis. The amount she was paid for her employment during the period was \$39,338 (gross including superannuation) (2013: \$39,285). Mr Martin's Daughter, Alison Martin, was also employed for a brief period in August 2014 and was paid a total of \$311 for her employment (2013: \$69).

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

NOTE 25 KEY MANAGEMENT PERSONNEL DISCLOSURES

Key Management Personnel Compensation

	2014 \$	2013 \$
Short term employee benefits	369,372	635,217
Post employment benefits	-	-
Share based payments	-	-
	369,372	635,217

NOTE 26 NOTES TO STATEMENT OF CASHFLOW

	2014	2013
	\$	\$
(i) Reconciliation of operating loss after income tax to net cash provided by operating activities		
Operating loss after income tax	(1,557,531)	(1,295,548)
Add / (less) non cash items:		
Depreciation	45,115	41,435
Impairment of mining tenements	540,000	108,876
Impairment of shares in listed company	4,250	46,513
Non cash changes in assets & liabilities:		
Decrease/(increase) in receivables & prepayments	56,201	(22,509)
Increase/(decrease) in provisions	31,095	28,845
Increase in payables	(317,469)	277,500
Net cash (outflow) from operating activities	(1,218,338)	(814,888)

(ii) Reconciliation of cash

For the purposes of this statements of cash flow, cash includes cash on hand and at bank and short term deposits at call and commercial bills, net of outstanding bank overdrafts

Cash	339,231	133,025
Deposits at call	1,441,155	823,089
	<u>1,780,386</u>	<u>956,114</u>

There are no credit standby arrangements with any banks as at year ended 31 December 2014 (2013: nil).

Non cash Financing and investing activities

There are no non-cash financing and investing activities for the year ended 31 December 2014 (2013: nil).

NOTE 27 COMMITMENTS**Operating lease**

The Subiaco property lease was terminated in December 2013.

The lease of the Jolimont property commenced on 1 December 2014 and is for a twelve month period. Rent is payable monthly in advance.

	2014 \$	2013 \$
Operating lease commitment for premises due:		
Not later than one year	34,300	31,442
Later than two years but not later than five years	-	-
Later than five years	-	-
Total property lease commitments	34,300	31,442

NOTE 28 CONTINGENT ASSETS AND LIABILITIES

Strategic Minerals Corporation NL has \$71,393 worth of bank guarantees in relation to exploration licenses as at 31 December 2014 (2013: \$31,700). There are no other contingent assets or liabilities at year end.

NOTE 29 AUDITORS' REMUNERATION

	2014 \$	2013 \$
Amounts paid and payable to the auditors of the consolidated entity in respect of		
BDO Audit (WA) Pty Ltd		
- auditing or reviewing the accounts	42,791	37,714
BDO Corporate Tax (WA) Pty Ltd		
- tax related services (non-audit services)	5,901	14,637
Total fees	48,692	52,351

NOTE 30 EVENTS AFTER THE REPORTING PERIOD

There have not arisen any significant events after the end of the reporting period.

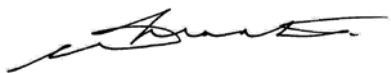
DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes set out on pages 47 to 72 are in accordance with the Corporations Act 2001 and:
 - (a) Comply with Australian Accounting Standards, which as stated in Note 1(a) to the financial statements constitute explicit and unreserved compliance with International Financial Reporting Standards (IFRS), and comply with the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) Give a true and fair view of the financial position as at 31 December 2014 and of the performance for the year ended on that date of the consolidated entity.
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.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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:



Wally Martin

MANAGING DIRECTOR

Signed at Perth this 26th day of March 2015



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INDEPENDENT AUDITOR'S REPORT

To the members of Strategic Minerals Corporation NL

Report on the Financial Report

We have audited the accompanying financial report of Strategic Minerals Corporation NL, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Strategic Minerals Corporation NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Strategic Minerals Corporation NL is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO
A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line.

Phillip Murdoch

Director

Perth, 26 March 2015



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 23 MARCH 2015

a. Distribution of Shareholders

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 1,000	584	292,173	0.04%
1,001 – 5,000	532	1,385,343	0.17%
5,001 – 10,000	201	1,582,360	0.19%
10,001 – 100,000	386	13,838,748	1.68%
100,001 – and over	143	808,074,704	97.93%
	1,846	825,173,328	100%

b. Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$ 0.025 per unit	20,000	1,432	4,957,445

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 23 March 2015

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	QGOLD PL	527,991,291	63.99%
2.	J P MORGAN NOM AUST LTD	52,591,625	6.38%
3.	HSBC CUSTODY NOM AUST LTD	46,385,532	5.62%
4.	HSBC CUSTODY NOM AUST LTD	27,084,714	3.28%
5.	VENTURELINE PL	16,000,000	1.94%
6.	CITICORP NOM PL	15,996,722	1.94%
7.	NATIONAL NOM LTD	13,293,029	1.61%
8.	FIELD LTD	9,204,054	1.12%
9.	ALTAMARDA PL	7,894,447	0.96%
10.	ENERGY WORLD INTNL LTD	6,583,344	0.80%
11.	YANDAL INV PL	6,284,672	0.76%
12.	JINGIE INV PL	3,762,132	0.46%
13.	LAURITZ DAVID JOHN + D M	3,750,000	0.45%
14.	HOOLEY BERNARD THOMAS	3,733,334	0.45%
15.	MCNEIL NOM PL	3,303,013	0.39%
16.	DE JONG MEINT P + J I	3,000,000	0.36%
17.	M J CHARLES NOM PL	3,000,000	0.36%
18.	HSBC CUSTODY NOM AUST LTD	3,000,000	0.36%
19.	MAYO SECRETARIES LTD	2,780,464	0.34%
20.	LAURITZ DAVID JOHN	2,173,978	0.26%
	TOTAL	757,812,351	91.83%



ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

2 COMPANY SECRETARY

The name of the Company Secretary is Jay Stephenson.

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.***