ANNUAL REPORT 2010

Strategic Minerals Corporation N.L.

ACN 008 901 380

CONTENTS OF STATUTORY ANNUAL REPORT

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CHAIRMAN'S ADDRESS

Dear Shareholder

It is with pleasure that I present the following report of the Company's activities for the year 2010.

The Company continued its exploration of the mineralised gold systems located within the historical Woolgar Mowbray area, the area of original mining activity in the late 1800's and early 1900's.

The mapping, chip and soil sampling conducted in 2010 has enabled the Company to outline significant new areas of prospective gold mineralisation. The drilling completed during the year has outlined zones totaling more than 200,000 tonnes of gold mineralised quartz vein. This gold mineralisation is likely to have an average in-situ grade range of between 2 to 3 g/t gold (based on current drilling results). The mineralisation generally has an average true width of between 3 to 4 metres.

Additional work during 2011 including further infill drilling will be undertaken so that resource estimates can be made on the above gold mineralised zones. At the same time the gold mineralisation is still open ended along strike providing additional immediate new targets for drilling. Further to this the quartz hosted gold mineralisation which is situated along the Woolgar Fault zone is known to extend within the Strategic tenements along a strike length of approximately 20 kilometres, providing significant drill target potential for future exploration.

The integration of the detail aeromagnetic mapping paragenetic studies, soil sampling, rock chip sampling and information gathered and the latest shallow RC drilling has placed the Company in a position to commence a much expanded, on strike and slightly deeper drill program to a depth of 100m, to test the full extent of the mineralised Big Vein-Mowbray structures during 2011 and beyond.

The much greater understanding of the scope of the Woolgar fault mineralised systems will allow the Company in the coming year, to undertake this expansive exploration program.

This expanded program involving track and drillpad preparation and drilling is planned to start much earlier this year, weather permitting.

The gold sector of the Australian economy fortunately has remained virtually unaffected by the global economic meltdown of 2008/09, the gold price rising approximately from ($A1223 per ounce) to ($A1400 per ounce) throughout the 2010 financial year.

In Summary:

- The Company will have a more active field program this year;
- The gold price is good: currently around $A 1430 and could improve further;
- The Woolgar Big Vein- Mowbray area has a multitude of untested targets and funds are available to test these;
- The early RC drilling is locating significantly higher grades than the existing reserves stated in Table 1 of the review of operations section of this report;
- The Big Vein structure and other structures associated with the Woolgar fault zone now show significant potential for the location of additional resources.
- The Company believes that the drilling program this year will continue to expand the Company's Global ore Resources and add value to its overall worth.
- Following completion of the next drill program at the Big-Vein- Mowbray prospect, remodeling of the global resource inventory, incorporating the results from the drilling and other defined structures within the Mesothermal Woolgar goldfield zone, will be conducted together with a possible scoping study for economic development.

Claude Guerre
CHAIRMAN

REVIEW OF OPERATIONS

GOLD

WOOLGAR GOLD PROJECT, Queensland

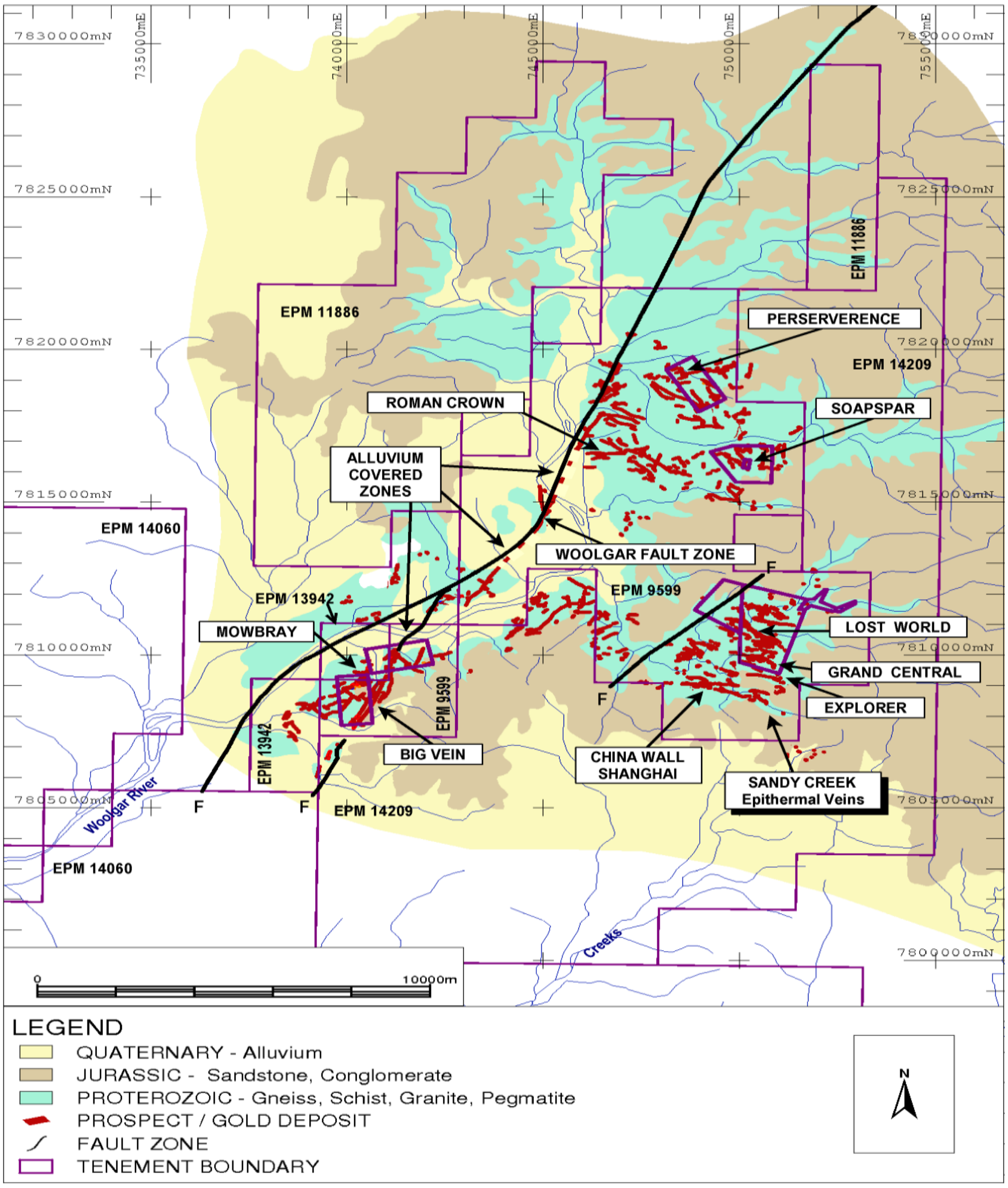
Strategic Minerals Corporation N.L. (100%)

GEOLOGY AND RESOURCES

The gold deposits within the Woolgar project tenements occur in two distinct areas, the **Sandy Creek Region** and the historic **Woolgar Goldfield Zone** (Figure 1). Mineralised veins or fault zones in both areas are hosted within Proterozoic basement rocks exposed as 'windows' through younger relatively flat lying sedimentary cover rocks.

FIGURE 1
Plan showing location of Sandy Creek and
Historic Woolgar Goldfield areas

DIAGRAM OF AREA MAPPED IN 2010



Sandy Creek Region (Epithermal)

Past estimates for the Woolgar Gold project including measured, indicated and inferred categories, put the Woolgar Gold Project Global Resources at 25.16 million tonnes at 0.96 g/t gold, approximately 774,100 ounces of gold,(using a minimum cut-off of 0.4 g/t Au – See Table 1). Most of these resources occur near surface (0 - 100m depth) and within open pit mining depths.

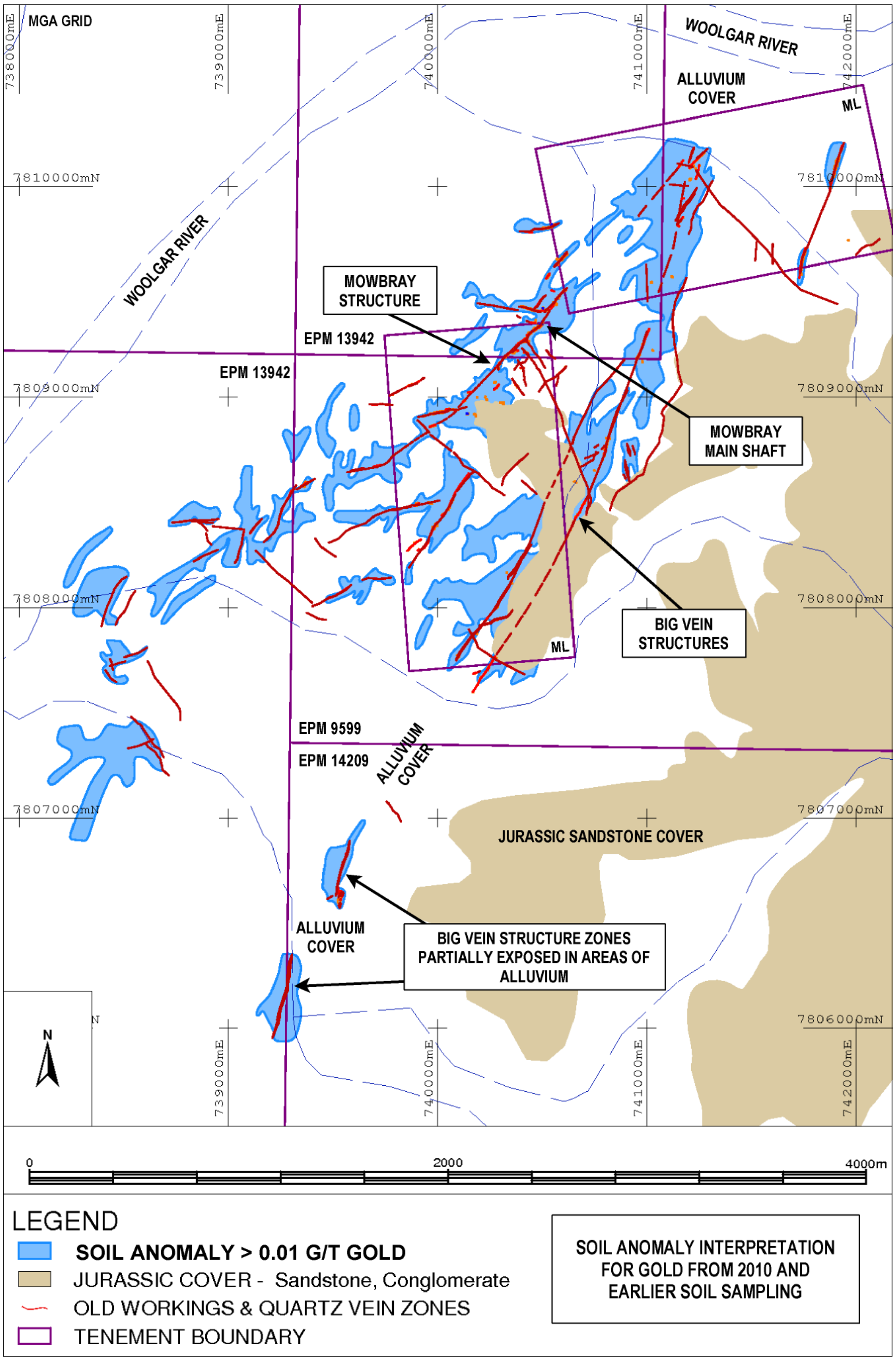
The majority of these resources, approx. 679,000 ounces gold are hosted by the Sandy Creek low sulphidation **epithermal vein system**, in several mineralised shoots. This vein system has a very large footprint, with approximately 18km of veining exposed at surface, and clear evidence of the veins extending further beneath surrounding younger Jurassic sandstone cover rocks.

Using a higher minimum gold cut-off grade 0.8g/t for the Sandy Creek deposits, a smaller total resource of 10.43 million tonnes at 1.39 g/t gold has also been estimated (approximately 446,800 ounces gold). (See Table 1).

TABLE 1
Woolgar Project Global Resource Summary

	Resources Estimated At Higher Cut-off Grades				Resources Estimated At Lower Cut-off Grades			
Classification	**Cut-off Grade**	**Tonnage**	**Gold Grade**	**Gold Metal**	**Cut-off Grade**	**Tonnage**	**Gold Grade**	**Gold Metal**
		T x 1000	g/t	oz's		T x 1000	g/t	oz's
SANDY CREEK EPITHERMAL VEIN DEPOSITS								
Measured	**0.8-1.0**	**4,752**	**1.62**	**247,100**	**0.4 - 0.8**	**12066**	**0.98**	**381,700**
Indicated	**0.8-1.0**	**953**	**1.38**	**42,370**	**0.4 - 0.8**	**5113**	**1.04**	**171,100**
Inferred	**0.8-1.0**	**989**	**1.95**	**62,130**	**0.4 - 0.8**	**4672**	**0.84**	**126,100**
SUBTOTAL		**7,117**	**1.63**	**351,600**		**21850**	**0.97**	**678,900**
WOOLGAR GOLDFIELD - SOAPSPAR DEPOSIT								
Measured	**0.4**	**1,667**	**0.91**	**48,800**	**0.4**	**1667**	**0.91**	**48,800**
Indicated	**0.4**	**1,175**	**0.90**	**34,000**	**0.4**	**1175**	**0.9**	**34,000**
Inferred	**0.4**	**472**	**0.82**	**12,400**	**0.4**	**472**	**0.82**	**12,400**
SUBTOTAL		**3,314**	**0.89**	**95,200**		**3314**	**0.89**	**95,200**
TOTAL		**10,431**	**1.39**	**446,800**		**25,164**	**0.96**	**774,100**

FIGURE 2
Map Of Gold Soil Sample Anomalies – Big Vein-Mowbray Area



Woolgar Goldfield Zone (Mesothermal)

Additional gold mineralisation to that included in the Global Resource figures, is located to the north, northwest and west of the Sandy Creek region within the historic **Woolgar Goldfield Zone**, which has seen periods of mining from the late 1800's through to the 1970's. The numerous historical gold workings are distributed over 20km's in proximity to the Woolgar fault zone (see figure 1), a major fault splay of the Gilberton fault zone, which is spatially associated with numerous gold occurrences including the Kidston gold deposit.

The only resource so far delineated by drilling within the early **Woolgar goldfield workings,** 6 kilometres north of the Sandy Creek region, is the **Soapspar deposi**t (approx. 95,200 ounces gold – see Table 1). Additional work by the Company, now indicates that there is significant potential yet to be tested in the old Woolgar goldfield **Big Vein-Mowbray** Area, 7 kilometres west of the Sandy Creek area. The recent successes in the Big Vein-Mowbray area are encouraging, however much additional exploration is required before the full potential of this area can be evaluated and added to the existing 744,100 ounce global gold resource.

The Company has in addition acquired EPM 13942 to add to the resource potential of this area.

2010 EXPLORATION

Exploration undertaken on the Woolgar Project during 2010 included;

- Mapping Program

  An extensive mapping program of the Woolgar Fault Zone (see figure 1) that concentrated on locating the extent of the mineralised vein zones in the Woolgar Project area. The mapping was conducted using GPS to collect fact map points (over 15,000 GPS points were taken).

- Soil Sampling

  An extensive soil sampling program was undertaken in 2010 as follow-up on the mapping to establish targets for future drilling on the Woolgar Zone gold bearing systems (figure 2). The soil samples were –80 mesh sieved samples that were collected at either 20m or 40m intervals along lines spaced as close as 50 to 100m in some instances. The soils samples were assayed for gold, copper, lead and zinc (2,421 soil samples were taken and assayed). Some of the soil sampling coverage included infill on previous soil sample lines done by the Company.

- Rock Chip Sampling

  Rock chip sampling was undertaken on areas of interest for the 2010 drilling program. The rock chip samples were assayed for gold, copper, lead and zinc (132 rock chip samples were assayed).

- Paragenetic Studies

  Paragenetic Studies of the gold bearing systems in the Woolgar Project were undertaken during 2010. The paragenetic studies have shown there are two distinct gold bearing systems. These are the **Sandy Creek Region (Epithermal)** and the **Woolgar Zone** (Granite related gold mineralisation). The Woolgar Zone is characterised by the historical Woolgar workings. The Woolgar Zone is a medium temperature mineralisation assemblage that in older terminology would be referred to as **'mesothermal'**. Similar **'mesothermal'** systems such as at Charters Towers (which historically produced approx 6.6 million ounces at average grade of nearly 1oz/tonne gold) are capable of containing large high-grade ore shoots. It was only due to persistent shaft sinking that the large ore shoots at Charters Towers were originally discovered. In the case of the Woolgar goldfield there is no evidence of any historical persistent deep shaft sinking. Drill testing will allow the Company to test for the possibility of such gold targets, as it develops the Woolgar Fault Zone prospects.

- RC Drilling

  The 2,700 metres, 35 hole, RC drilling program on the Woolgar project (see table 1) focused on targets along Big Vein- Mowbray structures. The 2010 drill holes were part of a new focus by the Company on the Mowbray area along the Woolgar Fault Zone that first started in 2008. Samples were taken down hole every 1 metre and assayed for gold, copper, lead and zinc. Samples that assayed over 1g/t gold were also assayed for silver. Duplicates, standards and blanks were also assayed for the same elements as above. In total 2,761 drill related samples were assayed.

The 2010 exploration has been successful in outlining the potential of the Woolgar Fault zone for gold mineralisation. Two of the systems drilled during 2009 – 2010, the Big Vein and Mowbray structures (see figure 4) are now scheduled for infill drilling prior to preliminary resource estimations.

The **soil sampling program** in 2010 has located numerous target anomalies that will allow the Company to open up additional new prospect areas in the Woolgar Big Vein- Mowbray area for further drilling in 2011 and beyond.

The **mapping program** in 2010 has shown the high level of mineralised quartz veining in the Proterozoic rocks. Many of the Proterozoic rocks are covered by Jurassic Sandstone and Quaternary Alluvium, which most likely masks additional quartz vein zones. This further enhances the exploration potential of the surrounding Woolgar Project EPM's with large amounts of cover such as EPM11886, EPM14060 and EPM14209 and 13942 (see figure 1).

FIGURE 3
Photo of Mineralised Quartz Vein located 6km NE of the Big Vein and along the Woolgar Fault Zone.
Much of this area is covered by alluvium and Jurassic sandstone cover.

DRILLING OF THE BIG VEIN – MOWBRAY STRUCTURES 2010

The Company's exploration and drilling program conducted in 2010, focused on the new Big Vein / Mowbray structures in the South West part of the Woolgar project area approximately 7 kms west of the Sandy Creek gold deposits.

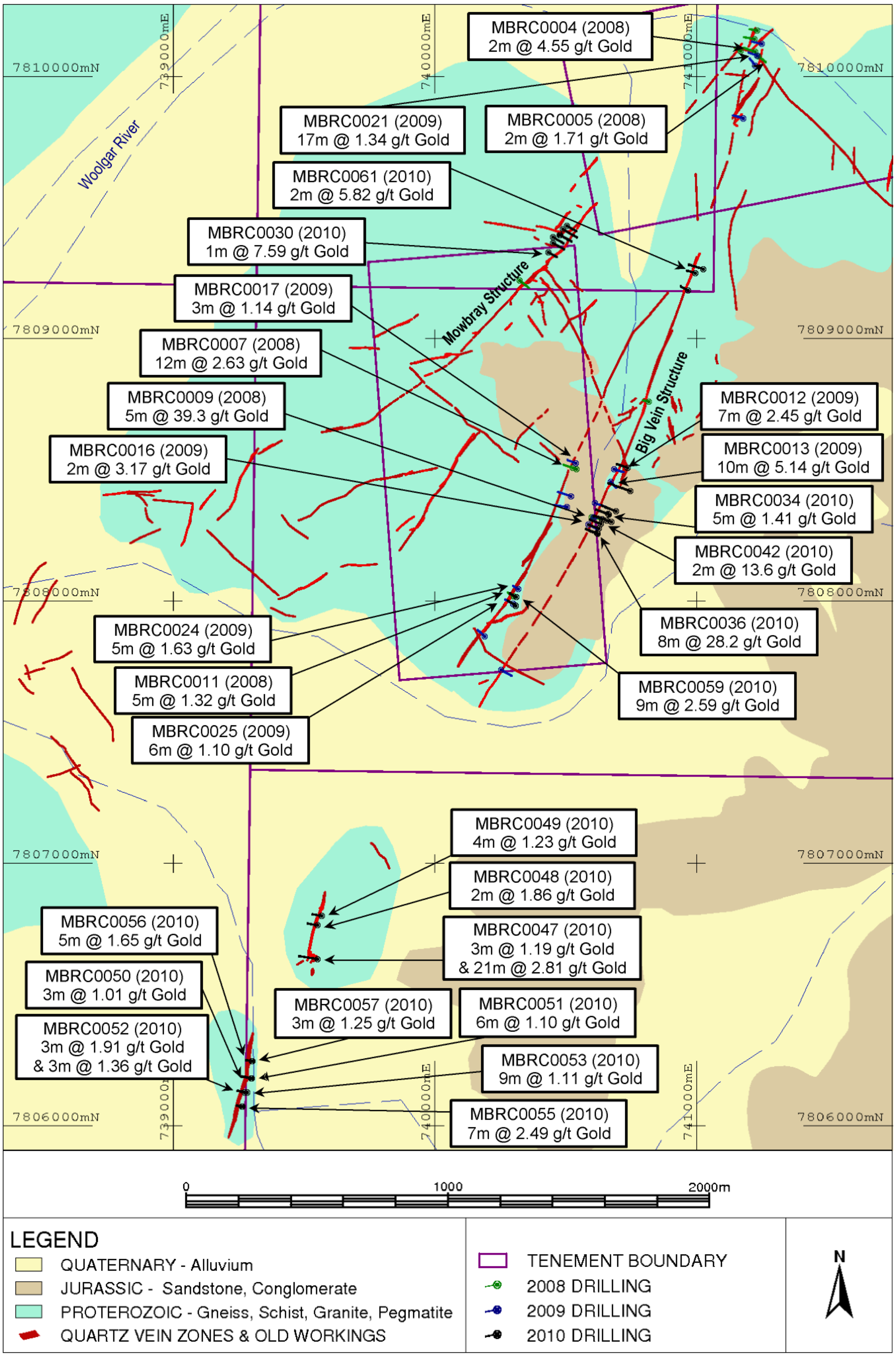
The program was designed to follow-up gold intersections from the limited drilling carried out in the area in 2008 and 2009 (see figure 4).

A total of 35 reverse circulation drill holes (MBR C028-62) were drilled for a total of 2700 metres. The Drill holes ranged in depth from 36 metres to 136 metres. Twelve of the holes (1103 metres) were drilled at the Big Vein prospect. Another eleven holes (654 metres) were drilled at the Big Vein South prospect. Another three holes (216 metres) were drilled at the Big Vein North prospect. A further two holes (130 metres) were drilled at the Big Vein 2 prospect. Another seven holes (597 metres) were drilled at the Mowbray prospect. See summary statistics for these 2010 holes in Table 2 and 2010 drilling gold intersections, greater than 1 g/t in Table 3.

TABLE 2
Big Vein- Mowbray Area – 2010 Drilling Summary Statistics

MBRC033	740658	7808308	429	-57	290	90	Big Vein
MBRC034	740663	7808332	425	-56	290	88	Big Vein
MBRC035	740748	7808419	428	-56	290	136	Big Vein
MBRC036	740621	7808259	428	-56	290	82	Big Vein
MBRC037	740628	7808276	427	-60	291	88	Big Vein
MBRC038	740635	7808295	427	-56	290	80	Big Vein
MBRC039	740667	7808331	425	-65	291	89	Big Vein
MBRC040	740694	7808343	429	-60	290	120	Big Vein
MBRC041	740676	7808302	430	-60	290	110	Big Vein
MBRC042	740641	7808313	427	-55	290	60	Big Vein
MBRC043	740623	7808256	428	-65	290	80	Big Vein
MBRC044	740453	7809387	401	-55	120	81	Mowbray
MBRC045	740478	7809396	399	-65	120	100	Mowbray
MBRC046	740491	7809417	399	-55	120	110	Mowbray
MBRC047	739553	7806635	376	-55	280	130	Big Vein South
MBRC048	739554	7806764	376	-55	280	70	Big Vein South
MBRC049	739568	7806800	377	-54	280	60	Big Vein South
MBRC050	739299	7806181	377	-53	280	60	Big Vein South
MBRC051	739301	7806181	377	-65	280	60	Big Vein South
MBRC052	739274	7806128	379	-55	280	48	Big Vein South
MBRC053	739285	7806126	378	-58	280	48	Big Vein South
MBRC054	739263	7806073	379	-55	280	36	Big Vein South
MBRC055	739266	7806073	379	-65	280	48	Big Vein South
MBRC056	739301	7806247	378	-55	280	40	Big Vein South
MBRC057	739304	7806246	377	-65	280	54	Big Vein South
MBRC058	740310	7807983	384	-60	300	70	Big Vein 2
MBRC059	740314	7808014	387	-60	300	60	Big Vein 2

FIGURE 4
Plan of Woolgar Big Vein-Mowbray area showing recent significant drilling results



The Company's 2010 RC drilling program encountered a number of significant intersections in 19 of 35 holes drilled as follows.

TABLE 3
Mowbray Area - 2010 Drilling Intersections
(Gold Intersections > 1g/t)

Hole ID	Depth (m)		Gold Intercept	Target	Notes
	From	To			
MBRC0030	29	30	1m @ 7.59 g/t	Mowbray	
MBRC0034	53	58	5m @ 1.41 g/t	Big Vein	Including 1m @ 5.47 g/t
MBRC0035	100	101	1m @ 1.55 g/t	Big Vein	
MBRC0036	45	53	8m @ 28.2 g/t	Big Vein	Including 2m @ 110 g/t
MBRC0038	43	44	1m @ 2.37 g/t	Big Vein	
MBRC0042	38	40	2m @ 13.6 g/t	Big Vein	Including 1m @ 26.1 g/t
MBRC0044	38	39	1m @ 1.32 g/t	Mowbray	
MBRC0047	41	44	3m @ 1.19 g/t	Big Vein South	
MBRC0047	63	64	1m @ 1.06 g/t	Big Vein South	
MBRC0047	73	74	1m @ 2.00 g/t	Big Vein South	
MBRC0047	98	119	21m @ 2.81 g/t	Big Vein South	Including 9m @ 4.73 g/t
MBRC0048	11	13	2m @ 1.86 g/t	Big Vein South	
MBRC0049	11	15	4m @ 1.23 g/t	Big Vein South	
MBRC0050	21	24	3m @ 1.01 g/t	Big Vein South	
MBRC0051	27	33	6m @ 1.1 g/t	Big Vein South	
MBRC0052	3	6	3m @ 1.91 g/t	Big Vein South	
MBRC0052	11	14	3m @ 1.36 g/t	Big Vein South	
MBRC0053	11	20	9m @ 1.11 g/t	Big Vein South	
MBRC0053	24	25	1m @ 1.98 g/t	Big Vein South	
MBRC0055	3	5	2m @ 1.17 g/t	Big Vein South	
MBRC0055	21	28	7m @ 2.49 g/t	Big Vein South	
MBRC0056	17	22	5m @ 1.65 g/t	Big Vein South	
MBRC0057	25	28	3m @ 1.25 g/t	Big Vein South	
MBRC0059	22	31	9m @ 2.59 g/t	Big Vein 2	Including 4m @ 4.80 g/t
MBRC0061	18	20	2m @ 5.82 g/t	Big Vein North	

The Big Vein Prospect

The Big Vein Structure has consistently returned the highest drilling assay grades of any of the Mowbray area prospects to date.

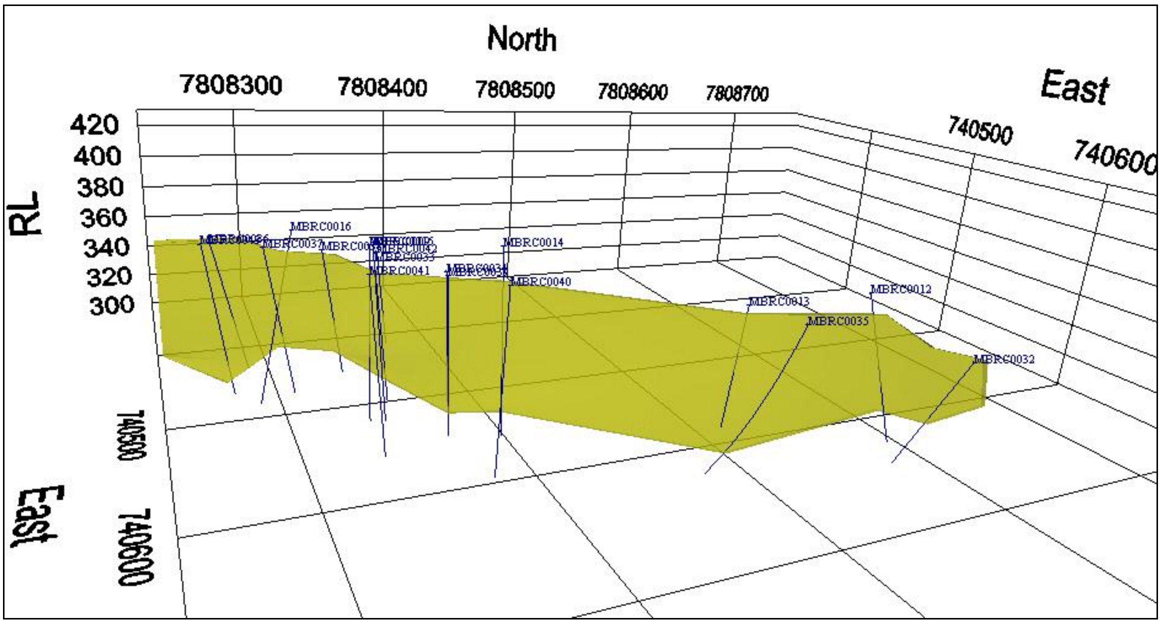
The highest-grade gold intersections (8m @ 28.2 g/t in hole MBR COO36 and 2m @ 13.6 g/t in hole MBRCOO42), were within the Big Vein structure. This structure has seen a number of previous significant intersections in 2008 and 2009. These have included 5m @ 39.3g/t from 40 to 45m (hole MBRC9 in 2008), 7m @ 2.45g/t from 30 to 37m (hole MBRC12 in 2009), 10m @ 5.14g/t from 20 to 30m (hole MBRC13 in 2009), and 2m @ 3.17 g/t from 30 to 32m (hole MBRC16 in 2009). (Refer to Dec 2008 and Dec 2009 reports for full details).

Follow-up drilling within the Big Vein 2 structure located an intersection of 9m @ 2.59 g/t gold (hole MBR COO59) which was drilled beneath a previous intersection of 5m @ 1.32 g/t gold from 11 to 16m (hole MBRC11 in 2008). (Refer to Dec 2008 reports for full details).

The Drill holes at this prospect have intersected quartz hosted gold mineralisation in this area estimated to amount to more than 90,000 tonnes. This gold mineralisation is likely to have an average in situ grade range of between 3.5 to 5.6 g/t (based on current drilling results). It is important to note that more exploration work needs to be carried out before any resource can be declared for this prospect. In particular the continuity of this type of mineralisation needs to be fully tested with further infill drilling. The average true width of gold mineralisation drilled so far is about 3 metres wide. The mineralised quartz vein is striking at approx 025° North and dipping at nearly 80° eastwards.

Significants gold grades from the drilling appear to show that the mineralisation is most likely in a 'shoot style' that pitches horizontally along strike. In the area drilled so far the significant mineralisation appears to pinch out by about 60 metres depth. The mineralisation is still open ended along strike at both ends giving immediate targets for further exploration drilling. The southern end is of particular interest with the drill hole MBRC0036 open ended to the South and recording 8m @ 28.2 g/t gold down the hole (about 6 metres true width).

FIGURE 5
3D Perspective view of Big Vein Prospect gold mineralisation looking West and in long section



A wireframe (in green) of the Big Vein gold mineralisation, shown above, shows the quartz veined gold mineralisation in a 3D long sectional view. The drill holes (shown in blue) have been drilled from both the western and eastern sides of the quartz vein containing the gold mineralisation. Notice most of the deeper drill holes do not pick up any significant gold mineralisation, suggesting a flat lying/horizontal 'shoot style' zone of gold mineralisation with both ends still open ended and providing further targets for along strike drilling.

The Big Vein structure appears to very persistent and can be traced for nearly 3 kilometres, and forms part of the structures associated with the Woolgar Fault Zone that extends for approximately 20 kilometres within the Woolgar tenements.

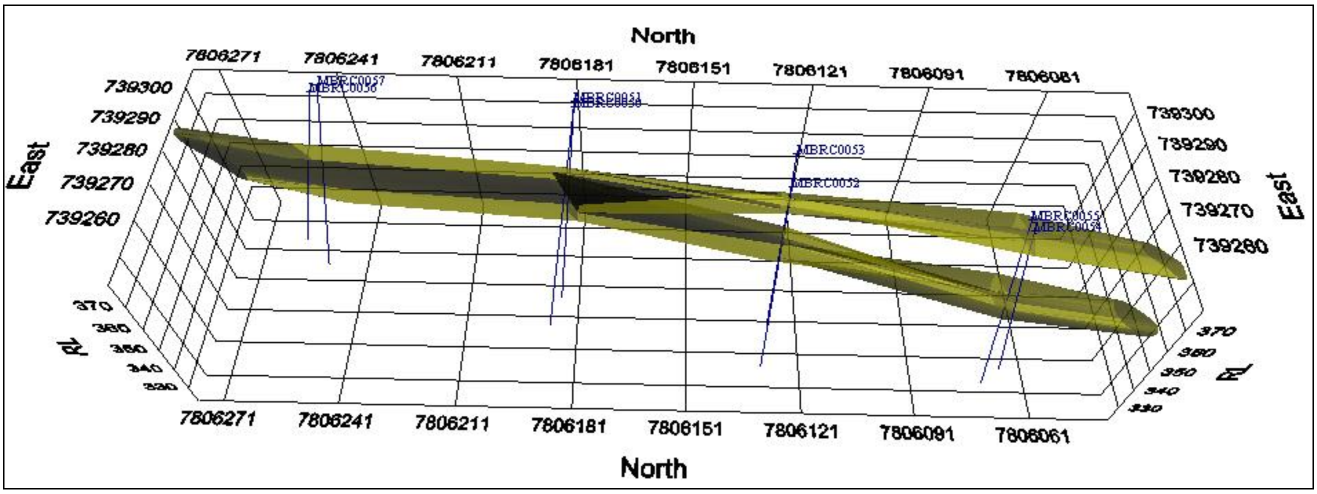
The Big Vein South Prospect

The Big Vein South prospect was drilled based on soil sampling and mapping work conducted in 2010. The Big Vein South prospect area is often covered by Quaternary alluvium and Jurassic sandstone. Amongst this cover some areas of exposed Proterozoic rocks (the host for the quartz vein gold mineralisation) were targeted for the drilling carried out in 2010.

The drilling gave some significant intersections including, 21m @ 2.81 g/t (including 9m @ 4.73 g/t) (hole MBR C0047), 7m @ 2.49 g/t (hole MBRC0055), 5m @ 1.65 g/t (hole MBRc0056), 9m @ 1.11 g/t (hole MBRC0053) 6m @ 1.1 g/t (hole MBRC0051), and 3m @ 1.91 g/t (hole MBRC0052), (See Table 2 for complete details). Given the early nature of the drilling in this area the results provide for an interesting new prospect area.

At the southern end of this prospect area some of the drill holes were targeted along four drill hole lines (2 holes per line) spaced at approx 50 metres between lines. The drill holes at this southern end of the Big Vein South prospect have intersected quartz hosted gold mineralisation in this area estimated to amount to more than 130,000 tonnes. This gold mineralisation is likely to have an average in situ grade of around 1.5 g/t (based on current drilling results). It is important to note that more exploration work needs to be carried out before any resource can be declared for this prospect. In particular the continuity of this type of mineralisation needs to be fully tested with further infill drilling. The average true width of the gold mineralisation based on the current drilling is about 4 metres wide. The mineralised quartz vein in this area is striking at approx 010° North and is dipping at nearly 65° eastwards except at the southern end where the dip flattens rapidly to 40° eastwards. The gold mineralised quartz vein also appears to split at the southern end.

FIGURE 6
3D Perspective view - Big Vein South Prospect gold mineralisation
looking East down dip



A wireframe (in green) of the Big Vein South gold mineralisation, shown above, displays the quartz veined gold mineralisation in a 3D view looking down dip and clearly shows the split in the mineralisation. Such structural split zones are typical areas for localising this style of gold mineralisation. The drill holes (shown in blue) have been drilled from the eastern side of the mineralisation.

The gold mineralisation is still open ended along strike at both ends giving immediate targets for further exploration drilling. The Big Vein South structure in this area disappears under cover to both the North and the South. The structure lies along strike from the Big Vein and Big Vein 2 structures and appears to be either a joiner structure between the Big Vein and Big Vein 2 structures or an extension of the Big Vein 2 structure. Regardless, it forms part of the structures associated with the Woolgar Fault Zone that extends in total for approximately 20 kilometres within the Woolgar tenements.

URANIUM

WOOLGAR URANIUM PROJECT, QUEENSLAND

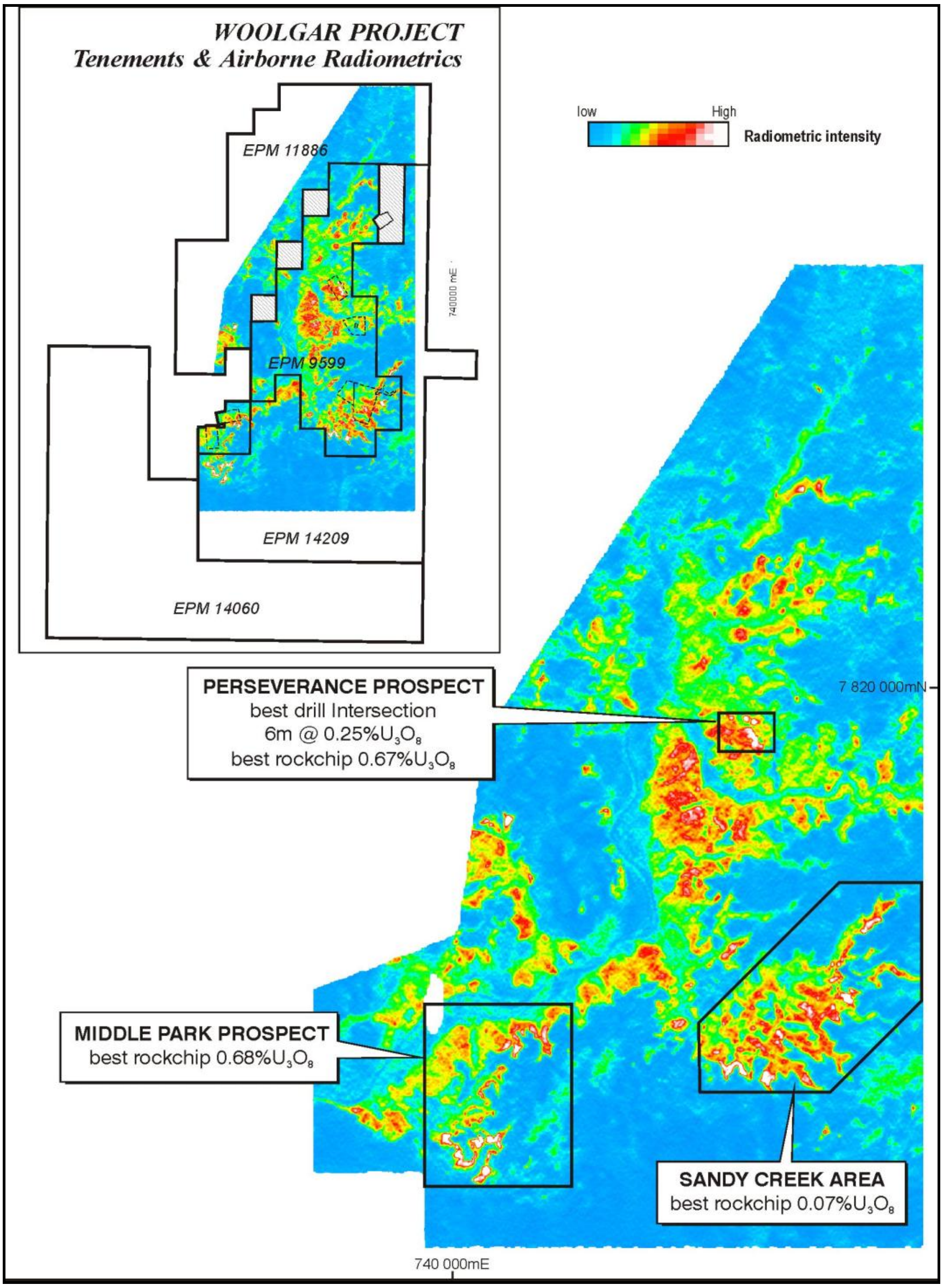
Alpha Uranium Limited (Strategic Subsidiary Company)

Significant uranium exploration targets are established in the Woolgar tenements. Established drill targets include partially drilled outcropping uranium occurrences at the Perseverance-Shamrock prospect where previous drilling in the 1970's defined zones of mineralisation with high grade drill intersections up to 6m @ 0.25% eU_3O_8; and, at the Middle Park prospect where mineralised rock chips samples returned values up to 0.67% U_3O_8. The primary uranium targets in the district are numerous untested airborne radiometric (uranium channel) anomalies associated with a regionally extensive unexplored unconformity.

Unconformity-related uranium deposits constitute approximately 33% of the world’s uranium resources and include some of the largest and richest deposits.

The Company continues to review available data in order to refine established target for future drilling when working capital can be allocated.

FIGURE 7
Airborne radiometric data (uranium channel) & uranium prospect locations. Unconformity style uranium mineralisation targets correspond to the white areas on the image.



Martins Well Project, South Australia

Alpha Uranium Limited (Strategic Subsidiary Company)

An Agreement was concluded between Strategic / Alpha and Aldershot Resources Ltd in March 2010, whereby Aldershot have the right to earn up to 70% interest in the project.

Aldershot has completed the first diamond drillhole (Hawke No1,198m) through the magnetic anomaly associated with the southern limb of the Willippa Dome. The hole intersected a sequence of siltstone and minor sandy units before entering a magnetic siltstone (Holowilena Ironstone?) between 151-176 metres.

Assays returned up to 20.8%Fe with elevated Ba (270 ppm), Cu (117 ppm) and S (0.49%). The data is currently being compiled and assimilated in preparation for a second diamond hole (Hawke No 2) if warranted.

Aldershot have advised that a total of $365,994 has been expended on the project to date.

FIGURE 8

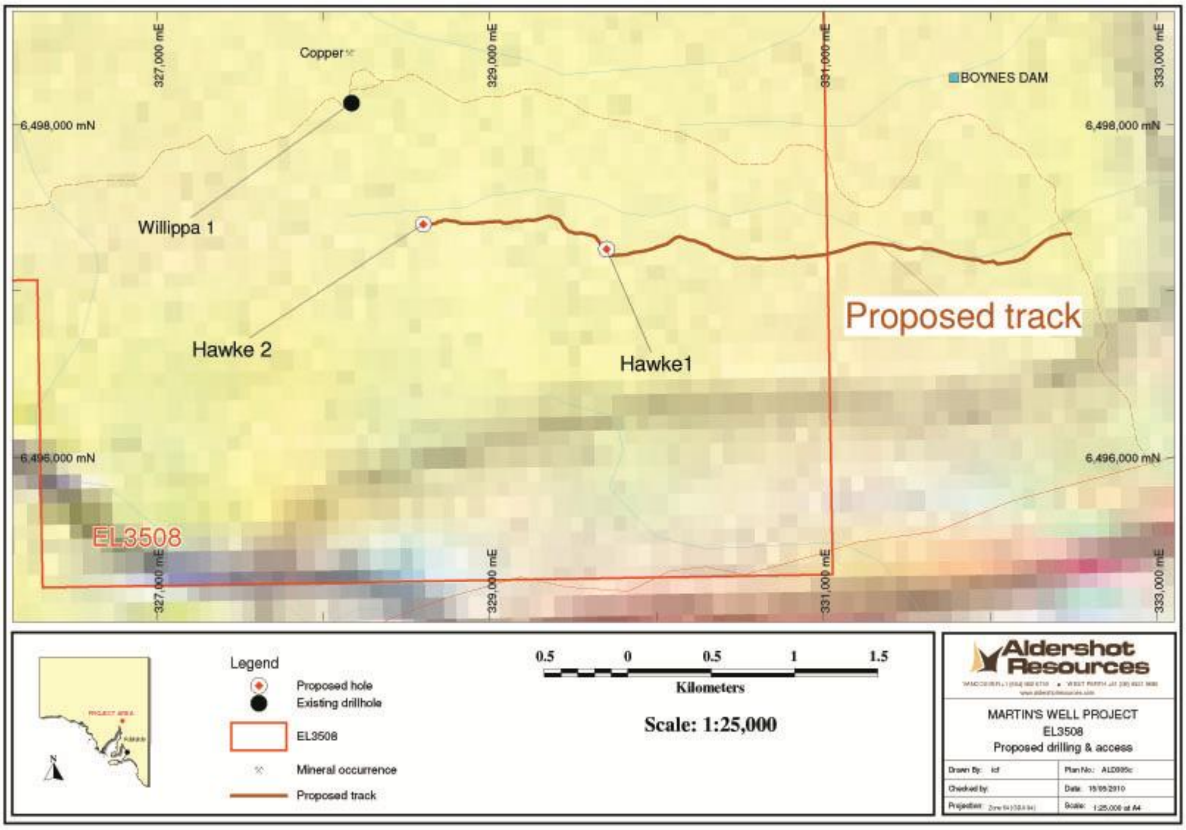
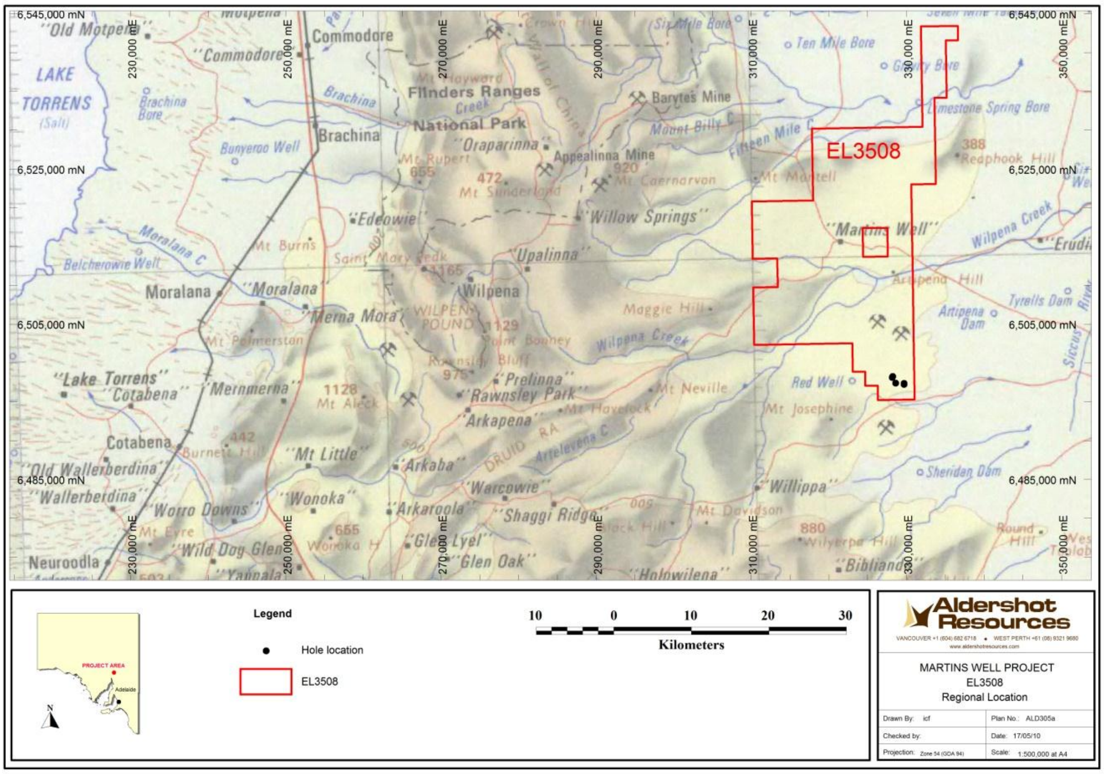


FIGURE 9
Martins Well maps (Figures 8 & 9) showing location of tenement and proposed drilling of Hawke No 2 and access track



FROME BASIN PROJECTS, SOUTH AUSTRALIA

Alpha Uranium Limited (Strategic Subsidiary Company)

Work Programs – No ground exploration activity was undertaken during the year.

Wally Martin
MANAGING DIRECTOR

Note: The information in this report that relates to exploration results is based on information compiled by Strategic Mineral Corporation NL's Project Manager Mr Kevin Richter BSc. who is a member of the Australian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration, and to the activity undertaken. He is qualified as a competent person as defined in the 2004 Edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves ". He has consented to the inclusion of this information in the form and context in which it appears. The Australian Stock Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

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TENEMENT DIRECTORY

Prospect	Tenements	License No	Date Granted	Area	Interest	Comments
Woolgar	Perseverance	ML 2728	01/06/89	128 hectares	100%	Granted
Woolgar	Mowbray 3	ML 2729	01/06/89	128 hectares	100%	Granted
Woolgar	Mowbray	ML 2739	01/06/89	128 hectares	100%	Granted
Woolgar	Soapspar	ML 2642	01/02/89	405 hectares	100%	Granted
Woolgar	Soapspar	ML 2793	08/08/91	146.4 hectares	100%	Granted
Woolgar	Sandy Creek	ML 90044	27/04/95	29.2 hectares	100%	Granted
Woolgar	Woolgar	EPM 9599	01/09/93	145 sq km	100%	Granted
Woolgar	Sandy Creek	ML 90122	02/09/04	350.90 hectares	100%	Granted
Woolgar	Flat Creek	ML 90123	18/11/04	124.70 hectares	100%	Granted
Woolgar	Woolgar West	EPM 11886	21/04/04	316 sq km	100%	Granted
Woolgar	Woolgar East	EPM 14060	21/04/04	489 sq km	100%	Granted
Woolgar	Woolgar East	EPM 14209	21/04/04	307 sq km	100%	Granted
Woolgar	Steam Engine	EPM 13492	09/11/06	35.55 sq km	100%	Granted
Frome	Siccus JV	EL 3288		672 sq km	10%	Granted
Frome	Lake Frome JV	EL 3346		589 sq km	10%	Granted
Frome	Reaphook Hill JV	EL 2991		126 sq km	7.5%	Granted
Frome	Martins Well	EL 3508	24/01/06	784 sq km	100%	Granted

DIRECTORS' STATUTORY REPORT

The Directors submit the accounts of the Company and the consolidated accounts of the consolidated entity, being the Company and its controlled entities, for the year ended 31 December 2010 and report thereon as follows.

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 C F Guerre
Chairman (Non-executive Director)

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 20 years experience as a financial analyst, chief investment officer with a leading international banking group and over 20 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.

Mr W A C Martin, Dip Legal Studies
Managing Director (Executive)

Mr Wally Martin has had extensive experience at senior management level in both the Government and private enterprise sectors for over 27 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 holds a directorship in Hillcrest Litigation Service Ltd, a litigation fund company in Western Australia.

Mr C Bigeard
Director (Non-executive)

Mr Claude Bigeard has extensive financial management and banking experience, including three years with one of the first largest Swiss Banks in Geneva and 15 years in the largest private foreign banking group in Switzerland. Since 1996, he has been the Managing Director of his asset management and financial consulting company, CB Capital Management SA in Geneva, Switzerland.

Mr Bigeard does not have any other Australian public company directorships.

Mr Jay Stephenson MBA, FCPA, CMA, FCIS, MAICD
Director (Non-executive) and Company Secretary

Mr Jay Stephenson has been involved in business development for over 20 years including the past 15 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 a directorship in Aura Energy Limited, Drake Resources Limited and Doray Minerals Limited.

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
C F Guerre	1	1	4	4
W A C Martin	1	1	4	4
C Bigeard	1	1	4	4
J Stephenson	1	1	4	4

DIRECTORS' INTERESTS

The relevant interests of Directors in the shares and options of the Company as at the date of this report are as follows:

Director 2010	**Shares** direct	**Shares** indirect	**Options** direct	**Options** indirect
C F Guerre	295,000	4,050,000	1,000,000	-
W A C Martin	281,690	3,700,788	1,000,000	-
C Bigeard	-	-	1,000,000	-
J Stephenson	-	132,000	-	-

The relevant interests of Directors in the shares and options of the Company as at the date of the 2009 report were as follows:

Director 2009	**Shares** direct	**Shares** indirect	**Options** direct	**Options** indirect
C F Guerre	295,000	4,050,000	1,000,000	-
W A C Martin	281,690	3,404,095	1,000,000	-
C Bigeard	-	-	1,000,000	-
J Stephenson	-	132,000	-	-
R Bartsch	393,690	-	3,500,000	-

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

Shares	Direct	Indirect
C F Guerre	-	-
W A C Martin	-	296,693
C Bigeard	-	-
Jay Stephenson	-	-

The Directors did not directly or indirectly acquire any options during the year up to the date of this report.

PRINCIPAL ACTIVITIES

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

RESULTS

The net consolidated loss of the group for the year ended 31 December 2010 after providing for nil income tax was $684,575 (2009: Loss of $656,316)

DIVIDENDS

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

FINANCIAL POSITION

The net assets of the consolidated entity have increased by $215,226 to $16,259,412 as at 31 December 2010. The major components of this movement were:

- proceeds from a share placement which raised $700,000 in cash during the year, less
- exploration expenditure principally incurred by the Company.

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.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 8 March 2010, the Company announced it had entered into a Letter Agreement with Aldershot Resources of Vancouver Canada covering the Company's Martin Well project. Under the terms of the Agreement Aldershot may acquire a 70% interest in the Project by spending $AUD 250,000 over a two year period.

The contributed equity of the consolidated entity increased by $900,001 due to a share placements and an issue in settlement of the purchase of the Steam Engine Project during the year.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

AUDIT COMMITTEE

The Company did not establish a separate Audit Committee of the Board of Directors in 2010. Refer to the Corporate Governance Statement in this Annual Report.

DIRECTORS' SHAREHOLDINGS, CONTRACTS AND BENEFITS

The interest of each Director in the share capital of the Company at the date of this report and as contained in the register of Directors' shareholdings of the Company as shown on Note 26 of this annual report.

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 Note 26 of the accounts.

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) Share-based compensation

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.

The executive pay and reward framework has three components:

- base pay and benefits;
- long-term incentives through Directors options (refer note 23); and
- other remuneration such as superannuation.

The combination of these comprises the executive’s total remuneration.

(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 and the consolidated entity for the year ended 31 December 2010 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	**Use of motor vehicle**	**Super-annuation**			
Year 2010	**$**	**$**	**$**	**$**	**$**	**%**
Directors						
Mr W A C. Martin	153,849	40,384	-	-	194,233	-
Mr C F Guerre	72,000	-	-	-	72,000	-
Mr C Bigeard	48,000	-	-	-	48,000	-
Mr J Stephenson	25,000	-	-	-	25,000	-
	298,849	40,384	-	-	339,233	-
Year 2009						
Directors						
Mr W A C. Martin	94,392	20,392	62,500	-	177,284	-
Mr C F Guerre	72,000	-	-	-	72,000	-
Mr C Bigeard	48,000	-	-	-	48,000	-
Mr R D Bartsch	31,266	-	-	-	31,266	-
Company Secretary						
Mr J Stephenson	25,000	-	-	-	25,000	-
	270,658	20,392	62,500	-	353,550	-

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 Company's performance.

Share-based compensation – Options: Further details relating to options are set out below:

Name	A. Remuneration consisting of options	B. Value at grant date $	C. Value at exercise date $	D. Value at lapse date $
Mr W A C Martin	-	-	-	-
Mr C F Guerre	-	-	-	-
Mr C Bigeard	-	-	-	-
Mr R D Bartsch	-	-	-	-

A. The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column B.

B. The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration.

C. The value at exercise date of options that were granted as part of remuneration and were exercised during the year.

D. The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

(c) Service agreements

There are no service agreements in place for executive or non-executive Directors, rather Director remuneration is reviewed annually by the board.

(d) Share-based Compensation

Options

There were 4.0 million options on issue at 31 December 2010 for shares in the Company exercisable at 10 cents each on or before 30 June 2011.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant Date	Date Vested and exercisable	Expiry Date	Exercise Price	Value per option at grant date
28 June 2008	28 June 2008	30 June 2011	$0.10	$0.04025

No options were exercised during the year. No other key management personnel have been issued options.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, 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.

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.

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

Unissued ordinary shares of Strategic Minerals Corporation NL under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise Price	Number under option
28/06/2008	30/06/2011	$0.10	4,000,000
			4,000,000

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

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 2010 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 $11,839 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.

	CONSOLIDATED	
During the year the following fees were paid or are payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.	**2010** **$**	**2009** **$**
Assurance services		
1. Audit Services		
BDO Audit (WA) Pty Ltd	31,758	28,000
Total remuneration for audit services	31,758	28,000
Taxation Services and Accounting Services		
BDO Corporate Tax (WA) Pty Ltd	5,912	10,056
Total remuneration for taxation services	37,670	38,056

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 27.

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 30th day of March 2011 in accordance with a resolution of Directors.

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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

30 March 2011

Strategic Minerals Corporation NL
The Board of Directors
Suite 4, Level 1
460 Roberts Road
Subiaco WA 6008

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF STRATEGIC MINERALS CORPORATION NL

As lead auditor of Strategic Minerals Corporation NL for the year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- 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.

Chris Burton
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

CORPORATE GOVERNANCE STATEMENT
For the year ended 31 December 2010

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

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: *Companies should establish the functions reserved to the board and management.*

The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of shareholders.

Its functions and responsibilities include:

- Determining strategic and policy direction and monitoring performance against strategy.
- Establishing goals and monitoring performance.
- Identifying risk and opportunities for ensuring risk management systems are established and reviewed.
- Approving and monitoring financial reports, capital management, and compliance.
- Ensuring that policies and compliance systems consistent with the Company's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly.

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 four directors, two of whom are non-executive, however, only Mr Bigeard is independent. The Board believes that this is both appropriate and acceptable.

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

The Chairperson, Mr Claude F Guerre is not independent, as set out above, 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 has established 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.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING.

Recommendation 3.1: *Establish a code of conduct to guide Directors, the chief executive officer (or equivalent), the chief financial 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 the legal obligations and the reasonable expectations of stakeholders
3.1.3 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: *Disclose the policy concerning trading in company securities by directors, officers and employees.*

The Company has in place a trading policy, "Dealings in Company Securities Policy". A copy of the policy is provided to all directors, officers, employees and contractors.

The policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the directors of the Company.

'Inside information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities (including the exercise of employee options);
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others - including colleagues, family or friends - knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information (e.g. even if the employee or Director overhears it or is told in a social setting).

In addition to the above, Directors must not acquire or sell, directly or indirectly any securities (shares or options) in the Company except 7 days before and 2 days after the release of any of the quarterly, half-yearly and yearly reports and any announcements to the ASX which may or are likely to effect the value of the company's assets in a material way.

A Director who intends to trade in Company securities must firstly notify the Managing Director or Company Secretary so that any potential embarrassment/market misconception may be avoided if an announcement is imminent. In the event of a significant trade, all Directors should be notified as soon as possible. If the Managing Director or Company Secretary intend to trade in Company securities they must firstly notify the Chairman.

The Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

The trading policy is reviewed annually.

Recommendation 3.3: *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 are 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: *Provide the information indicated in the ASX Corporate Governance Councils' Guide to Reporting on Principle 6.*

The Company effectively communicates with shareholders via ASX announcements and newsletters.

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

The Company is not of size to allow this recommendation to be followed. The Board is responsible for the design and implementation of risk management and internal control systems.

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 perform 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.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	Notes	*Consolidated Entity* 2010 $	2009 $
Revenue from continuing operations	6	**72,733**	**22,287**
Administration expense	7	(331,878)	(355,920)
Depreciation and amortisation expense		(26,373)	(27,923)
Employee benefit expense		(244,445)	(237,612)
Finance Costs		(119)	(5,295)
Lease expense		(89,221)	(51,853)
Impairment on tenements		(65,272)	-
Loss before income tax		(684,575)	(656,316)
Income tax expense	9	-	-
Loss for the year		**(684,575)**	**(656,316)**
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		(684,575)	(656,316)
Loss and Total Comprehensive Income is attributable to:			
Equity holders of Company		(684,466)	(656,224)
Non Controlling Interest		(109)	(92)
		(684,575)	(656,316)
Earnings per share attributable to the ordinary equity holders of the Company		**Cents**	**Cents**
Basic (loss) per share	10	(0.18)	(0.23)

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

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

STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Notes	2010	2009
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	11	1,714,644	2,563,503
Trade and other receivables	12	69,580	65,950
Total current assets		1,784,224	2,629,453
Non current assets			
Financial assets	13	65,513	65,513
Property, plant & equipment	14	53,242	75,857
Mineral exploration & evaluation expenditure	15	14,628,312	13,768,964
Other non-current assets	16	11,051	11,051
Total non current assets		14,758,118	13,921,385
TOTAL ASSETS		**16,542,342**	**16,550,838**
LIABILITIES			
Current liabilities			
Trade and other payables	17	194,620	416,279
Borrowings	17	-	14,596
Provisions	18	88,310	75,777
Total current liabilities		282,930	506,652
TOTAL LIABILITIES		**282,930**	**506,652**
NET ASSETS		**16,259,412**	**16,044,186**
EQUITY			
Contributed equity	19	37,411,575	36,511,574
Reserves	21	3,242,272	3,242,272
Accumulated losses	22	(24,397,059)	(23,712,484)
Capital and reserves attributable to owners of Strategic Minerals Corporation NL		16,256,788	16,041,362
Non controlling interest	20	2,624	2,824
TOTAL EQUITY		**16,259,412**	**16,044,186**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2010	Contributed equity	Share based payments reserve	Accumulated Losses	Total	Non Controlling Interest	Total Equity
	$	$	$	$	$	$
Balance at 1 January 2009	34,148,711	3,242,272	(23,056,168)	14,334,815	1,619	14,336,434
Total comprehensive loss for the year	-	-	(656,224)	(656,224)	(92)	(656,316)
Transactions with owners in their capacity as owners:						
Non controlling interest			(92)	(92)	1,297	1,205
Employee share options – value of employee services				-		-
Contributions of equity, net of transaction costs	2,362,863			2,362,863		2,362,863
Balance at 31 December 2009	**36,511,574**	**3,242,272**	**(23,712,484)**	**16,041,362**	**2,824**	**16,044,186**
Balance at 1 January 2010	36,511,574	3,242,272	(23,712,484)	16,041,362	2,824	16,044,186
Total comprehensive loss for the year	-	-	(684,466)	(684,466)	(109)	(684,575)
Transactions with owners in their capacity as owners:						
Non controlling interest			(109)	(109)	(91)	(200)
Employee share options – value of employee services						
Contributions of equity, net of transaction costs	900,001			900,001		900,001
Balance at 31 December 2010	**37,411,575**	**3,242,272**	**(24,397,059)**	**16,256,788**	**2,624**	**16,259,412**

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

STATEMENT OF CASH FLOWS
For the year ended 31 December 2010

	Notes	*Consolidated Entity*	
		2010	**2009**
		$	**$**
Cash flow from operating activities:			
Payments to suppliers & employees		(878,619)	(308,043)
Interest received		72,733	22,287
Net cash outflow from operating activities	27(i)	(805,886)	(285,756)
Cash flow from investing activities:			
Purchase of property, plant, equipment		(3,758)	(750)
Payments for exploration expenditure assets		(924,620)	(302,795)
Net cash outflow from investing activities		(928,378)	(303,545)
Cash flow from financing activities:			
Proceeds from issue of shares		900,001	2,412,446
Repayments of borrowings		(14,596)	(24,135)
Net cash inflow from financing activities		885,405	2,388,311
Net increase / (decrease) in cash held		(848,859)	1,799,010
Cash and cash equivalents at the beginning of the period		2,563,503	764,493
Cash and cash equivalents at the end of period	27(ii)	**1,714,644**	**2,563,503**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 1 GENERAL INFORMATION

Strategic Minerals Corporation NL (the Company or Parent Entity) is a limited company incorporated and domiciled in Australia. The addresses of its registered office and principal place of business are disclosed on page 2 of this report. The principal activities of the Company and its subsidiaries are the exploration and evaluation of mineral wealth in various areas of interest.

NOTE 2 AUSTRALIAN INTERNATIONAL FINANCIAL REPORTING STANDARDS

Compliance with IFRS
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Strategic Minerals Corporation NL comply with International Financial Reporting Standards (IFRS).

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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

Going Concern Basis of Preparation
The 31 December 2010 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the year ended 31 December 2010 the Group recorded a loss after tax of $684,575 (2009: $656,316) and had a net working capital surplus of $1,501,294 (31 December 2009: surplus of $2,122,801).

The Company will require further funding during the 2011 and 2012 financial years in order to meet day to day obligations as they fall due and to progress on its exploration projects. Based on the Group's cash flow forecast the Board of Directors are aware of the Group needs to access additional working capital funds in the next 12 months to enable the Group to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due.

Directors are aware that the Group has the option, if necessary to relinquish tenements in order to maintain its cash funds at appropriate levels. Based on these facts, the Directors consider the going concern basis of preparation to be appropriate for this financial report.

In the event that the Group is not successful in raising funds from the issue of new equity, there exists material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

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.*

The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements include separate financial statements for Strategic Minerals Corporation NL as an individual entity and the consolidated entity consisting of Strategic Minerals Corporation NL and its subsidiaries. The policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

Historical cost convention
These financial statements have been prepared on the historical cost basis.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Strategic Minerals Corporation NL (''company'' or ''parent entity'') as at 31 December 2010 and the results of all subsidiaries for the year then ended. Strategic Minerals Corporation NL and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

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.

(ii) Joint ventures

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings.

(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. The two main mineral types of the Group are Uranium and Gold. The Uranium projects are held within the subsidiary Alpha Uranium Pty Ltd and the Gold Projects are held in Strategic Minerals Corporation NL.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 been 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 each balance date 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 comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 statement of financial position 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 (note 3(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of 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 statement of financial position date.

(m) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year.

(n) 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.

(o) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 balance 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 23.

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 balance sheet 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.

(p) 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.

(q) 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.

(r) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(s) 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.

(t) New accounting standards and interpretations

The following Australian Accounting Standards and interpretations have been issued or amended and are applicable to the parent and 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.

Standard	Summary of Changes	Effective date	Status	Expected IFRS
AASB 9 Financial Instruments	Applies to financial assets and financial liabilities. Reduces classification of financial assets to two categories – those held at fair value and those at amortised cost. Classification based on entity's business model for holding the assets. Also eliminates embedded derivatives that are financial assets. Changes for financial liabilities and hedging are expected shortly. No changes to carrying value of liabilities at amortised cost	Periods commencing on or after 1 Jan 2013	Can be adopted early	

There are no other standards and interpretations that will impact the financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 4 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:

	2010 $	2009 $
Financial assets		
Cash and cash equivalents	1,714,644	2,563,503
Trade and other receivables	69,580	65,950
Other financial assets	65,513	65,513
	1,849,737	2,694,966
Financial liabilities		
Trade and other payables	194,620	416,426
Borrowings	-	14,596
	194,620	431,022

(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. 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 principally from trade and other receivables including inter company 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 on the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 4 FINANCIAL RISK MANAGEMENT (continued)

The credit quality of the financial assets ithat 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	2010 $	2009 $
Financial assets			
Cash and cash equivalents			
- held at National Australia Bank	Aa1	1,714,644	2,563,503
Trade and other receivables			
Counterparties with external credit rating (Moody's)			
- Interest and GST receivable	Aaa	41,637	38,075
- Sundry receivables	B2	16,475	-
Counterparties without external credit rating*			
- Prepayment of insurance and rent	Group 1	-	23,521
- Sundry receivables	Group 1	11,468	4,354

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.

(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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 4 FINANCIAL RISK MANAGEMENT (continued)

2010	***Floating interest rate***	***Fixed interest maturing in 1 year or less***	***Non-interest bearing***	***Total***
Financial assets				
Cash and deposits	91,835	1,622,809	-	1,714,644
Receivables	-	-	69,580	69,580
	91,835	1,622,809	69,580	1,784,224
Weighted average interest rate	1.50%	3.47%		
Financial Liabilities				
Trade and other creditors	-	-	194,620	194,620
	-	-	194,620	194,620
Weighted average interest rate	-	-		

2009	***Floating interest rate***	***Fixed interest maturing in 1 year or less***	***Non-interest bearing***	***Total***
Financial assets				
Cash and deposits	83,925	2,479,578	-	2,563,503
Receivables	-	-	65,950	65,950
	83,925	2,479,578	65,950	2,629,453
Weighted average interest rate	1.5%	4.53%		
Financial Liabilities				
Trade and other creditors	-	-	416,279	416,279
Hire Purchase	-	14,596	-	14,596
	-	14,596	416,279	430,875
Weighted average interest rate		8.8%		

(e) Financial risk management

The Company'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 Company operations. The Company 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.

NOTE 5 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 judgments, 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 judgments, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(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 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 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 23.

NOTE 6 REVENUE

	2010 $	2009 $
From continuing operations:		
Interest – unrelated parties	72,733	22,287
	72,733	22,287
Total revenue	72,733	22,287

NOTE 7 EXPENSES

Loss before income tax has been determined after including the following expenses:		
Borrowing costs – other parties	119	5,295
Depreciation of non-current assets – property, plant and equipment	26,373	27,923

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 8 SEGMENT REPORTING

Management has identified the operating segments based on the main minerals of the members of the Group. The two main mineral types of the Group are Uranium and Gold. The Uranium projects are held within the subsidiary Alpha Uranium Pty Ltd and the Gold Projects are held in Strategic Minerals Corporation NL. Segment assets include the cost to acquire the tenement and the capitalised exploration costs of those tenements.

	Gold 2010 $	Uranium 2010 $	Treasury 2010 $	Total 2010 $
Segment revenue	-	-	72,733	72,733
Segment profit/(loss) for the year	(65,272)	-	72,614	7,342
Reconciliation to net operating loss:				
Corporate expense				(691,917)
Net loss per statement of comprehensive income				(684,575)
Segment assets as at the year end	14,346,292	282,020	1,714,644	16,342,956
Property plant and equipment				53,242
Financial assets				65,513
Receivables and other assets				80,631
Total assets from continuing operations per statement of financial position				16,542,342

	Gold 2009 $	Uranium 2009 $	Treasury 2009 $	Total 2009 $
Segment revenue	-	-	22,287	22,287
Segment profit/(loss) for the year	-	-	16,992	16,992
Reconciliation to net operating loss:				
Corporate expense				(673,308)
Net loss per statement of comprehensive income				656,316
Segment assets as at the year end				
Segment assets	13,486,944	282,020	2,563,503	16,332,467
Property plant and equipment				75,857
Financial assets				65,513
Receivables and other assets				77,001
Total assets from continuing operations per statement of financial position				16,550,838

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 9 INCOME TAX

	2010 $	2009 $
(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	(684,575)	(656,316)
Potential tax benefit @ 30%	(205,373)	(196,894)
Income tax benefit not recognised	205,373	196,894
Income tax benefit	-	-
(c) Deferred tax liabilities/(assets) not recognised		
Tax Losses	(684,575)	(656,316)
Potential tax benefit @ 30%	205,373	196,894
Total deferred tax assets not brought to account	5,183,864	4,978,491

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.

NOTE 10 EARNINGS / (LOSS) PER SHARE

	2010	2009
Basic loss per share (cents per share)	0.18	0.23
The loss used in calculating basic loss per share is the loss attributed to members of Strategic Minerals Corporation NL	$ 684,575	$ 656,224
Weighted average number of shares in the calculation of the EPS	388,030,685	279,453,661

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 11 CASH AND CASH EQUIVALENTS

	2010 $	2009 $
Cash at bank and on hand	91,835	83,925
Bank term deposits	1,622,809	2,479,578
	1,714,644	2,563,503
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	1,714,644	2,563,503

The effective interest rate on cash at bank and bank term deposits is 4.3%. These deposits have an average maturity of less than one year. The Group's exposure to interest rate risk is discussed in note 4.

NOTE 12 OTHER RECEIVABLES

	2010 $	2009 $
Current		
Sundry receivables	27,943	4,354
Interest receivable and GST refundable	41,637	38,075
Prepayment of expenses	-	23,521
	69,580	65,950

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 4.

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 balance date, there are no receivables past their due date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 13 FINANCIAL ASSETS

	2010 $	2009 $
Shares in listed corporations – 'available for sale' financial assets	65,513	65,513
	65,513	65,513

'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.

Unlisted entities are traded, if at all, in inactive markets, and are therefore carried at cost.

NOTE 14 PLANT & EQUIPMENT

	2010 $	2009 $
Plant and Equipment		
Plant and equipment at cost	213,729	209,971
Less accumulated depreciation	(160,487)	(134,114)
	53,242	75,857
MOVEMENTS:		
Owned plant & equipment at cost:		
Brought forward	209,971	224,171
Additions	3,758	750
Disposals / adjustments to cost	-	(14,950)
Closing Balance	213,729	209,971
Accumulated Depreciation:		
Brought forward	(134,114)	(121,142)
Depreciation expense	(26,373)	(27,923)
Disposals / adjustments to cost	-	14,951
Closing Balance	(160,487)	(134,114)

NOTE 15 EXPLORATION AND EVALUATION ASSETS

	2010 $	2009 $
Exploration at cost:		
Balance at the beginning of the year	13,768,964	13,466,169
Other expenditure during the year	924,620	302,795
Impairments	(65,272)	
Balance at the end of the financial year	14,628,312	13,768,964

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of the areas of interest. Capitalised costs of $924,620 (2009: $302,795) have been included in the cash flows from operating 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.

The following tenements are pending renewal and the Directors do not foresee any reason as to why these renewals will not be approved: ML 2793; ML 2739; ML 2729; ML 2728; ML 2642; EPM 14209; EPM 14060; and EPM 11886.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 16 OTHER NON-CURRENT ASSETS

	2010 $	2009 $
Mineral Specimens	11,051	11,051

NOTE 17 TRADE AND OTHER PAYABLES

	2010 $	2009 $
Unsecured		
Current – other creditors and accruals	194,620	416,279
Total unsecured liabilities	194,620	416,279
Short and long term borrowings		
Secured		
Current – lease liability	-	14,596
Total secured liabilities	-	14,596

Certain vehicles and equipment hired by the group are funded by finance leases and hire purchase, provided by financial institutions. The leases are generally for a short term and are secured by the assets being financed. Risk exposure arising from current and non-current borrowings is set out in Note 4.

The carrying amounts of assets pledged as security for current and non current interest bearing liabilities are:

	2010 $	2009 $
The carrying amounts of non-current assets pledged as security are:		
Motor vehicle	-	38,731
Total assets pledged as security	-	38,731

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 18 PROVISIONS – CURRENT

	2010 $	2009 $
Balance at beginning of year	75,777	54,755
Increase in provision	12,533	21,022
Balance at end of year	88,310	75,777

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 19 CONTRIBUTED EQUITY

	2010 $	2009 $
(a) Paid Up Capital		
Issued capital 423,860,533 (2009: 377,018,428)	36,511,574	34,148,711
Placement	700,001	2,583,967
Less commission paid	-	(221,104)
Shares issued for purchase of tenements	200,000	-
	37,411,575	36,511,574

During the year the Company made allotments totalling 46,842,105 ordinary fully paid shares (2009: 111,316,668), being for minerals exploration and for working capital purposes. These allotments raised $900,001 cash (2009: $2,585,320). All the shares that have been issued in past years including last year are fully paid and have the same voting rights.

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.

(b) Movements in ordinary share capital of the Company

Date	Details	Number of shares	Issue Price	$
1 Jan 2009	Opening balance	265,703,760		34,148,711
25 May 2009	Share placement at 4 cents	5,000,000	$0.04	200,000
17 Aug 2009	Share placement at 4 cents	2,500,000	$0.04	100,000
8 Nov 2009	Share placement at 2.2 cents	40,980,264	$0.022	901,566
7 Dec 2009	Entitlement issue at 2.2 cents	29,308,500	$0.022	644,787
10 Dec 2009	Shortfall placement at 2.2 cents	33,527,904	$0.022	737,614
	Capital raising costs			(221,104)
31 Dec 2009	Balance at end of year	377,020,428		36,511,574
20 Aug 2010	Share placement at 19 cents	36,842,105	$0.019	700,001
19 Oct 2010	Shares issued at 20 cents for purchase of Steam Engine Project	10,000,000	$0.020	200,000
31 Dec 2010	Balance at end of year	423,860,533		37,411,575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 19 CONTRIBUTED EQUITY (continued)

(c) Options

	Number of Options	
	2010	**2009**
The number of unissued ordinary shares relating to options not exercised at year end:	4,000,000	6,500,000

(d) Option issues
During the financial year the Company did not make any Options issues.

(e) Option exercise
During the financial year no Options were exercised.

(f) Option expiry
During the financial year 2,500,000 Options expired.

(g) Option cancellation and lapse
During the financial year no Options were cancelled or lapsed.

(h) Capital Management
The Group's and the parent entity's objectives when managing capital are to safeguard their 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 21 and 22.

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 and the parent entity at 31 December 2010 and 31 December 2009 are as follows.

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

	Consolidated Entity	
	2010	**2009**
	$	**$**
Cash and cash equivalents	1,714,644	2,563,503
Trade and other receivables	69,580	65,950
Trade and other payables	(270,397)	(506,652)
Working capital position	1,513,828	2,122,801

NOTE 20 NON-CONTROLLING INTERESTS

	2010	**2009**
	$	**$**
Balance at the beginning of the year	2,824	1,619
Share of profit / (loss) for the year	(109)	(92)
Adjustment for dissolution of controlling interest	(91)	1,297
Balance at the end of the year	2,624	2,824

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 21 RESERVES

	2010 $	2009 $
Reserves		
(a) Executive options issued	269,750	269,750
(b) Option Premium reserve	2,972,522	2,972,522
	3,242,272	3,242,272
Movements		
(a) Executive options issued		
Balance 1 January	269,750	269,750
Options Issued	-	-
Transfer to share capital (options exercised)	-	-
Balance 31 December	269,750	269,750
(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 22 ACCUMULATED LOSSES

	2010 $	2009 $
Accumulated losses at 1 January	23,712,484	23,056,168
Net loss for the year	684,575	656,316
Accumulated losses at the end of the year	24,397,059	23,712,484

NOTE 23 SHARE BASED PAYMENTS

10,000,000 shares were issued at 2 cents each to purchase the Steam Engine Project.

There were 4,000,000 options on issue at the end of the year (2009: 6,500,000). The existing options were issued to directors under the Company's incentive option scheme and were independently valued using a Black-Scholes option pricing model. Options issued in 2008 were valued at S161,000 with the following conditions:

The exercise price is 10 cents,
The exercise grant date is 28 June 2008,
The exercise expiry date is 30 June 2010,
The market price of Company shares at issue date was 6 cents
The volatility factor set by the independent valuer was 70%.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 24 PARENT ENTITY INFORMATION

	Note	2010 $	2009 $
(a) Financial Position of Strategic Minerals Corporation NL			
Current assets			
Cash and cash equivalents		1,648,002	2,493,131
Trade and other receivables		68,342	64,657
Total current assets		1,716,344	2,557,788
Non current assets			
Other financial assets		65,513	65,513
Property, plant & equipment		53,242	75,857
Mineral exploration & evaluation expenditure		13,804,090	12,944,837
Other non-current assets		10,537	10,537
Total non current assets		13,933,382	13,096,744
TOTAL ASSETS		**15,649,726**	**15,654,532**
LIABILITIES			
Current liabilities			
Trade and other payables		194,042	415,701
Borrowings		-	14,596
Provisions		88,310	75,777
Total current liabilities		282,352	506,074
TOTAL LIABILITIES		**282,352**	**506,074**
NET ASSETS		**15,367,374**	**15,148,458**
EQUITY			
Contributed equity		37,411,575	36,511,574
Reserves		3,242,275	3,242,274
Accumulated losses		(25,286,476)	(24,605,390)
TOTAL EQUITY		**15,367,374**	**15,148,458**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

(b) Controlled Entities

	2010	2009
	$	$
Loans to subsidiaries	1,741,691	1,741,691
Less provision for impairment	(1,741,691)	(1,741,691)
Net carrying value	-	-
Shares in controlled entities at cost	12,027,401	12,027,402
Less provision	(12,027,401)	(12,027,402)
Net carrying value	-	-

Shares in controlled entities are unlisted and comprise:

Place of Incorporation		2010 % Holding	2010 Amount $	2009 % Holding	2009 Amount $
Alpha Uranium Pty Ltd	WA	98	320,000	98	320,000
Bayfield Mineral Sands Pty Ltd (a 100% owned and controlled by Strategic Mineral Investments)	WA	100	-	100	-
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

Investments in subsidiaries are accounted for at cost.

(c) Financial Performance of Strategic Minerals Corporation NL

	2010	2009
	$	$
Loss for the year	(681,085)	(630,315)
Other comprehensive income	-	-
Total comprehensive income	(681,085)	(630,315)

(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 2010 (2009: none).

(e) Contingent liabilities of Strategic Minerals Corporation NL

There are no contingent liabilities as at 31 December 2010 (2009: none).

(f) Commitments of Strategic Minerals Corporation NL

	2010	2009
Capital expenditure commitments payable:	$	$
- Not later than one year	689,100	903,906
- Later than one year but not later than two years	360,076	823,013
- Later than two years but not later than five years	72,333	2,125,586
- Later than five years	290,677	-
Total **Exploration tenement minimum expenditure requirements**	1,412,186	3,852,505
Operating lease commitments for premises due:		
- Not later than one year	49,040	99,900
- Later than one year but not later than two years	-	83,250
Total Operating lease commitments	49,040	183,150

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 25 RELATED PARTIES TRANSACTIONS

There are no related party transactions other than those payments to directors as stated in note 26 below.

NOTE 26 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

Names and positions held of parent entity directors and key management personnel in office at any time during the financial year are:

Mr C F Guerre	Chairman, Non-Executive, part-time representative
Mr W A C Martin	Joint Managing Director & Chief Executive Officer
Mr C Bigeard	Director, Non-Executive - part-time representative
Mr J Stephenson	Director, Non-Executive

The consolidated entity currently has no executive officers other than executive directors concerned in, or who take part in the management of the consolidated entity.

(b) Other key management personnel

Mr J Stephenson	Company Secretary

All the above persons are key management persons during the year ended 31 December 2010.

(c) Key Management Personnel Compensation

	2010 $	2009 $
Short term employee benefits	339,233	291,050
Post employment benefits	-	62,500
Share based payments	-	-
	339,233	353,550

(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.

2010		**Balance at Start of the year**	**Received during the year on the exercise of options**	**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	3,404,095	-	296,693	3,700,788
Mr C F Guerre	- direct	295,000	-	-	295,000
Mr C F Guerre	- indirect	4,050,000	-	-	4,050,000
Mr C Bigeard	- direct	-	-	-	-
Mr C Bigeard	- indirect	-	-	-	-
Mr J Stephenson	- direct	-	-	-	-
Mr J Stephenson	- indirect	132,000	-	-	132,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 26 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

2009		Balance at Start of the year	Received during the year on the exercise of options	Other changes during the year **	Balance at the end of the year
Directors:					
Mr W A C Martin	- direct	2,677,013	-	1,008,772	3,685,785
Mr W A C Martin	- indirect				
Mr C F Guerre	- direct	295,000	-	-	295,000
Mr C F Guerre	- indirect	4,050,000	-	-	4,050,000
Mr C Bigeard	- direct	-	-	-	-
Mr C Bigeard	- indirect	-	-	-	-
Mr R D Bartsch	- direct	393,690	-	-	393,690
Mr R D Bartsch	- indirect	-	-	-	-
Mr J Stephenson	- direct	-	-	-	-
Mr J Stephenson	- indirect	-	-	132,000	132,000

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

Option Holdings

All options are vested and exercisable

2010	Balance at Start of the year	Received during the year	Other changes during the year **	Balance at the end of the year
Directors:				
Mr W A C Martin	1,000,000	-	-	1,000,000
Mr C F Guerre	1,000,000	-	-	1,000,000
Mr C Bigeard	1,000,000	-	-	1,000,000

2009	Balance at Start of the year	Received during the year	Other changes during the year **	Balance at the end of the year
Directors:				
Mr W A C Martin	1,000,000	-	-	1,000,000
Mr C F Guerre	1,000,000	-	-	1,000,000
Mr C Bigeard	1,000,000	-	-	1,000,000
Mr R D Bartsch	3,500,000	-	-	3,500,000

** Other changes during the year include reductions due to exercise or expiry of options for directors and their related parties

(e) Loans to / from Key Management Personnel

There were no loans to / from Key Management Personnel for the year ended 31 December 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 27 NOTES TO STATEMENT OF CASH FLOW

	Consolidated Entity 2010 $	2009 $
(i) **Reconciliation of operating loss after income tax to net cash provided by operating activities**		
Operating loss after income tax	(684,575)	(656,316)
Add / (less) non cash items:		
Depreciation	26,373	27,923
Non-controlling interest on share surrender	-	1,205
Impairment of mining tenements	65,272	-
Provisions	-	21,022
Non cash changes in assets & liabilities:		
Current receivables & prepayments	(3,830)	3,960
Other non current assets	-	-
Payables	(209,126)	316,450
Net cash used in operating activities	(805,886)	(285,756)

(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

	2010 $	2009 $
Cash	91,835	83,925
Deposits at call	1,622,809	2,479,578
	1,714,644	2,563,503

There are no non-cash financing and investing activities or credit standby arrangements with any banks as at year ended 31 December 2010.

Non cash movements

Purchase of tenement at Steam Engine Project for $200,000, see note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 28 COMMITMENTS

Exploration expenditure

In order to maintain current rights of tenure to exploration tenements, the Company and Consolidated Entity is required to outlay lease rentals and to meet the minimum expenditure requirements of the Queensland Department of Natural Resources and Minerals. These obligations are subject to renegotiation upon expiry of the exploration tenements or when application for a mining licence is made. These commitments are not provided for in the accounts as they are associated with retention of title and payable at some time in the future.

	2010 $	2009 $
Not later than one year	689,100	903,906
Later than one year but not later than two years	360,076	823,013
Later than two years but not later than five years	72,333	2,125,586
Later than five years	290,677	-
Total exploration commitments	1,412,186	3,852,505

Operating lease

The property lease is a non-cancellable lease with a three year term commencing 1 November 2008 and expiry on 31 October 2011. The rent is payable monthly in advance and there is an option to renew the lease at the end of the three year term for an additional term of three years. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the lower of CPI or 4% per annum.

	2010 $	2009 $
Operating lease commitment for premises due		
Not later than one year	49,040	99,900
Not later than two years	-	83,250
Total property lease commitments	49,040	183,150

Finance lease & hire purchase agreements

	2010 $	2009 $
Finance lease for vehicle purchase		
Not later than one year	-	14,715
Total finance lease commitments	-	14,715
Less: future finance charges	-	(119)
Net finance lease commitments	-	14,596

The Finance lease for motor vehicles was paid out during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2010

NOTE 29 CONTINGENT ASSETS AND LIABILITIES

Strategic Minerals Corporation NL has $31,700 worth of bank guarantees in relation to exploration licenses as at 31 December 2010. There are no other contingent assets or liabilities at year end.

NOTE 30 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no after balance date events.

NOTE 31 AUDITORS' REMUNERATION

	Consolidated Entity	
	2010	2009
	$	$
Amounts paid and payable to the auditors of the consolidated entity in respect of		
- auditing or reviewing the accounts	31,758	28,000
- tax related services (non-audit services)	5,912	10,056
Total fees	37,670	38,056

DIRECTORS DECLARATION

The directors of the company declare that:

1. The financial statements and notes set out on pages 32 to 61 are in accordance with the Corporations Act 2001 and:

    (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and

    (b) give a true and fair view of the financial position as at 31 December 2010 and of the performance for the year ended on that date of the company and 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.

3. The remuneration disclosures included in the Remuneration Report of the Directors Report (as part of the audited remuneration report), for the year ended 31 December 2010, complies with Section 300A of the Corporations Act 2001.

4. The directors have been given the declarations by the chief executive officer 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:

W.A.C. Martin
Managing Director

Signed at Perth this 30th day of March 2011

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Australia

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 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 is free from material misstatement, whether due to fraud or error. In Note 2, 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 entity'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 entity'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.

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 the financial report of Strategic Minerals Corporation NL is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the year ended on that date;

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(c) the Financial Report also complies with International Financial Reporting Standards as disclosed in Note 2.

Emphasis of Matter

Without further qualification to our opinion, we draw attention to Note 2 in the financial report which indicates that the consolidated entity incurred a net loss of $684,575 during the year ended 31 December 2010 and had net operating cash outflows of $805,886. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2010. 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 2010 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO Audit

C Burton

Chris Burton
Director

Perth, Western Australia
Dated this 30th day of March 2011

ADDITIONAL SHAREHOLDER INFORMATION
As at 30 March 2011

1. DISTRIBUTION OF SHAREHOLDERS

			Number of Shareholders	Number of unlisted Option Holders
1	-	1,000	613	
1,001	-	5,000	600	
5,001	-	10,000	236	
10,001	-	100,000	541	
100,001	and over		217	4
			2,207	4

Percentage holding of twenty largest holders	74.11%
Number of shareholders holding less than a marketable parcel	1,568

2. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders are as follows:

	Shareholder	Number of Shares	% of Issued Capital
1	HSBC Custody Nominees Ltd	69,171,529	16.32
2	JP Morgan Nominees Australia	49,966,043	11.79
3	Mr Christopher Wallin	36,842,105	8.69
4	Mr Christopher Wallin & Ms Fiona Wallin	25,517,466	6.02
5	Citicorp Nominees Pty Limited	19,168,487	4.52
6	National Nominees Limited	18,122,231	4.28
7	Mr Jospeh Rocha	13,040,585	3.08
8	Mr Christopher Wallin & Ms Fiona Wallin	12,819,582	3.02
9	F H Nominees Pty Ltd	11,928,305	2.81
10	Convergent Minerals Limited	10,000,000	2.36
11	Ventureline Pty Ltd	8,000,000	1.89
12	Energy World International	6,583,344	1.55
13	Yandal Investments Pty Ltd	6,284,672	1.48
14	Mr David Lauritz & Mrs Deborah Lauritz	5,000,000	1.18
15	Mr Denis wood & Mrs Anne Wood	4,750,000	1.12
16	Altamarda Pty Ltd	4,060,000	0.96
17	Benchmark Pty Ltd	3,460,000	0.82
18	Mr Ianaki Semerdziev	3,212,091	0.76
19	Mr Bernard Thomas Hooley	3,200,000	0.75
20	Mr Meint De Jong and Mrs Joy De Jong	3,000,000	0.71
	TOTAL OF TOP 20	314,126,438	74.11
	TOTAL SHARES	423,860,533	100.00

ADDITIONAL SHAREHOLDER INFORMATION
As at 30 March 2011

3. SUBSTANTIAL SHAREHOLDERS

As at 30 March 2011 the substantial shareholders registered with the Company were:

Shareholder	No of Shares	% of issued capital
HSBC Custody Nominees Ltd	69,171,529	16.32
JP Morgan Nominees Australia	49,966,043	11.79
Mr Christopher Wallin	36,842,105	8.69
Mr Christopher Wallin & Ms Fiona Wallin	25,517,466	6.02

4. VOTING RIGHTS

Ordinary Shares
On a show of hands every member present in person or by proxy or attorney or being a corporation by its authorised representative who is present in person or by proxy, shall have one vote for every fully paid ordinary share of which he is a holder.

Listed Options
Listed options have no voting rights until such options are exercised as fully paid ordinary shares.

Unlisted Options
These options have no voting rights until such options are exercised as fully paid ordinary shares.

STRATEGIC MINERALS CORPORATION NL
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