STRATEGIC MINERALS
CORPORATION N.L.

ABN 35 008 901 380

ANNUAL REPORT

31 December 2016

CORPORATE DIRECTORY

Directors

Laif McLoughlin	Executive Chairman
Christopher Wallin	Non-executive Director
Jay Stephenson	Non-executive Director

Company Secretary

Jay Stephenson

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CHAIRMAN'S LETTER

Dear Shareholders

On behalf of the Board of Directors of Strategic Minerals, I am pleased to present the 2016 Annual Report.

As most of you will be aware, Strategic Minerals lost its long serving and dedicated Managing Director when Walter ("Wally") Martin passed away. Wally was well known to many shareholders, brokers and the resource community at large as an astute, and very personable, businessman. The latest success for Strategic Minerals could not have been possible without Wally's passionate desire to keep Strategic Minerals focused on developing a gold project in Queensland. Our warmest sympathies go out to Wally's family and friends.

During 2016 Strategic Minerals has delivered a substantial increase in the tabled JORC resources of over 1 million ounces at the Big Vein South deposit. Through detailed planning and execution, the BVS resource has increased by 76%. In response to inputs from our resource consultants and mine engineering partners the 2016 BVS drilling program targeted potential ore zones in the shallow areas of the BVS deposit. Additional drilling was also conducted in potential offset BVS structures to the north and the west of the deposit. The results from these drill holes will assist in future drill programs and mine development planning.

While BVS is commanding a great deal of time and energy, your Company's management has also been diligently focused on realising the very exciting exploration upside that remains within the rest of our Woolgar tenements. The company has previously announced that it was going to prudently assess and target other prospects in the Lower Camp to possibly augment the BVS deposit. Strategic had completed additional IP in support of the geophysical programs conducted in 2015. A small drilling program was designed to target the best presenting IP anomalies within the areas of Try Again, Caledonia and Ironclad. The results from this program provided valuable technical information regarding the employment of IP within the Lower Camp and will help inform any future programs in these areas.

During 2017 the company will continue advancing the development of the BVS deposit whilst evaluating and testing other prospective targets and known deposits in Woolgar. Specifically, we will seek to assess further potential of BVS shallow ore, converting more of the JORC resources to Indicated and Measured and to undertake geotechnical studies to optimise pit and waste parameters. In addition, the company will complete environmental studies to assess the potential impacts arising from mine development. After focusing resources on the BVS deposit for the last few years, Strategic is making plans to review the resources at Lost World, Sandy Creek and Soapspar and undertaking preliminary assessments as to how these deposits could be incorporated into the overall development of the BVS Project.

Laif Allen McLoughlin
EXECUTIVE CHAIRMAN
Strategic Minerals Corporation NL

OPERATIONS REVIEW 2016

WOOLGAR GOLD PROJECT QUEENSLAND

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

During 2016, Strategic has successfully achieved its principle objectives of continuing to expand and advance the Big Vein South (BVS) resource whilst furthering exploration of other targets within the Lower Camp region. The BVS resource now exceeds 1.1Moz. and initial environmental surveys and scoping studies have commenced. Exploration throughout the wider Lower Camp has included an IP geophysical survey, a soil sampling orientation program, reconnaissance mapping and rock chip sampling, and the drill testing of several new targets. The results have significantly increased the geological understanding of the region, and will help guide and prioritise exploration for 2017.

2016 Exploration Highlights Include:

Results from the 2016 Drill Program:

- 20 Reverse Circulation (RC) drill holes totalling 3,542 metres.
- At BVS, 10 holes successfully:
  - Delineated shallow mineralisation in the "Crossover" zone.
  - Infilled gaps between three separate resource blocks affected by faulting.
  - Defined the northern extent of the deposit.
- The remaining holes targeted other prospects within the Lower Camp region, and intersected minor mineralisation.

Resource update for the Big Vein South (BVS) deposit:

The Recently reported resource incorporated both the 2016 drill program and the conversion of part of the previous Exploration Target into Inferred Resources. This was due to increased confidence in the gold grade continuity based on the outcomes from the 2015 and 2016 drilling and data quality.

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

Category	Mt	Au g/t	Au kozs	Density t/m^3
Measured	0.2	2.3	11	2.59
Indicated	4.8	2.1	324	2.69
Inferred	13.4	2.0	839	2.70
Total	18.4	2.0	1,173	2.70

Project-wide Exploration:

- An IP Geophysical survey was completed across the Lower Camp, including:
  - 8 lines of IP survey totalling approximately 15 kilometres.
  - Multiple targets highlighted for follow-up mapping and drill target definition.
  - Drill holes targeting coincident IP anomalies and geological targets have improved understanding of the application of these methods in this sector.

- Soil sampling:
  - Orientation survey completed across Big Vein 2 and AI prospects in the Lower Camp.
  - 393 soil samples taken across 131 locations.
  - XRF analysis in progress.
- Mapping and rock chip sampling:
  - This concentrated on the Lower Camp region, including the Beatrice, Baby Grand, Yellow Jacket and Exeter prospects.

Figure 1: Strategic Geologist inspecting a structure outcropping south of Try Again.

2016 Drill Program Summary

The 2016 drilling campaign comprised twenty reverse circulation (RC) drill holes totalling 3,542 metres. For full details, please refer to "*Final Drill Results from 2016 Drill Program in Lower Camp, Woolgar*" issued on 6th December 2016, available at **www.stratmin.com.au**.

Big Vein South (BVS)

Ten RC drill holes totalling 1,876 metres were drilled at BVS, in the Lower Camp area. Eight holes focussed on the central portion of the BVS deposit, two holes on the northern end of BVS.

Crossover (Central BVS) 8 drill holes, 1,310 metres

The initial eight drill holes were located in the Crossover (central) sector of the BVS resource, with two main objectives:

- To test potential shallow mineralisation following the central resource block to surface in the "Crossover" zone; and
- To infill at mid-levels between the three separate resource blocks where these are separated by cross-cutting faults.

Modelling of the 2015 resource indicated that there was potential for the mineralisation in the Crossover area to extend both closer to surface and to the neighbouring resource blocks, with obvious positive potential for the resource economics.

LR0279	**NSR. Structure intersected in unmineralised "pinch" zone.**
LR0280	**34 metres at 2.9 g/t gold from 147 to 181 metres**
LR0281	**51 metres at 3.5 g/t gold from 132 to 183 metres**
including	6 metres at 12.1 g/t gold from 142 metres
LR0282	**35 metres at 2.2 g/t gold from 74 to 109 metres**
including	12 metres at 4.9 g/t gold from 94 metres
LR0283	**60 metres at 1.3 g/t gold from 48 to 108 metres**
including	9 metres at 5.0 g/t gold from 96 metres
LR0284	**1 metre at 6.0 g/t gold from 29 to 30 metres**
and	16 metres at 0.7 g/t gold from 87 to 103 metres
LR0285	**13 metres at 1.6 g/t gold from 83 to 96 metres**
and	5 metres at 1.0 g/t gold from 127 to 132 metres
LR0286	**2 metres at 1.6 g/t gold from 32 to 34 metres**
and	5 metres at 1.2 g/t gold from 61 to 66 metres
and	3 metres at 0.7 g/t gold from 103 to 106 metres
and	26 metres at 1.31 g/t gold from 117 to 143 metres

Significantly, all but one of the planned drill holes intersected with mineralisation.

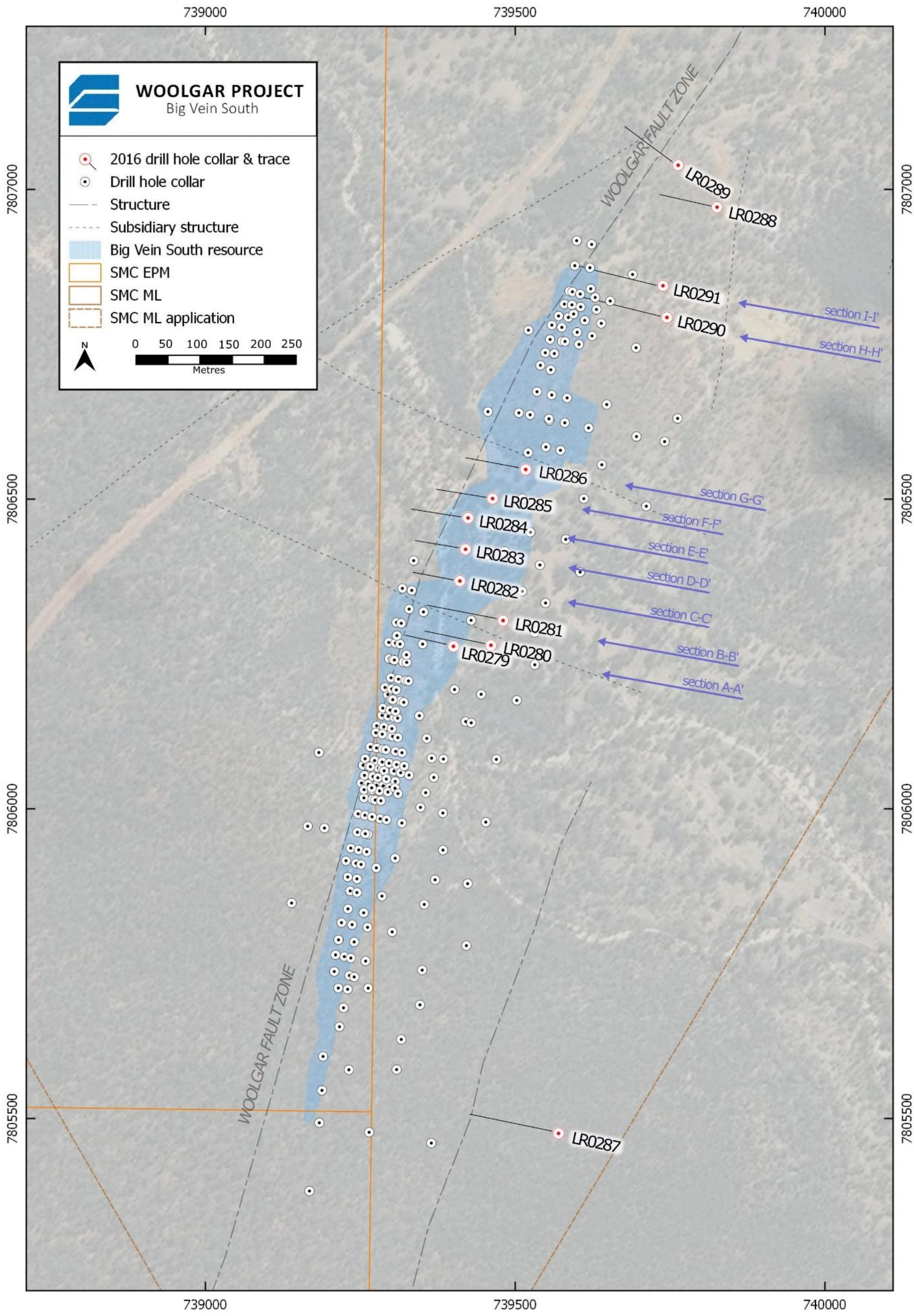

Figure 2: Plan of the BVS deposit showing the location of the 2016 drilling relative to the interpreted orebody.

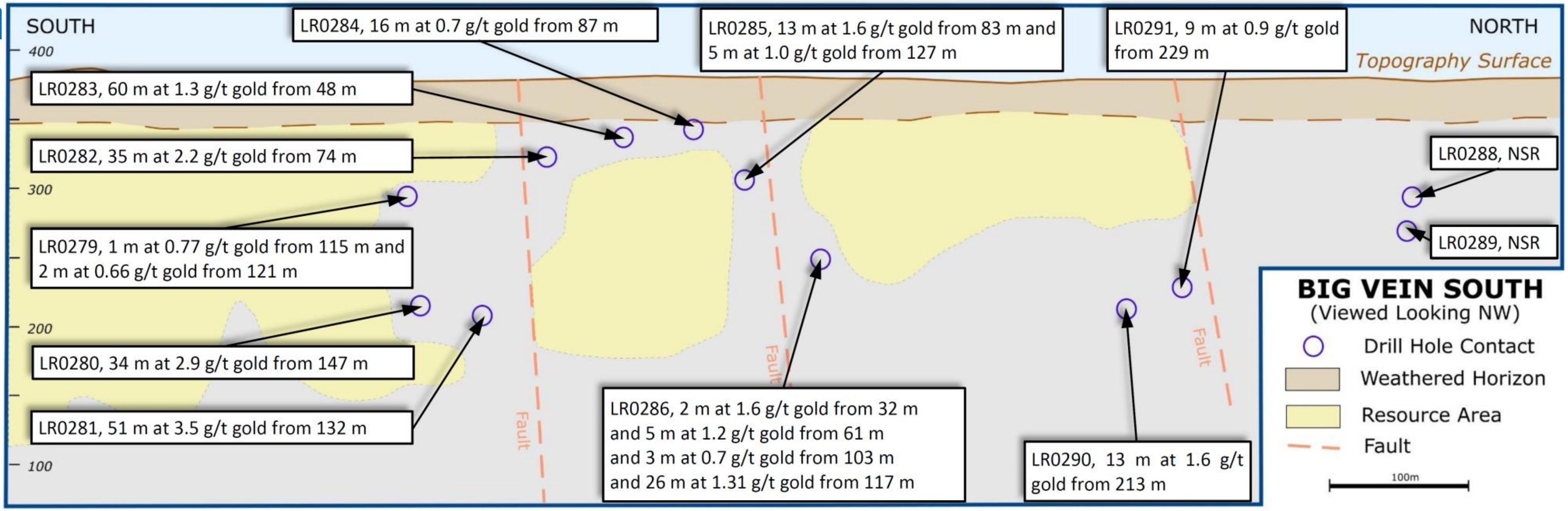

Figure 3: Graphic long-section of BVS showing the locations of the ten resource definition drill holes in relation to the three resource areas (prior to drilling) in yellow and the fault offsets in red. The relative position of the two northern exploratory drill holes at Nexton are shown projected to the long-section. Note the gaps between resources across the two apparent fault displacements and compare with the 2016 Resource model in Figure 8.

Northern BVS 2 drill holes, 566 metres

Drill holes LR0290 and 0291 tested the potential depth extension of the northern end of the existing BVS resource adjacent to the cross-cutting structure that controls the northern limit of the known mineralisation. These are located approximately 350 metres along strike from the eight holes at the Crossover sector.

- **LR0290** **13 metres at 1.6 g/t gold from 213 to 226 metres**
  including 4 metres at 3.3 g/t gold from 213 metres
  and 4 metres at 1.7 g/t gold from 246 to 250 metres
- **LR0291** **9 metres at 0.9 g/t gold from 229 to 238 metres**

LR0291 encountered the mineralised structure with moderate grade and width, similar to some shallower holes, and apparently due to its proximity to the northern fault contact. LR0291 encountered an area of alteration, but then appears to have intercepted the fault, terminating the mineralisation, which was previously poorly constrained in this sector.

Lower Camp Prospects Immediately Adjacent to BVS

Nexton 2 drill holes, 350 metres

Two holes tested a potential northern extension of BVS, across an off-setting structure.

This is a proposed northern extension of the BVS deposit north of where it is interpreted to have crossed the significant west-northwest trending fault structure. Due to the decrease in grade continuity in BVS approaching this structure and the interpretation of two divergent structures north of it, Nexton is considered a separate prospect.

Nexton has not been drilled previously. It is characterised by limited exposed metamorphic basement and variable cover of Jurassic sediments and modern alluvium. This complicates all direct forms of geological and geochemical targeting; thus the drill holes were planned to test targets based on the limited geological and geophysical data available.

The aeromagnetic image clearly shows the intersecting lineation that coincides with the northern limit of the known mineralisation at BVS. North of this, there are two diverging lineations similar to that over the BVS structure. It is unclear if either of these is mineralised. There is a coincident IP anomaly, but it is quite diffuse, thus it is not possible to correlate to a particular structure.

LR0288 targeted a specific well-defined, shallow, linear chargeable and resistive IP geophysical anomaly, as would be expected of sulphides in a quartz vein. The drilling encountered a significant amount of metamorphic sulphide in a metamorphic quartzite that would also explain the IP feature, thus the hole was terminated.

LR0289 tested part of the broad, deeper IP anomaly adjacent to that tested by LR0291, beneath minor exposed mineralisation on surface. This failed to intercept significant mineralisation.

The company plans to trial geochemical methods to improve targeting in this area which is still considered of significant interest due to both its favourable geology, proximity to the BVS deposit and the operational requirement to condemn areas potentially compromised by a future development.

Sexton 1 drill hole, 250 metres

LR0287 tested a geophysical target parallel to the southern extent of the BVS resource at Sexton.

Sexton is interpreted as a parallel structure, approximately 250 metres east of the BVS deposit. It is interpreted as the continuation of the parallel structure seen two kilometres to the north at Big Vein and Big Vein 2. Although a blind target under modern and Jurassic sediments, supporting geochemical and geophysical evidence includes:

- The trend paralleling the main BVS structure can be traced north to south through the Lower Camp in the aeromagnetic image from the Ironclad/Try Again prospects, through Big Vein and BV2, south to BVS and Sexton.
- Consistent intercepts in the hanging wall to BVS in all the deeper drill holes. These are narrow, but consistent gold and alteration intercepts that align well with the IP and aeromagnetic anomalies;
- IP anomalies in two lines across the southern end of BVS and Sexton are strikingly similar, although apparently slightly deeper, to that over the main resource at BVS; and
- Anomalous MMI-soil samples over the target seen in historic MMI surveys.

LR0287 encountered a sequence of mixed schist, granite and gneiss with significant alteration that was similar in style to BVS, but no significant mineralisation. The geophysical anomaly remains unexplained and the potential remains that mineralisation could occur along the sheared trend, but it is considered a low priority at the current time.

Lower Camp Prospective Targets outside of BVS

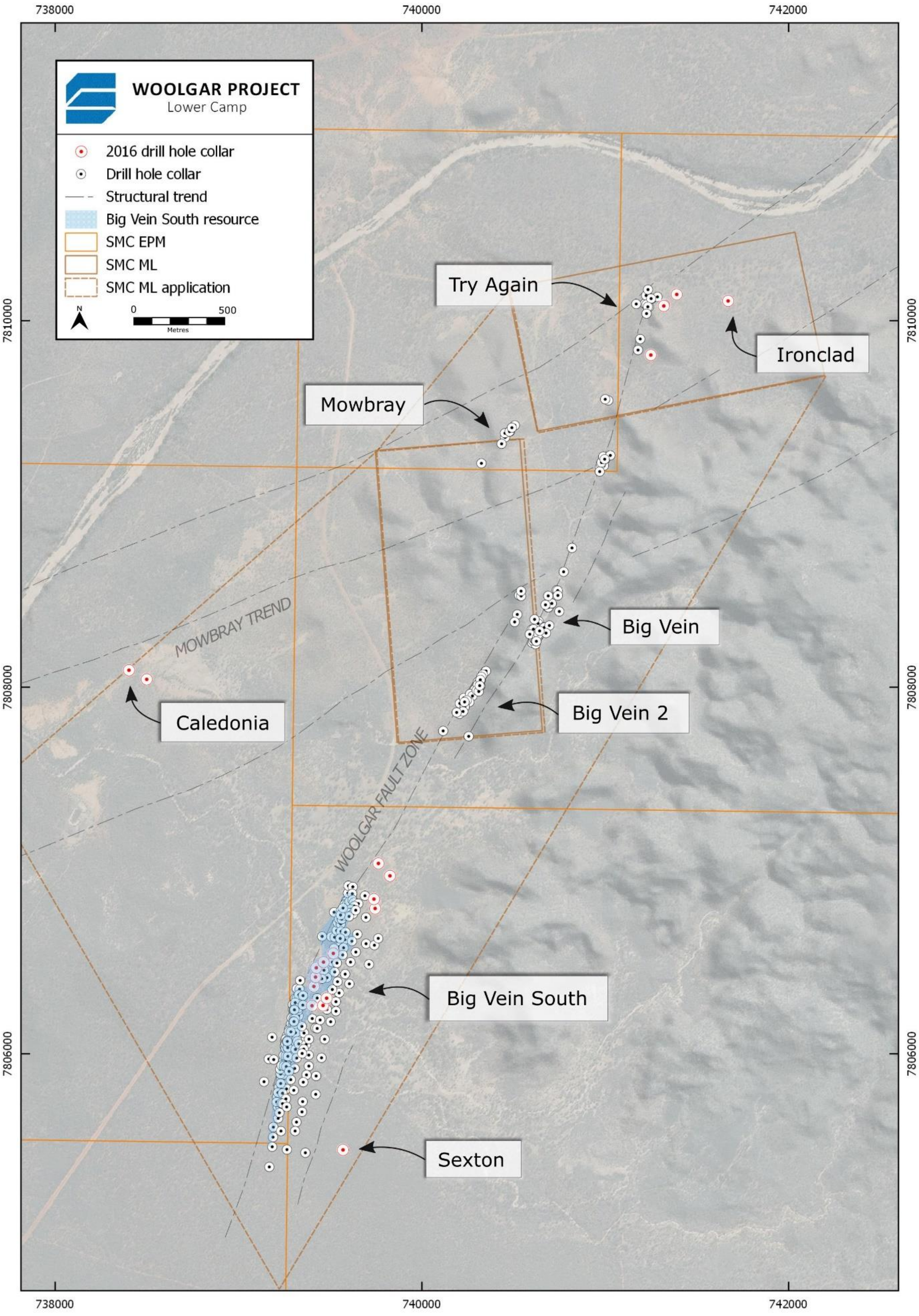

Figure 4: Plan of the Lower Camp showing the position of the 2016 drilling relative to the main prospects.

The remaining seven drill holes were distributed through three prospects in the Lower Camp area to assess the potential for mineralisation in areas of significant shallow historical production, but only limited geological data. Although only minor levels of mineralisation were encountered, the potentially mineralised structures were encountered in all cases, enabling improved targeting for future programs. Highlights include:

Caledonia 2 drill holes, 344 metres

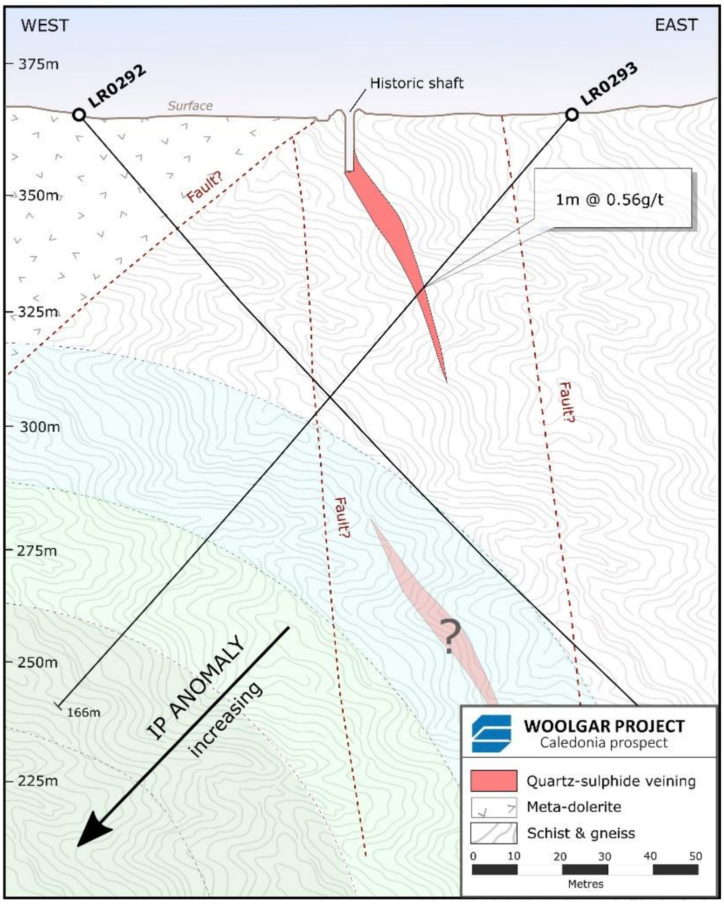

Figure 5: Interpreted cross-section of the Caledonia drilling showing the conceptual target in pale red. As can be seen the drilling only intersected one narrow structure, directly beneath old workings and shafts. The IP anomaly models as a broader target, but is interpreted as discrete high-angle structures from the primary data.

This is the first target to be tested along the Mowbray Trend, discussed in the June Quarterly, and is located 1,500 metres from the BVS deposit. Of the numerous Mowbray prospects, Caledonia was prioritised due to its apparently favourable location where a structural jog intersects a major feature in the aeromagnetic image, interpreted from field observations to be an intrusive felsic dyke. This is considered a favourable location to form mineralisation.

The area is poorly exposed, and widespread disruption from historic mining and intense grazing, negate the use of soil sampling or other indirect geochemical methods. Historic workings form two continuous, parallel, 200 metre trends: Caledonia and Mayday. Geochemical samples from waste piles returned strongly anomalous values, including 22 g/t gold from an intensely altered intrusive.

These two trends correlate to distinct sub- vertical features in both the Chargeability and Resistivity IP results. The interpretive models merge the structures into a broader high, but the feature remains a valid target.

The two holes aimed to locate the mineralisation under the main historic Caledonia workings to both assess the style and control the orientation of the structure. The first hole drilled from the west since the visible structure in the historic shaft apparently dips steeply westwards, but the second hole was drilled from the east following the poor results of the first hole.

Both holes intersected zones of discontinuous alteration of a style similar to that at BVS, but failed to locate significant gold mineralisation. LR0292 intersected a major fault at shallow levels and may have coincided with a fault displacement. LR0293 encountered significantly more alteration and a one metre structure with minor gold mineralisation related to quartz veining similar to that in BVS, but it is unclear if this is related to the main mineralisation or a secondary structure. LR0293 also encountered a minor structure containing strongly anomalous molybdenum (0.3% Mo), which can be related to intrusive mineralisation. It is unclear if this is related to the mineralised intrusive seen in loose waste rock around the historic workings.

The results are to be modelled and a further analysis completed prior to any decision on further drilling.

Try Again 4 drill holes, 634 metres

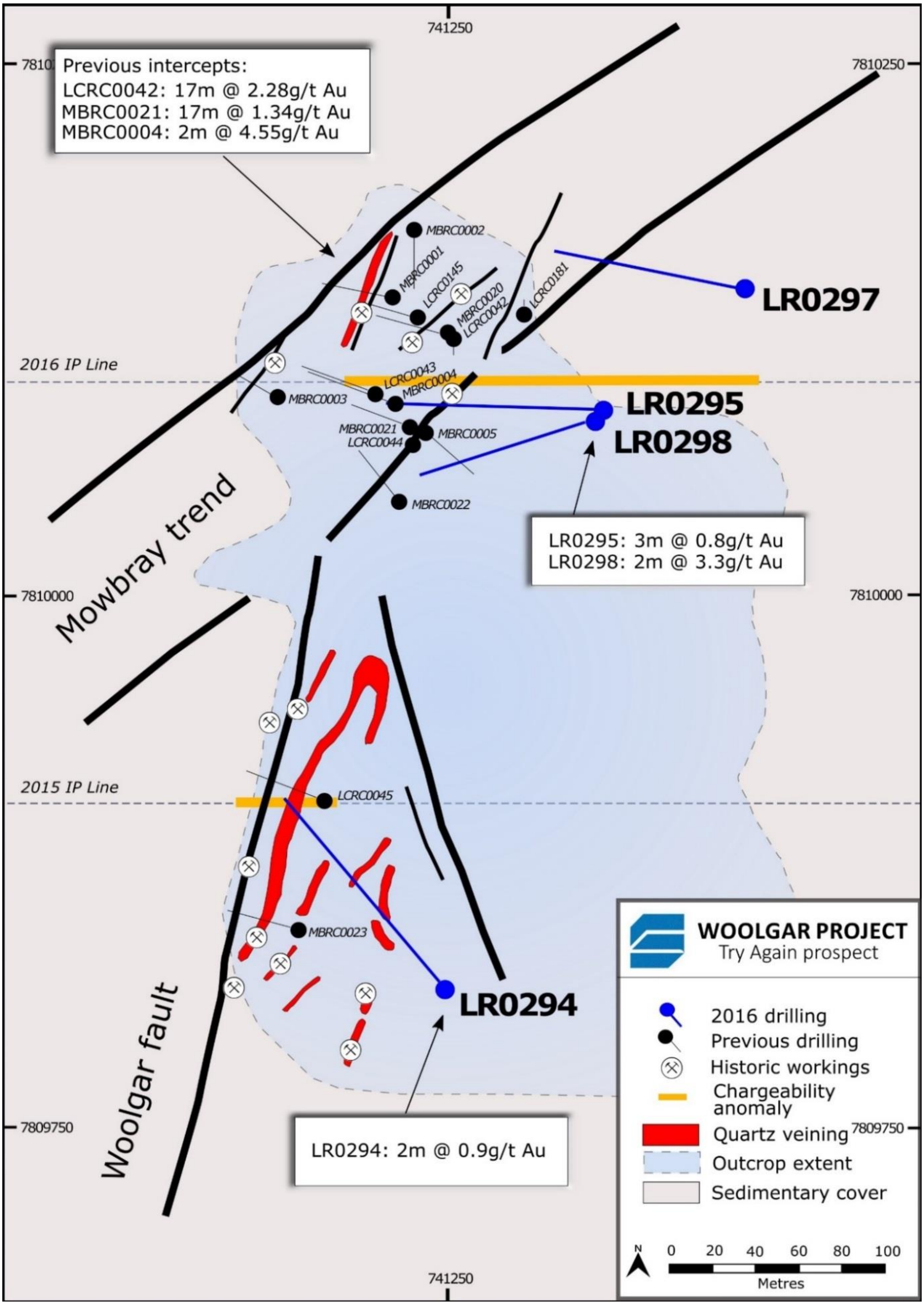

Figure 6: Plan of the Try Again prospect (previously Mowbray Northeast, MNE) showing the location of the recent drilling relative to both the previous drilling and significant geological features. The area of exposed metamorphic basement in blue correlates to a steep-sided ridge. Detailed mapping has identified two intersecting major broad structures that host several smaller mineralised chutes. The previous drilling attempted to test the individual chutes, but was hampered by the difficulty of orientating drill pads on the rugged topography. The recent drilling aimed to drill from the surrounding flatter ground beneath the broader structure.

The appropriately named Try Again[1] prospect is located at the northern end of the Lower Camp and consists of a linear hill with numerous historic workings and reported consistent mineralisation in sulphide ore.

The Try Again and Ironclad prospects are both interpreted as occurring on the regionally dominant Woolgar Fault Zone (WFZ) in part of a rhombohedral, structurally bound feature in the aeromagnetic image. The WFZ is locally orientated 010°, similar to BVS, between sections trending 030° to 040°. Previous drilling has targeted minor veining and historic workings on the top of the hill with limited success, partly due to the difficulty of aligning the drill holes on rough terrain. The current approach has been to drill deeper beneath the hill from the surrounding plain, testing for larger tonnage potential. The target is supported by a well-defined IP anomaly that correlates well with the interpreted structures seen in the aeromagnetic image and surface geology.

Four holes tested for mineralisation beneath the Try Again (MNE) prospect;

- **LR0294** **2 metres at 0.9 g/t gold from 102 to 104 metres**
- **LR0295** **3 metres at 0.8 g/t gold from 94 to 97 metres**
- **LR0298** **2 metres at 3.3 g/t gold from 78 to 80 metres**

The drilling intercepted minor mineralisation in all the drill holes and significant widths of alteration similar to that seen in the peripheries of the BVS resource. Although the lack of higher grades is disappointing, the intercepts are similar to several areas within BVS and the prospect is still considered prospective for further testing.

Ironclad Secondary Anomaly 1 drill hole, 88 metres

This is a line of historically productive workings 600 metres east of Try Again. It also is clearly visible in the aeromagnetic and IP data, where it is interpreted as two parallel IP anomalies separated by a narrow magnetic feature.

The single drill hole tested the western of these IP anomalies, interpreted as a potential blind ore chute, rather than the eastern anomaly, associated with the main aeromagnetic target, historic workings and associated structure. These remain to be tested

The drill hole intercepted schists, minor gneissic material and granite, some of which appears foliated. The granite also contains minor pyrite. The pyrite is considered a potential source for the IP anomaly. Drilling was postponed on this target to concentrate on Try Again.

Resource Update for the Big Vein South (BVS) Deposit

In February 2017, H&S Consultants Pty Ltd ("H&SC") were requested to complete updated resource estimates for the BVS deposit incorporating the 2016 drilling results. H&SC had completed two previous resource estimates for the deposit: new resource estimates in May 2015 and updated resource estimates in November 2015. The updated resource estimates have been reported according to the 2012 JORC Code & Guidelines.

Highlights from the publication of 1st March 2017 include:

- Updated global resource for Big Vein South of 18.4Mt at 2 g/t, containing 1,173,000 oz. gold at a 0.75g/t cut-off. For full details of these results, please refer to "*Resource Update for Big Vein South*" issued on 1st March 2017, available at **www.stratmin.com.au**.
- The resource estimate update incorporated the 2016 drill program that tested several areas of the previously announced Exploration Target, principally in and around the Central zone, see Figure 7.
- The update also incorporated the conversion of a substantial part of the previous Exploration Target into Inferred Resources. This was due to increased confidence in the gold grade continuity based on the outcomes from the 2015 and 2016 drilling and good quality control data.

[1] Try Again prospect was previously reported as Mowbray NE and MNE. The name has been reverted to Try Again to avoid the inference that it is spatially related to, or an extension of Mowbray.

Table 2 Resource Update –Big Vein South, 1st March 2017. (minor difference due to rounding errors)

Category	Mt	Au g/t	Au kozs	Density t/m^3
Measured	0.2	2.3	11	2.59
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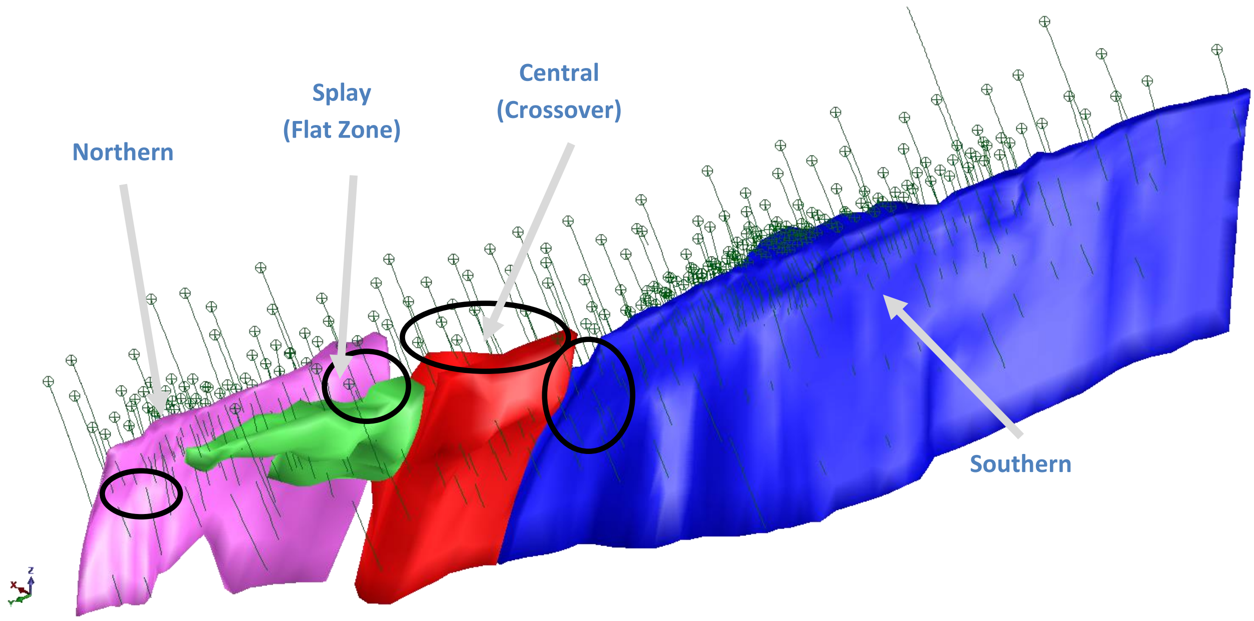


Figure 7: Mineral Lode Interpretation looking southeast. Foci of recent drilling in black.

Geological Background

The BVS mineralisation comprises deformed, auriferous, quartz-sulphide veins with pervasive silica alteration. Host rocks consist of Proterozoic-aged, amphibolite grade quartz-feldspar-biotite-mica schists within a ductile deformation zone. The type of mineralisation is a mesothermal vein style. Structurally the deposit appears to be controlled by an upright sigmoidal development during ductile deformation with subsequent orthogonal brittle offset faulting producing three main zones. A fourth zone, previously known as the Flat zone, appears as a splay structure to the Northern zone of the main sigmoidal structure.

Resource Categorisation

Resource classification is based primarily on the drill hole spacing (and hence the data point density), grade continuity (variography), the geological model and the good quality QAQC data. Comparison with the November 2015 estimate shows a very minor reduction in the resource estimates if the Passes 1 to 4 are used. This is due to minor reductions to the across strike search radius for Passes 3 and 4 and a change to the orientation of the search axes for the Central zone. This is offset by the infill drilling which has added material at the northern end of the Southern zone and the upper part of the Central zone.

Upgrade of Resource Material

A review of the recent drilling outcomes, the interpolated grades for the new resource, a check model and comparison with the previous models, which were considered conservative at the time, has allowed for the inclusion of the Pass 5 block grades into the Inferred category. The new drilling has shown, with the inclusion of Pass 5 material, a <10% difference with the previously defined Exploration Target. This was a similar result to the upgrading classification of the Central Lode with the 2015 drilling. It should be noted that the peripheral Inferred Resources are derived from a maximum search ellipse radii of 12m by 60m by 60m for a minimum of 6 data (2m composites from 1m samples) and 2 octants i.e. one drill hole. H&SC consider these search parameters entirely reasonable for the classification of Inferred Resources for this type of gold deposit bearing in mind the resource outcomes from the last two drilling campaigns.

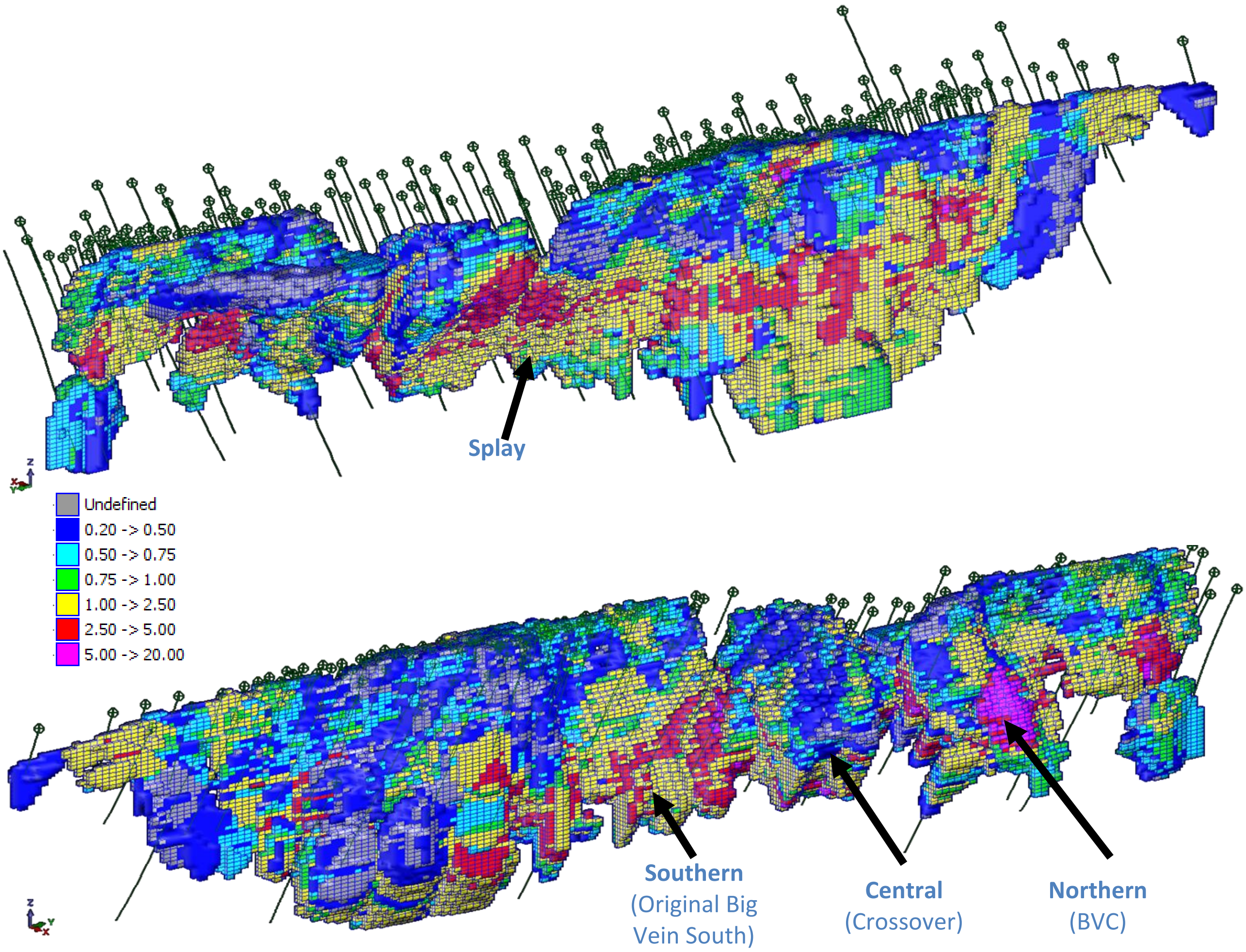


Figure 8: BVS Global Gold Block Grade Distribution. Alternate names in parenthesis. Upper view looking down to grid south east. Lower view looking down to grid north west. The majority of the BVS resource seems to occur as a flattish east dipping zone at depths of 100 to 150m below surface. Compare with Figure 9 for the June 2015 resource.

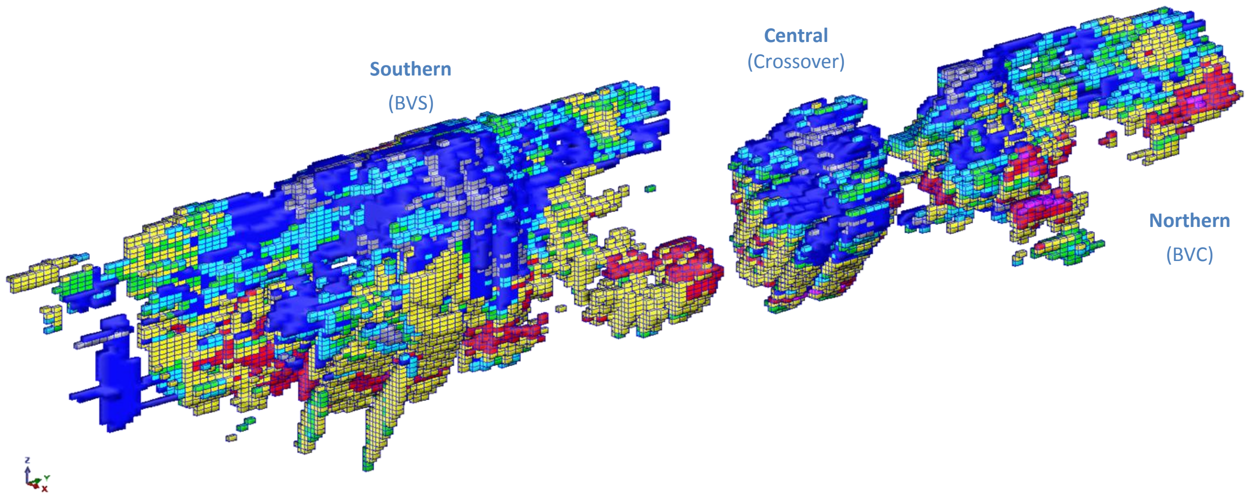


Figure 9: December 2015 BVS Resource Estimate: - Gold Block Grade Distribution, for comparison with Figure 8 Looking down to grid northwest.

The new resources estimates represent a 78% increase in tonnes from the November 2015 estimate with a 2% drop in grade and a 76% increase in the number of ounces. The majority of the additional material has come from the inclusion of the Pass 5 material.

The majority of this new material comes from the footwall part of the Central zone and the adjacent northern end of the Southern zone and the southern end of the Northern zone. The new material at the northern end of the Northern zone is the product of a re-design of the of the lode geometry based on the two northernmost drill holes completed recently.

Exploration Potential

Substantial exploration potential exists in the immediate vicinity of the mineral zones within the interpreted mineral wireframes but generally at depth i.e. down dip. An Exploration Target, at a 0.75g/t Au cut-off, of 8 to 12Mt at 1.8 to 2.1g/t for 0.45 to 0.65Moz is defined by using the estimation results from Passes 6 to 8 and blocks with no interpolated grades within the mineral wireframes. The potential quantity and grade of the Exploration Target is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Project-wide Exploration

The drilling results in the Lower Camp over recent years have delineated a large volume of mineralisation and proven the continued potential for significant discoveries in the mesothermal-style gold prospects along the Woolgar Fault Zone. In order to build on this and to identify sufficient mineralisation to justify advancing to development, it is considered necessary to delineate further resources of all three known styles of mineralisation.

Strategic's ongoing exploration strategy for the Woolgar district is as follows:

1. Continued expansion, upgrading and advancement of the recently discovered resource at BVS;
2. Widening of the exploration focus to testing further similar prospects in the Lower Camp;
3. Reappraisal and renewed exploration of the epithermal vein system at Sandy Creek; and
4. Target generation and preliminary drilling of several IRGS, epithermal and mesothermal targets in the Upper Camp.

The first objective has been the Company's principle activity since 2013; the second objective is well advanced and the third is now under way.

Strategic is working to identify the factors controlling the known mineralisation throughout the project and thus target those prospects with the highest potential. A recently completed project-wide review of all available data on the Woolgar district has been successful in this regard, with previously unrealised exploration information greatly assisting the assessment and ranking of targets.

During the second half of the year, the highest priority targets were investigated by an IP geophysical survey, an orientation soil program and reconnaissance mapping and rock chip sampling.

Geophysical Survey

During August, the company conducted an Induced Polarisation (IP) geophysical survey over the Lower Camp at Woolgar. This program expanded and infilled on encouraging results from the initial 2015 trial program. The 2016 program consisted of eight lines totalling 15.3 kilometres of survey, in addition to the five lines already conducted in the Lower Camp during the 2015 trial program, see Figure 10.

IP is an electrical method which measures variations in the abilities of the ground to conduct and hold an electrical current. This is correlated with known structures to interpret mineralisation (chargeable) and siliceous structures (resistive). A trial run in 2015 showed a reasonable correlation although the technique is slightly hampered by the relatively moderate levels of silica and sulphides in the style of mineralisation present compared to the relatively siliceous and locally sulphidic wallrock.

The eight lines were all located in the Lower Camp and in conjunction with the previous lines, constitute a moderate density line spacing over the areas of most interest in the southern end of the project. The 2016 survey built on the encouraging results of the 2015 orientation survey which comprised a limited number of lines over a variety of target styles in different sectors of the project. This tested the effectiveness of the method to identify chargeable and resistive features against the moderately resistive and variable background levels encountered at Woolgar. It was considered successful, with multiple anomalies identified which correlated well to known structures and the second survey aimed to increase the density of data in the Lower Camp in order to better define potential targets.

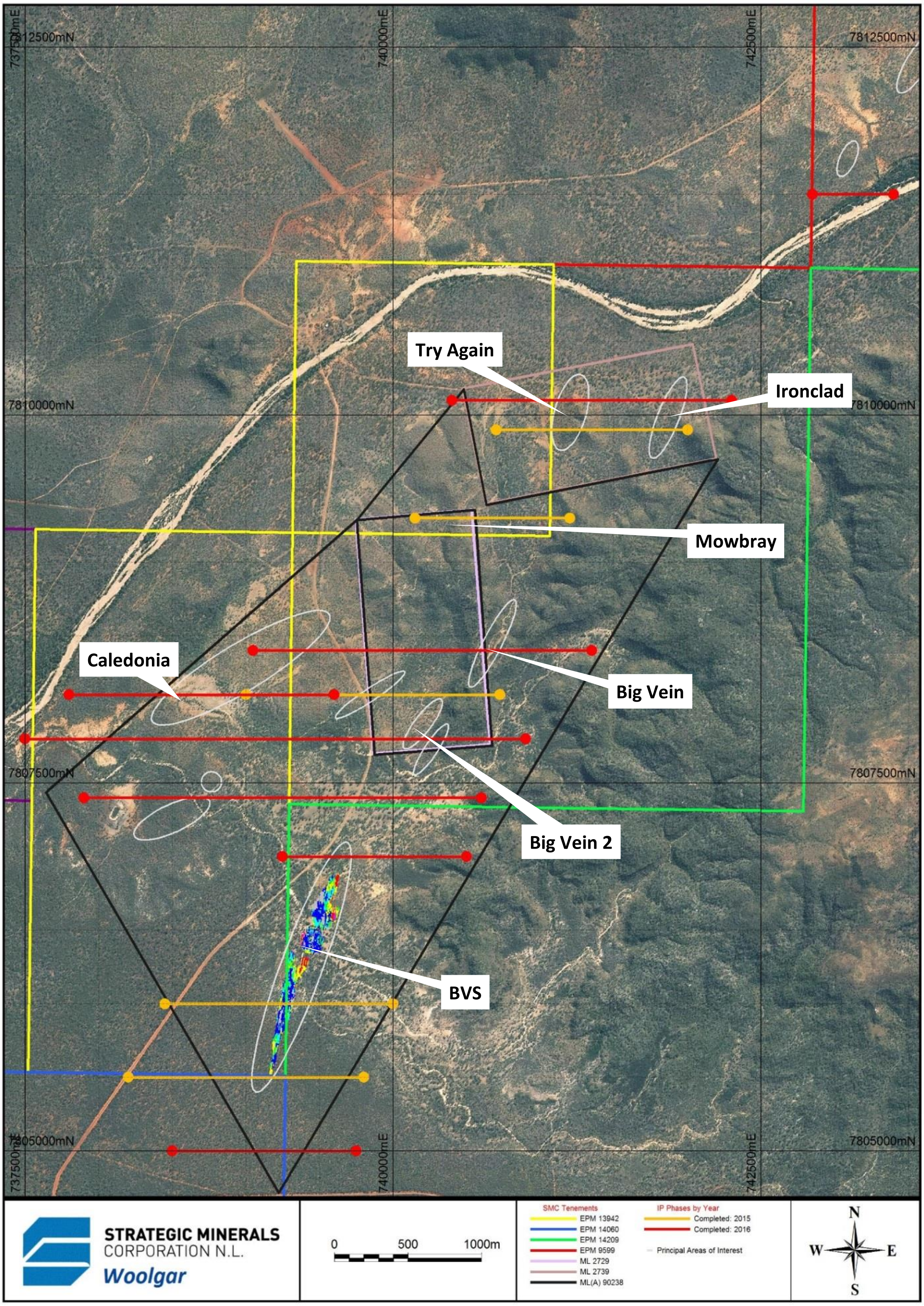


Figure 10: Plan of the Lower Camp sector of Woolgar showing the distribution of the two phases of IP geophysics, 2015 in orange and 2016 in red, relative to the principle targets in white.

The results of the survey were processed by a senior geophysicist with extensive experience of similar deposits in north Queensland and the style of geology present. Interpretation is carried out by Strategic's geological staff in conjunction with the geophysicist to assess which anomalies correlate with the known geological and structural framework and are likely to represent potential mineralisation or barren features due to variations in the host rock.

The initial 2016 program continued to generate geologically plausible anomalies and was later extended slightly to gain improved coverage, particularly of potential targets across the Mowbray trend to the west of the main north-northeast trending Woolgar Fault Zone (WFZ).

The Mowbray trend is a broad northeasterly trend comprising multiple structures that intersects with, and causes localised deviation and displacement of the dominant WFZ throughout the Lower Camp. Strategic consider that the interaction of these tangential structures is the main factor in the distribution of mesothermal mineralisation in the district. Subsequently, the proposed drilling program was modified to include some of those targets highlighted in the IP and reconnaissance surveys, where they were considered both prospective and of relatively high priority due to their proximity to the existing BVS resource.

Initial interpretation of the IP surveys has identified numerous anomalies that correspond to known structures or historic workings. Some of these have been drill tested progressively during the current drill program and beyond. Initial indications are that although some anomalies appear prospective, others can be discounted as "false positive" results. This includes targets where metamorphic pyrite is encountered in host rocks at depths that closely correspond to the anomalies. The IP technique can only indicate the presence of chargeable material, such as sulphides, but not differentiate the origin or prospectivity of it.

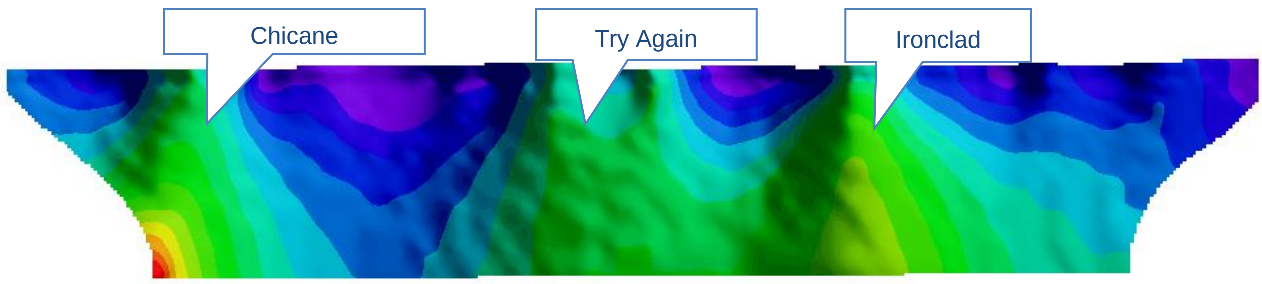


Figure 11: IP Chargeability model of line 7810100mN showing well developed anomalies that correspond to the Try Again, Ironclad and Mowbray North prospects in the northern Lower Camp. The moderately low sulphide content of the mesothermal mineralisation is characterised by moderate chargeable anomalies, but model cleanly as well defined targets.

Figure 11 shows the IP chargeability model for line 7810100mN crossing the Try Again and Ironclad prospects. Both contain outcropping mineralisation with significant historical workings that are reported to have held significant grades in oxidised and un-oxidised ore. These have previously been drill tested to shallow levels with moderate success, but never followed-up. Both anomalies are present in line

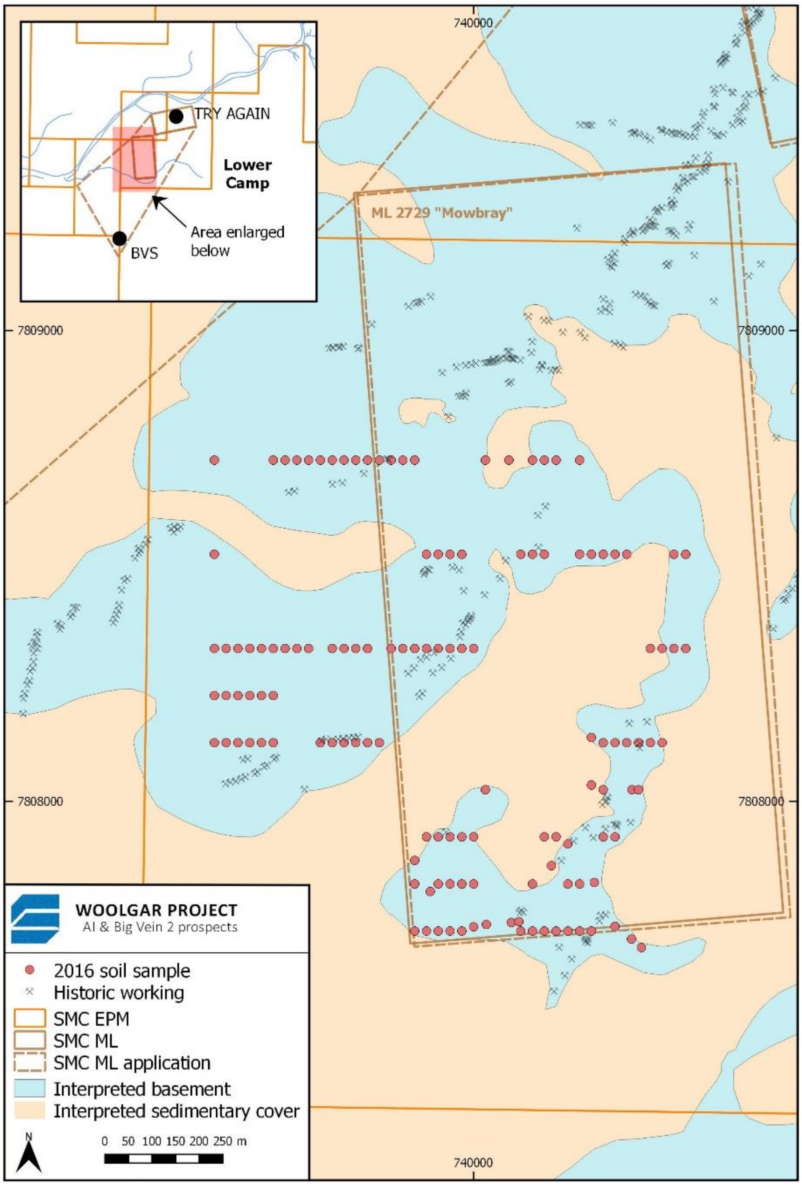
7809900mN, 200 metres southwards. These have been partially drill tested in the recently completed program. Results are still pending. The third strong anomaly Chicane is a blind target and remains untested.

Soil Sampling

Sieved soil samples have been collected from 131 locations in the Lower Camp as part of an orientation survey to test for the most effective and efficient methods of sampling and analysis.

The samples are sieved in the field and then the analysis is conducted in-house using a portable XRF unit. The portable XRF is being trialled rather than commercial laboratory analysis since this represents a significant saving in time and cost. Strategic has developed a rigorous and systematic analytical procedure to ensure that the results are reliable and as accurate as possible.

Three different size fractions were collected at each site. These are analysed individually and compared to define which is most effective at identifying anomalies. This has been done to compare accuracy between coarse and fine fractions. Since coarse fractions take less than half the time to collect than fine fractions, this could result in significant savings and increased productivity.



The survey has been conducted over both known and proposed mineralised targets in order to test multiple styles of mineralisation and ground cover. The field collection was limited to alternate lines to cover more ground in the time available, with the remainder of the sampling due to be competed in 2017.

The XRF and data analysis is currently being completed. Detailed analysis of the data produced will determine the effectiveness of the overall procedure and recommend the most effective methodology. If considered effective, the program will be rolled out across suitable areas of interest in the Lower Camp in 2017.

A further orientation program is planned to trial MMI soil sampling over areas of significant overburden, such as south of BVS.

Figure 12: Plan of the central Lower Camp at Woolgar showing the locations of the soil orientation samples relative to the exposed metamorphic basement (mineral host-rock) in blue and sedimentary cover in orange.

Reconnaissance Mapping

The ongoing program of reconnaissance mapping and rock-chip sampling concentrated on mineralisation in the periphery of the Lower Camp, including Baby Grande, Yellow Jacket, Exeter and Beatrice. The broad-scale maps and sampling of any potentially mineralised material or wallrock is intended to help compare the numerous prospects.

Future Activities

Medium and long-term planning is strongly constrained by the commercial and statutory requirements around advancing the BVS deposit towards development and production, and continuing to explore for further deposits exploration throughout the project.

Thus, Strategic will continue its focussed three-fold approach of:

1. Advancing BVS towards development;
2. Exploring intensively for further mineralisation in the Lower Camp, close to BVS: and
3. Progressively exploring the remainder of the Woolgar Project area.

Advancement of Big Vein South towards Development

To date, the Company has been highly successful in delineating a large mineral resource. Although the first and most important stage in exploration, it is now increasingly necessary to determine whether the Resource is sufficiently viable to justify developing a mine. A Feasibility Study requires several specialised programmes on the technical and commercial aspects of the deposit, including geotechnical, engineering, hydrological, metallurgical, commercialisation, environmental, cultural heritage, and social impacts.

Some, such as environmental, metallurgical and cultural heritage have already commenced. Now that the overall parameters of the resource are reasonably well defined, Strategic are expanding the technical studies to better constrain those aspects that have significant potential impact on the overall economics.

Geotechnical Study

First amongst these is a geotechnical study to constrain the pit design since this will indicate the potential area and volume of a pit, production strip-ratios, and the amount of waste material to be transported and disposed of.

A geotechnical investigation of BVS is likely to include up to 2,000 metres of diamond-drilling in multiple drill holes.

Exploration Planning

Continued exploration is required to satisfy both commercial and statutory responsibilities.

- The Woolgar remains highly prospective for further mineralisation. The presence of further mineralisation would have significant impacts on any mine design at BVS.
- Additional mineralisation nearby would be of great benefit to ensure the commercial viability of the BVS deposit, pending results of the Feasibility Study.
- The Company remains under statutory work programme and expenditure obligations to the State of Queensland to continue to explore its remaining tenement holding.

Strategic will continue to build on its recent improvements in technical knowledge and the roll-out of the exploration programmes across the project. Currently, the Company is running two parallel exploration strategies outside of BVS:

- **Target Definition and drill testing of prospects in the Lower Camp sector proximal to BVS**

  This is the continuation of the target generation, drilling and testing that has been on-going for three years and resulted in the initial drill testing of three prospects in 2016. Although the drilling was inconclusive, there remain numerous prospective targets in and around the Lower Camp.

- **Target Generation and Definition across the entire project.**

  This program aims to continue applying the systematic methodology that successfully identified the BVS deposit to the remainder of the Woolgar Project. This will include extensive geological mapping, outcrop and soil geochemistry and the systematic analysis of all the available data.

Multi-element Geochemistry

Additionally, a selection of samples from historical drilling will be re-analysed for multi-element geochemistry to gain the full advantage of the previous work programs. Several interpretive techniques have demonstrated the effectiveness of this data at BVS and elsewhere.

Sandy Creek and Soapspar.

As part of Strategic's review of the project, the Company is commencing a program of reassessment of the existing historic resources in the Sandy Creek and Soapspar. This will involve a complete reassessment by an independent expert and will be reported in accordance with the JORC 2012. Due to improvements in quality control methods over the thirty years of historic drilling, additional information (i.e. twinned-holes) may be necessary to fully support the historic resource data.

Granting of EPM 26263

During 2016, the company was granted EPM 26263, see Appendix Five: Tenement Holdings. This tenement mostly covers an extensive prospective area to the southeast of the main group of Woolgar tenements, as well as several individual sub-blocks within the existing tenements. The main body of the tenement is interpreted to cover the intersection of several regional lineations associated with the known mineralisation at Woolgar, coincident with known mineralised occurrences and historic workings. The aim of the proposed exploration program is to test whether this is a previously unrecognised sector of the main Woolgar Project.

Laif McLoughlin
EXECUTIVE CHAIRMAN

COMPETENT PERSON STATEMENT

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

Appendix One: Project Location, Overview and Geological Setting

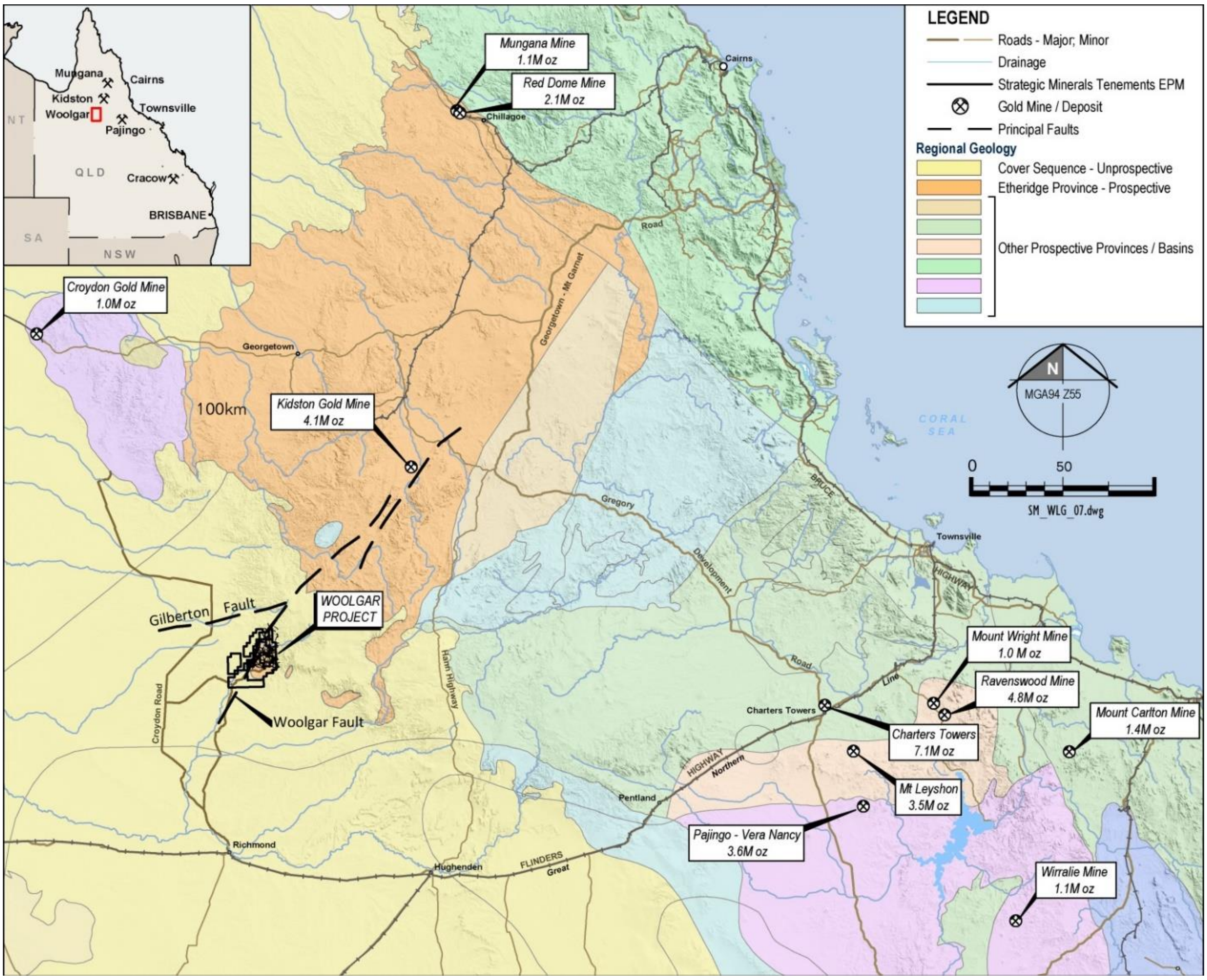


Figure 13: Geological location map of the Woolgar Project showing principle road and rail infrastructure, and the regional geological provinces. The deposits shown are existing epithermal, mesothermal and IRGS gold deposits greater than 1Moz throughout Northeast Queensland, which are considered to be of comparable ages, styles and occurrences to the known mineralisation at Woolgar. As can be seen, the Woolgar Goldfield corresponds to an inlier (erosional window) of the highly prospective and historically productive Etheridge Province exposed within the overlying generally unprospective sedimentary cover sequences.

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

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

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

Appendix Two: Mineral Resource and Ore Reserves Statement 2016

The global resource inventory for the Big Vein South (BVS) deposit has been updated under JORC 2012. The existing historic JORC 2004 compliant resource for the remainder of the project is considered to remain valid and will not be revisited unless considered justified due to further exploration data or changes in the fundamental project economics.

Big Vein South:

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

Table 3 Resource Update –Big Vein South, 1st March 2017. (minor difference due to rounding errors)

Category	Mt	Au g/t	Au kozs	Density t/m^3
Measured	0.2	2.3	11	2.59
Indicated	4.8	2.1	324	2.69
Inferred	13.4	2.0	839	2.70
Total	18.4	2.0	1,173	2.70

Existing Resources:

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

Table 4 below presents the summary resource table for the remainder of the Woolgar Project. For full JORC 2004-compliant resource statement please refer to "QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 31st MARCH 2013" published 30th April 2013, available at **www.stratmin.com.au**.

Table 4: (Following Page) Summary of the JORC-2004 compliant resource estimates for other deposits within the Woolgar Project, as published 31st March 2013 excluding the superseded resource estimates for the Big Vein South and Central areas. For the full resource statement (reported under the 2004 JORC Code & Guidelines) please refer to "QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 31st MARCH 2013" published 30th April 2013, available at www.stratmin.com.au.

Table 4	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
	g/t	T x 1000	g/t	oz's	g/t	T x 1000	g/t	oz's
BIG VEIN #2 DEPOSIT					Lower Camp, Mesothermal			
Indicated	0.75	16	2.01	1000	0.75	16	2.01	1000
Inferred	0.75	92	3.09	9100	0.75	92	3.09	9100
SUBTOTAL		108	2.93	10100		108	2.93	10100
BIG VEIN DEPOSIT					Lower Camp, Mesothermal			
Inferred	0.5	94	3.84	11600	0.5	94	3.84	11600
SUBTOTAL		94	3.84	11600		94	3.84	11600
SOAPSPAR DEPOSIT					Upper Camp, Intrusive Related			
Measured					0.4	1667	0.91	48800
Indicated					0.4	1175	0.9	34000
Inferred					0.4	472	0.82	12400
SUBTOTAL						3314	0.89	95200
LOST WORLD DEPOSIT					Sandy Creek, Epithermal			
Measured	0.8	4357	1.43	200300	0.4	11182	0.9	323600
Indicated	0.8	722	1.36	31500	0.4	2392	0.8	61500
Inferred	0.8	574	1.23	22700	0.4	2413	0.73	56600
SUBTOTAL		5653	1.4	254500		15987	0.86	441700
GRAND CENTRAL & CAMP VEIN DEPOSITs					Sandy Creek, Epithermal			
Indicated					0.4	2157	1.18	81600
Inferred					0.4	607	1.02	19700
SUBTOTAL						2764	1.14	101300
EXPLORER DEPOSIT					Sandy Creek, Epithermal			
Measured	1	395	3.68	46800	0.5	884	2.04	58000
Indicated	1	149	2.1	10000	0.5	460	1.14	16900
Inferred	1	30	1.97	1900	0.5	107	1.02	3500
SUBTOTAL		574	3.18	58700		1451	1.68	78400
EXPLORER SOUTH DEPOSIT					Sandy Creek, Epithermal			
Inferred	1	321	1.41	14600	0.5	1516	0.88	42900
SUBTOTAL		321	1.41	14600		1516	0.88	42900
SHANGHAI & FINN DEPOSITs					Sandy Creek, Epithermal			
Indicated	0.8	104	3.29	11000	0.8	104	3.29	11000
Inferred	0.8	29	3.44	3200	0.8	29	3.44	3200
SUBTOTAL		133	3.33	14200		133	3.33	14200
TOTAL		6883	1.64	363,700		25367	1.09	795,400

Appendix Three: Plans & Sections for BVS 2016

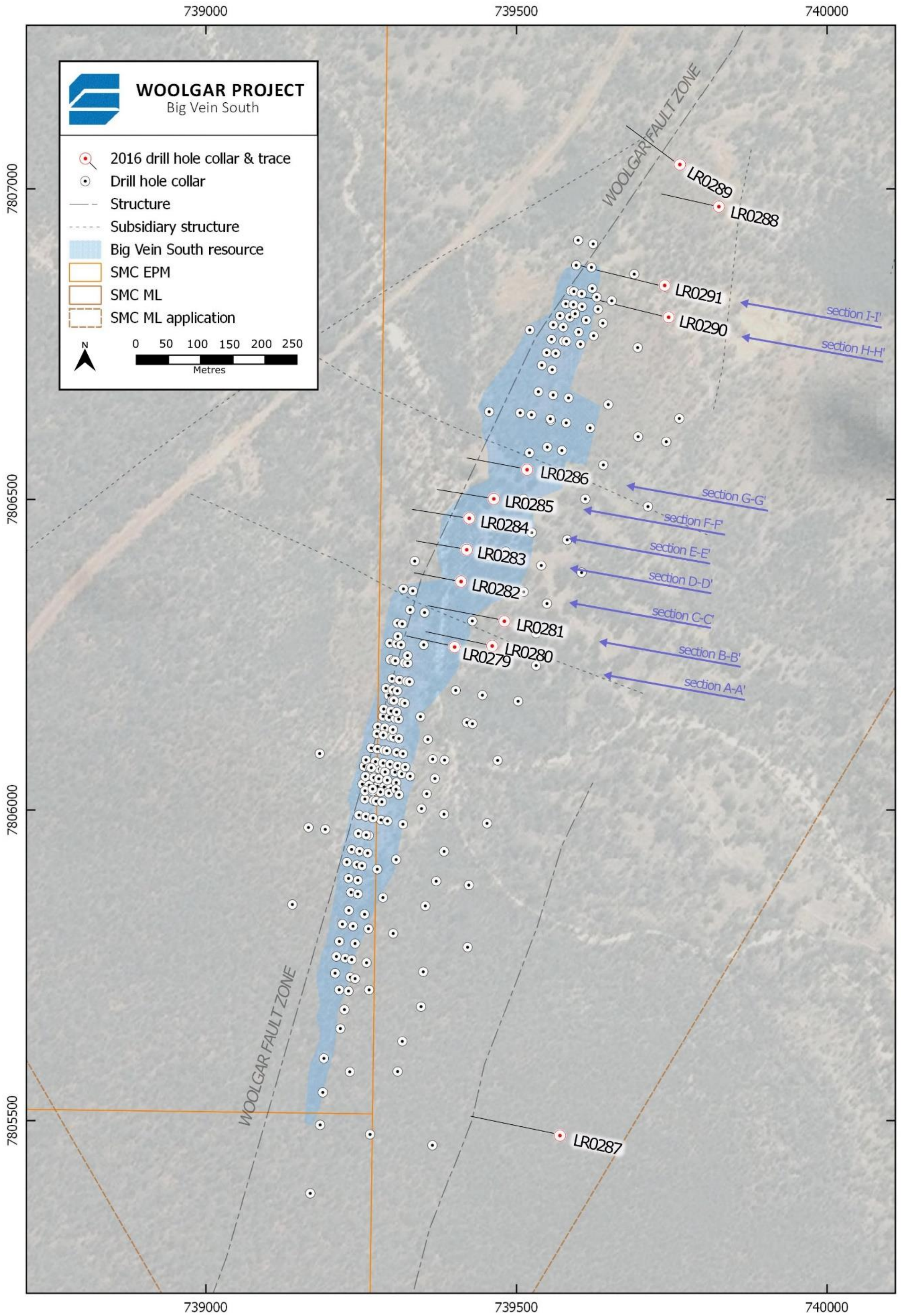


Figure 14: Plan of the BVS prospect showing the relative locations of the 2016 and previous drill holes and the sections listed below.

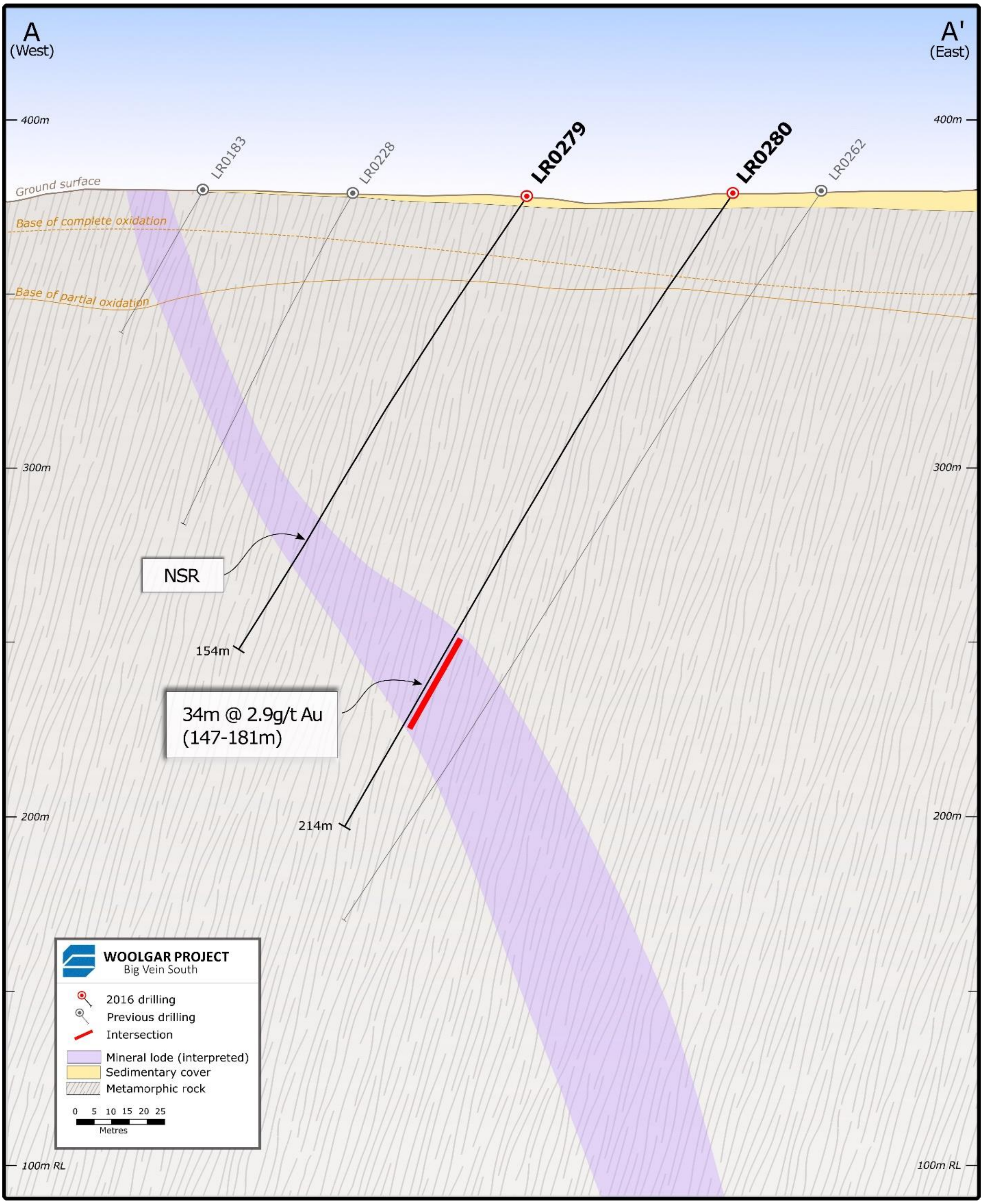


Figure 15: Cross-section A-A', LR0279 and LR0280 in the northern end of the southern resource.

Note: The purple shading is the overall mineralised envelope as defined from alteration and structure interpreted from both logging and multielement geochemistry.

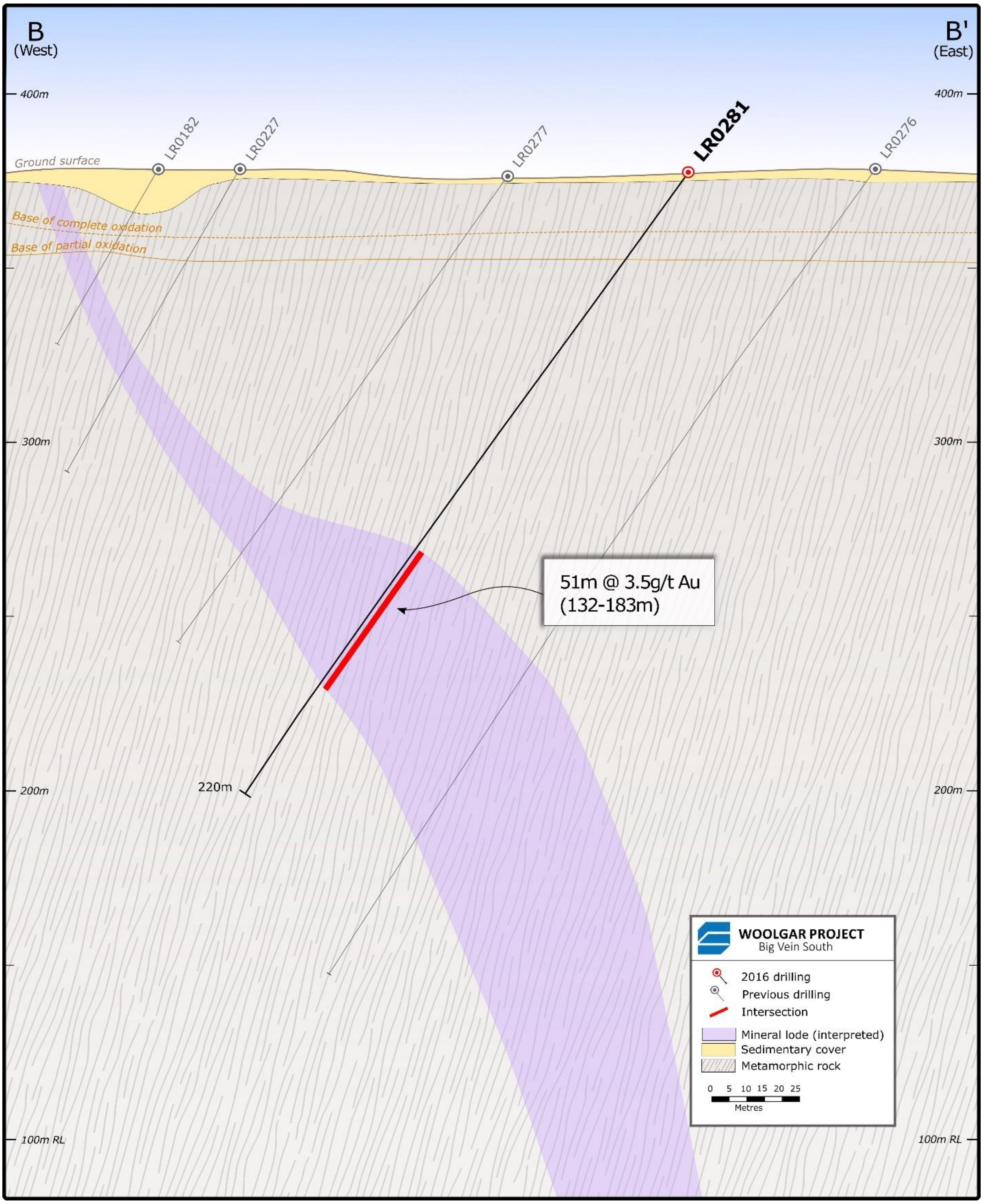


Figure 16: Cross-section B-B' showing LR0281 in the southern end of the central (Crossover) resource.

Note: The purple shading is the overall mineralised envelope as defined from alteration and structure interpreted from both logging and multielement geochemistry.

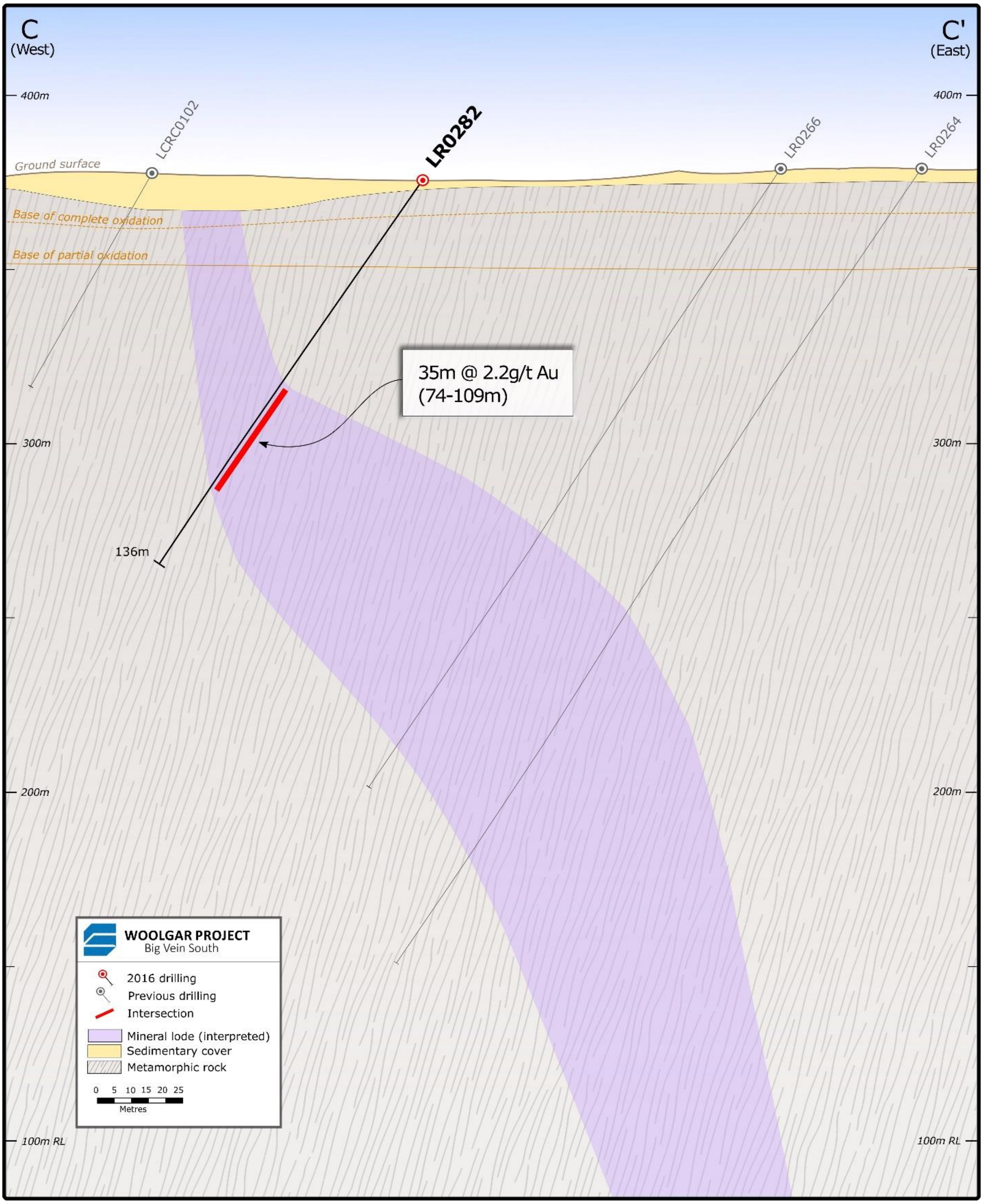


Figure 17: Cross-section C-C' showing LR0282 in the central (Crossover) resource.

Note: The purple shading is the overall mineralised envelope as defined from alteration and structure interpreted from both logging and multielement geochemistry.

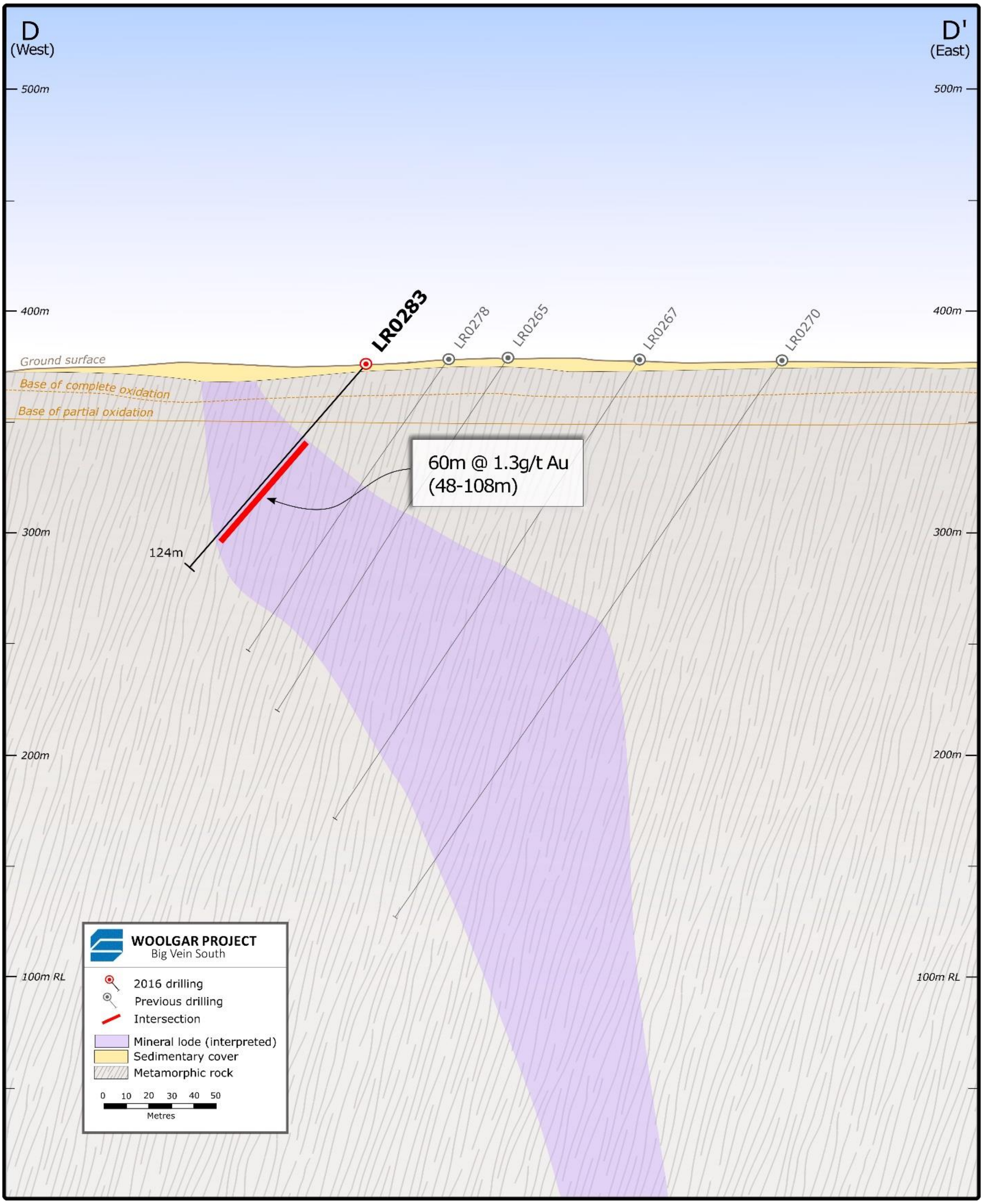


Figure 18: Cross-section D-D'LR0283 in the central (Crossover) resource.

Note: The purple shading is the overall mineralised envelope as defined from alteration and structure interpreted from both logging and multielement geochemistry.

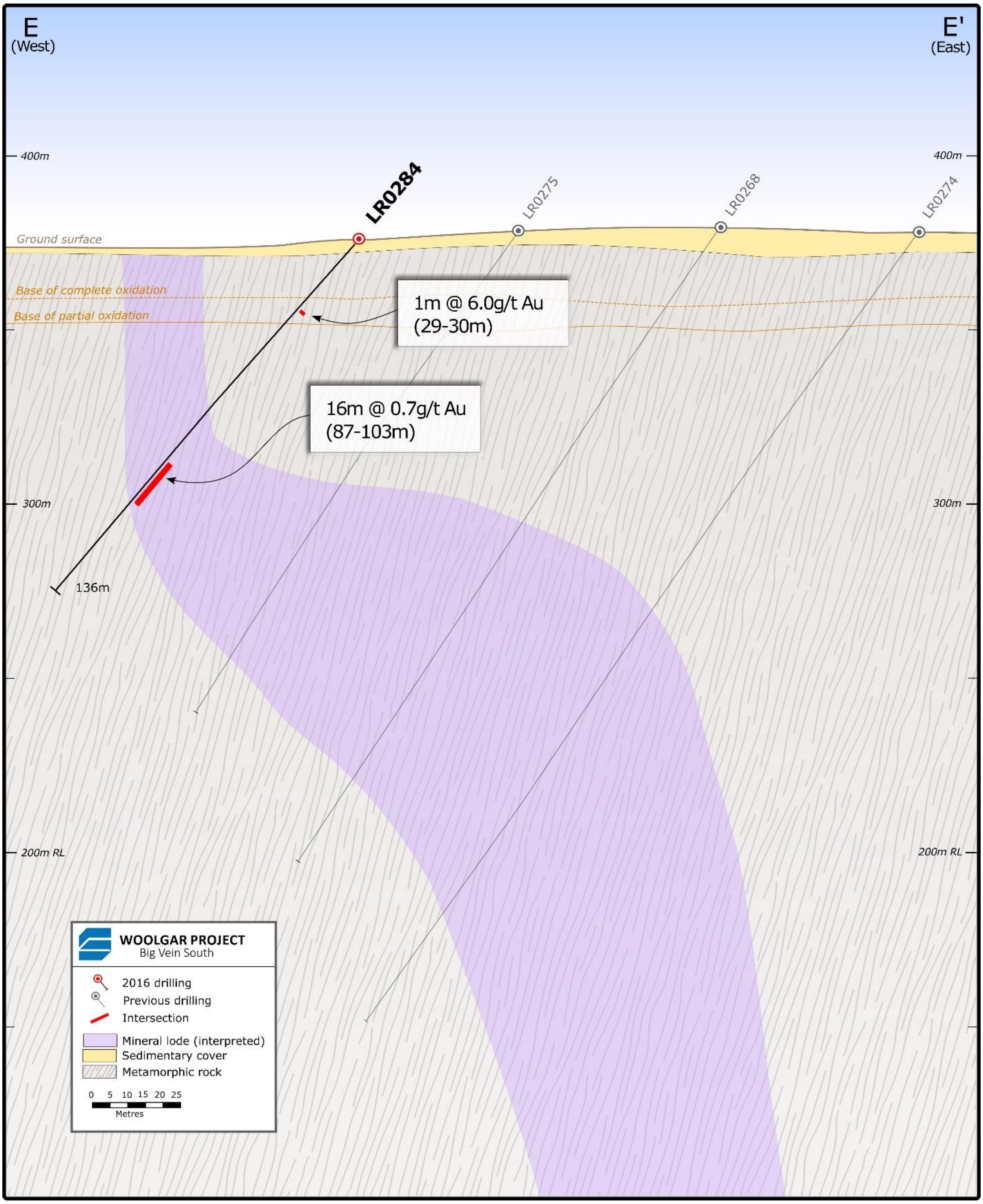


Figure 19: Cross-section E-E' showing LR0284 in the central (Crossover) resource.

Note: The purple shading is the overall mineralised envelope as defined from alteration and structure interpreted from both logging and multielement geochemistry.

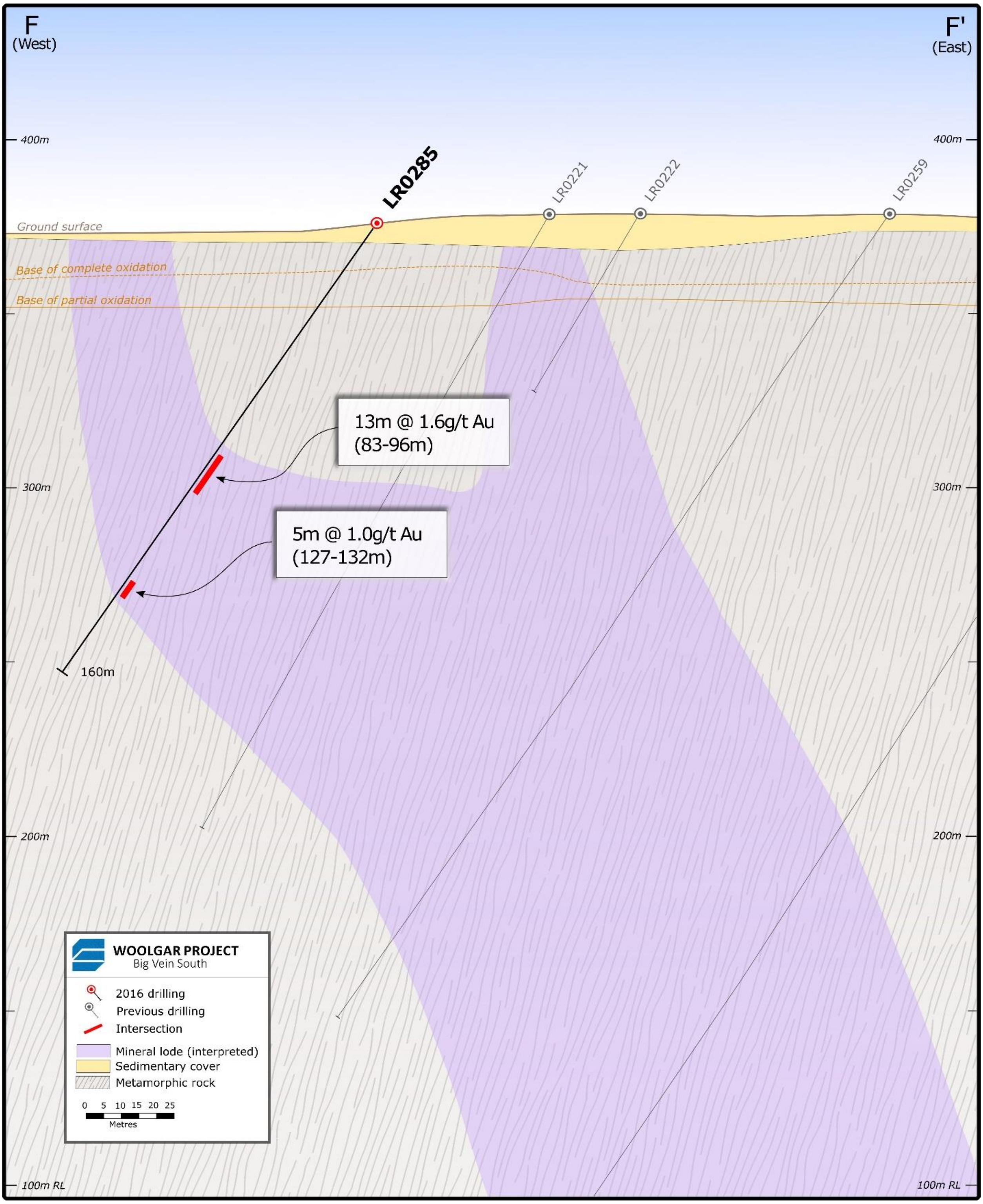


Figure 20: Cross-section F-F' LR0285 in the northern end of the central (Crossover) resource.

Note: The purple shading is the overall mineralised envelope as defined from alteration and structure interpreted from both logging and multielement geochemistry.

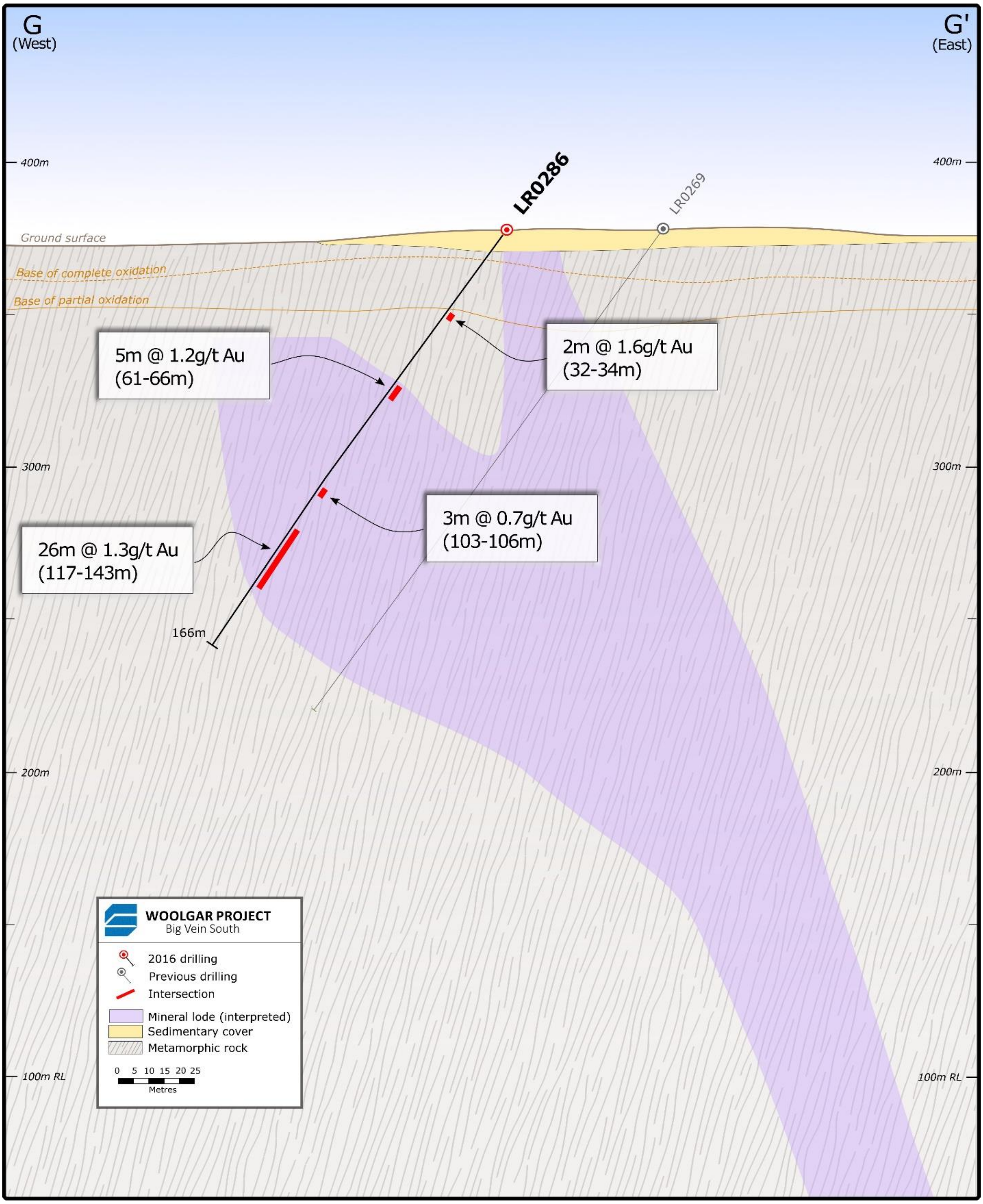


Figure 21: Cross-section G-G' showing LR0286 in the southern end of the northern resource.

Note: The purple shading is the overall mineralised envelope as defined from alteration and structure interpreted from both logging and multielement geochemistry.

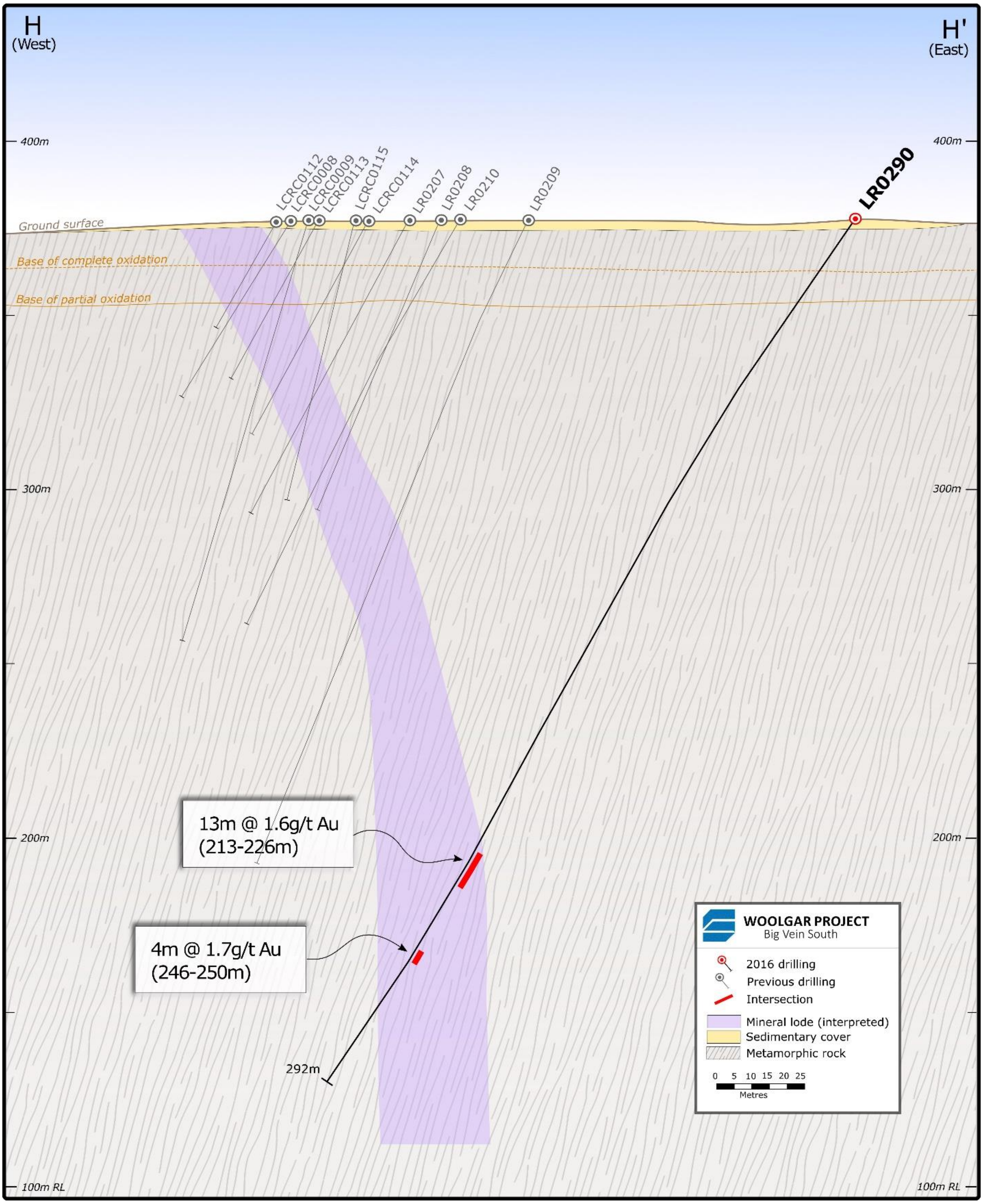


Figure 22: Cross-section G-G' showing LR0290 in the northern end of the northern resource.

Note: The purple shading is the overall mineralised envelope as defined from alteration and structure interpreted from both logging and multielement geochemistry.

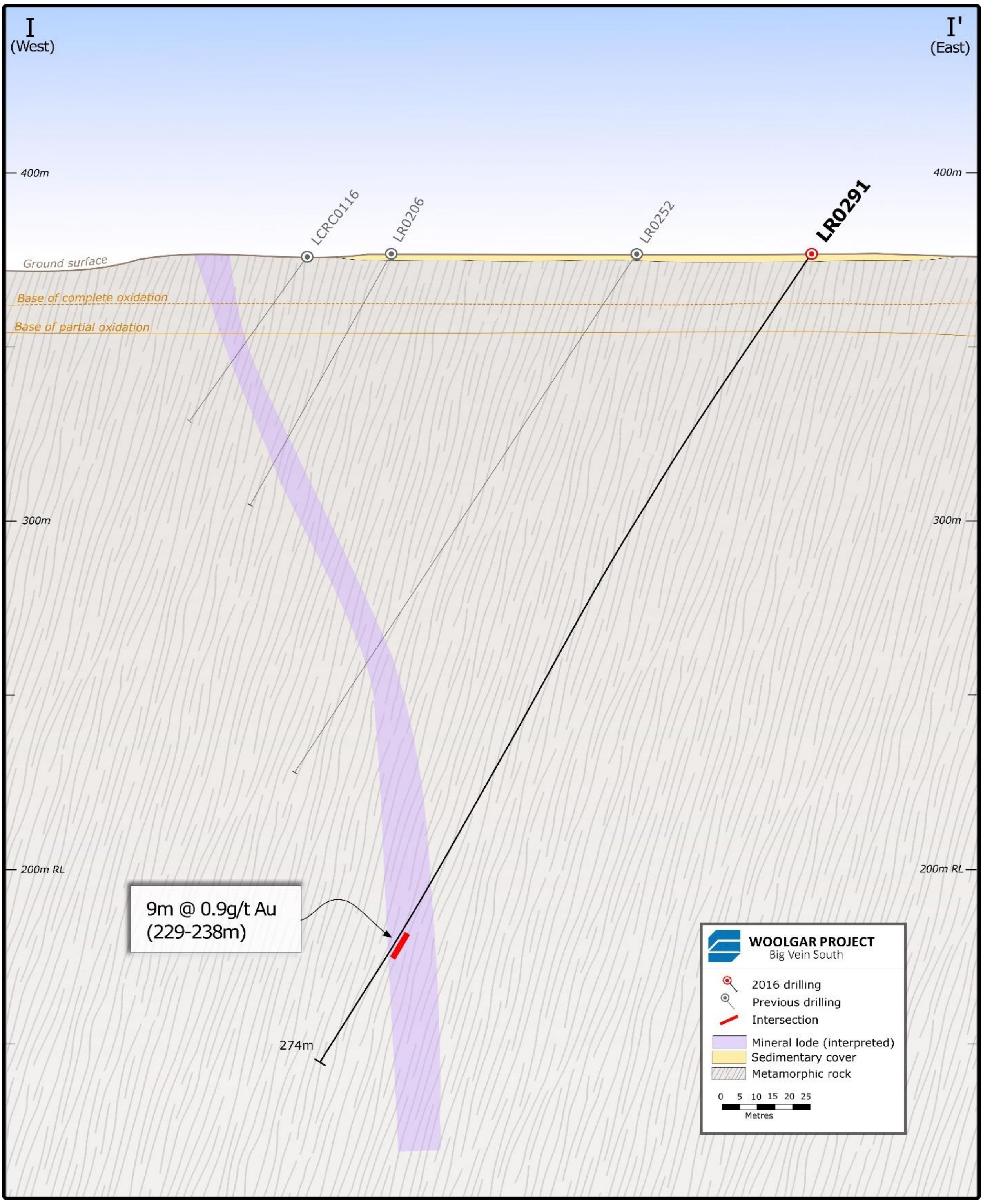


Figure 23: Cross-section I-I' showing LR0291 at the northern limit of the northern resource.

Note: The purple shading is the overall mineralised envelope as defined from alteration and structure interpreted from both logging and multielement geochemistry.

Appendix Four: Summary of RC drill intersections for 2016.

Table 5	Summary of significant intersections using a 0.5 g/t gold cut-off grade											
Hole ID	Prospect	End of Hole (metres)	Dip	Azimuth[1]	Easting[2] (metres)	Northing[2] (metres)	Altitude[2] (metres)	Sample Method	From (metres)	To (metres)	Width[3] (metres)	Gold Grade[4] (ppm)
LR0279	BVS	154.00	-55	280	739400	7806262	377	RC	**115**	**116**	**1**	**0.77**
and								RC	**121**	**123**	**2**	**0.66**
LR0280	BVS	214.00	-55	280	739461	7806264	379	RC	**147**	**181**	**34**	**2.91**
including								RC	158	178	20	4.18
including								RC	158	162	4	6.91
and								RC	175	178	3	8.28
LR0281	BVS	220.00	-55	280	739480	7806304	378	RC	**132**	**183**	**51**	**3.54**
including								RC	142	180	38	4.30
including								RC	142	148	6	12.05
LR0282	BVS	136.00	-55	280	739411	7806368	377	RC	**74**	**109**	**35**	**2.18**
including								RC	94	106	12	4.89
LR0283	BVS	124.00	-50	280	739420	7806419	378	RC	**48**	**108**	**60**	**1.35**
including								RC	96	105	9	4.97
LR0284	BVS	136.00	-50	280	739424	7806470	378	RC	**29**	**30**	**1**	**6.01**
and								RC	**87**	**103**	**16**	**0.68**
LR0285	BVS	160.00	-55	280	739463	7806501	378	RC	**83**	**96**	**13**	**1.62**
and								RC	**127**	**132**	**5**	**0.98**
LR0286	BVS	166.00	-55	280	739517	7806548	376	RC	**32**	**34**	**2**	**1.60**
and								RC	**61**	**66**	**5**	**1.21**
and								RC	**103**	**106**	**3**	**0.73**
and								RC	**117**	**143**	**26**	**1.31**
including								RC	128	131	3	4.50
LR0287	Sexton	250	-55	273	739570	7805476	386	RC	NSR			
LR0288	Nexton	160	-55	273	739826	7806972	379	RC	NSR			
LR0289	Nexton	190	-55	273	739763	7807039	378	RC	NSR			
LR0290	BVS	292	-55	273	739745	7806793	379	RC	**213**	**226**	**13**	**1.56**
including								RC	213	217	4	3.27
and								RC	**246**	**250**	**4**	**1.72**
and								RC	**257**	**260**	**3**	**0.79**
LR0291	BVS	274	-55	273	739738	7806845	378	RC	**221**	**222**	**1**	**1.85**
and								RC	**229**	**338**	**9**	**0.91**
and								RC	**242**	**244**	**2**	**0.62**
LR0292	Caledonia	178	-50	93	738402	7808094	368	RC	NSR			
LR0293	Caledonia	166	-50	273	738499	7808044	368	RC	NSR			
LR0294	Try Again	184	-50	313	741249	7809814	386	RC	**102**	**104**	**2**	**0.89**
LR0295	Try Again	160	-50	263	741323	7810085	379	RC	**94**	**97**	**3**	**0.81**
LR0296	Ironclad	88	-50	93	741670	7810109	377	RC	NSR			
LR0297	Try Again	148	-50	273	741390	7810144	377	RC	**107**	**108**	**1**	**1.09**
and								RC	**121**	**122**	**1**	**1.41**
and								RC	**136**	**137**	**1**	**1.27**
LR0298	Try Again	142	-50	243	741319	7810081	380	RC	**78**	**80**	**2**	**3.31**
and								RC	**92**	**93**	**1**	**1.43**

Notes:

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

[2] All coordinates are reported in GDA94 and were surveyed using a Differential GPS.

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

[4] Assay results presented are Certified Final Assays. A 0.5ppm gold cut-off grade was used at the beginning and end of the reported mineralised intersects. Low-grade zones up to 6 metres are included in overall intercepts (bold). Low-grade zones less than two metres width within an intersection were included in the secondary intersections as per 2013 & 2014 announcements for comparative purposes. No upper cut-off was applied. Results presented are gold only: no metal equivalents are used.

Appendix Five: Tenement Holdings.

Table 6: Woolgar Tenement Holdings as at 31 December 2016

Prospect	Tenements	License No	Grant Date	Area	Interest	Comments
Woolgar	Perseverance	ML 2728	25/05/89	128 hectares	100%	Granted
Woolgar	Mowbray	ML 2739	25/05/89	128 hectares	100%	Granted
Woolgar	Mowbray 3	ML 2729	25/05/89	128 hectares	100%	Granted
Woolgar	Soapspar 1	ML 2642	31/01/74	4.05 hectares	100%	Granted
Woolgar	Soapspar 2	ML 2793	08/08/91	146.4 hectares	100%	Granted
Woolgar	Sandy Creek Dam	ML 90044	27/04/95	29.2 hectares	100%	Granted
Woolgar	Woolgar	EPM 9599	02/09/93	32 Sub Blocks	100%	Granted
Woolgar	Sandy Creek Plant	ML 90122	02/09/04	350.90 hectares	100%	Granted
Woolgar	Woolgar West	EPM 11886	21/04/04	23 Sub Blocks	100%	Granted
Woolgar	Woolgar East	EPM 14060	21/04/04	46 Sub Blocks	100%	Granted
Woolgar	Woolgar South	EPM 14209	21/04/04	49 Sub Blocks	100%	Granted
Woolgar	Steam Engine	EPM 13942	09/11/06	3 Sub Blocks	100%	Granted
Woolgar	Flat Creek	ML 90123	23/11/04	124.73 hectares	100%	Granted
Woolgar	North Star	ML 90238	Application	875.39 hectares	100%	Application
Woolgar		EPM 26263	05/12/16	100 Sub-Blocks	100%	Granted

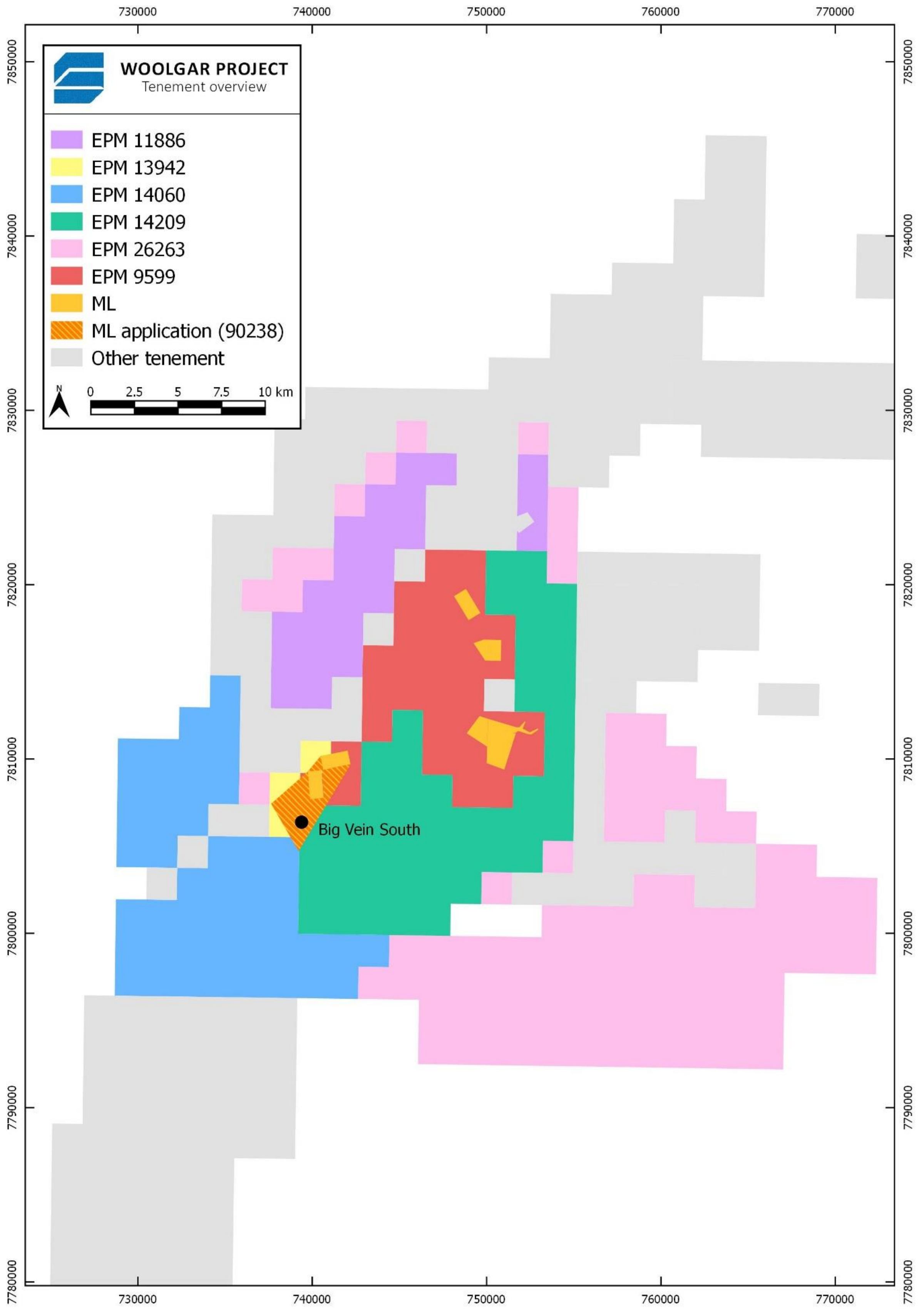


Figure 24: Tenement location map for Woolgar Project

DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 31 December 2016.

1. DIRECTORS

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

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

  BBus (Economics), MBA

  Mr McLoughlin's work experiences span across a number of industries in both private and public sectors and in various team and leadership roles. Mr McLoughlin is currently General Manager, Special Projects for the QCoal Group and also acts as Manager, Land and Fixed Assets. Prior to this Mr McLoughlin held senior positions at The Suncorp Group, SMS Management and Technology and the Department of Defence where he was Officer in Charge of the Management Consulting Team.

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

- **Mr Christopher Ian Wallin** *Director (Non-executive Director) Appointed 7 May 2016*

  FAusIMM, FAIG

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

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

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

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

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

  MBA, FCPA, CMA, FCIS, MAICD

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

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

- **Mr Wally A C Martin** *Managing Director (Executive) (Deceased 28 April 2016)*

  Dip Legal Studies

  Mr Martin's career encompassed both the Government and private enterprise sectors for over 30 years with particular emphasis in the mining industry. Mr Martin was the founding Vice-President of the Association of Mining and Exploration Companies of WA and since 1979 was actively involved in the private sector of the mining industry as a managing director and director of a number of public listed mining companies. Until his passing, Mr Martin had been Managing Director of Strategic Minerals since 1991. Mr Martin also held a directorship in Hillcrest Litigation Service Ltd until March 2015.

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

DIRECTORS' REPORT

2. DIRECTORS' MEETINGS

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

	DIRECTORS' MEETINGS		AUDIT COMMITTEE		NOMINATION COMMITTEE		REMUNERATION COMMITTEE		FINANCE AND OPERATIONS COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
L A McLoughlin	4	4	*At the date of this report, the Remuneration, Audit, Nomination, and Finance and Operations Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.*							
C I Wallin	3	3								
J Stephenson	4	4								
W A C Martin (deceased)	1	1								

3. DIRECTORS' INTERESTS

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

	Shares (Direct) No.	Shares (Indirect) No.	Shares (Direct) No.	Shares (Indirect) No.
2016				
L A McLoughlin	86,423	-	-	-
C I Wallin	-	43,415,208	-	-
J Stephenson	-	-	-	-
	86,423	43,415,208	-	-
2015				
L A McLoughlin	775,805	-	-	-
J Stephenson	-	-	-	-
W A C Martin (deceased)	-	358,074	-	-
	775,805	358,074	-	-
The aggregate number of shares acquired/(disposed or consolidated) directly or indirectly by Directors during the year up to the date of this report was:				
L A McLoughlin	(689,382)	-	-	-
C I Wallin	-	43,415,208	-	-
J Stephenson	-	-	-	-
	(689,382)	43,415,208	-	-

4. PRINCIPAL ACTIVITIES

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

5. OPERATING RESULTS

For the 2016 financial year the Group delivered a loss before tax of $579,159 (2015: $762,467 loss).

6. REVIEW OF OPERATIONS

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

7. DIVIDENDS

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

DIRECTORS' REPORT

8. FINANCIAL POSITION

The net assets of the Group have increased from 31 December 2015 by $817,370 to $22,550,878 at 31 December 2016 (2015: $21,733,508).

As at 31 December 2016, the Group's cash and cash equivalents decreased from 31 December 2015 by $507,396 to $314,093 at 31 December 2016 (2015: $821,489) and had working capital of $262,180 (2015: $715,616 working capital), as noted in Note 18(e).

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

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

9. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year the Group completed a consolidation of securities on issue at a 1:15 ratio.

In July 2016 the Company offered 5,151,120 shares at 28 cents in a renounceable entitlements issue. The Company raised $1,293,877 from this issue, net of costs. The shortfall was not placed.

There were no other significant changes in the state of affairs of the Group during the year ended 31 December 2016.

10. EVENTS SUBSEQUENT TO REPORTING DATE

There were no subsequent events which occurred subsequent to the reporting date

11. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

12. AUDIT COMMITTEE

The Company did not establish a separate Audit Committee of the Board of Directors in 2016. Refer to the Corporate Governance Statement in this Annual Report.

13. DIRECTORS' SHAREHOLDINGS, CONTRACTS AND BENEFITS

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

DIRECTORS' REPORT

14. REMUNERATION REPORT (AUDITED)

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

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

(b) Details of remuneration

(c) Service agreements

(d) Equity instruments disclosure relating to Key Management Personnel

(e) Share-based compensation

(f) Loans to / from Key Management Personnel

(g) Transactions with Related Parties of Key Management Personnel

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

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

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

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

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

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

Given the nature and size of the Company there has been no requirement to engage the services of a remuneration consultant for the year ending 31 December 2016.

i. Remuneration of non-executive directors

Total remuneration for non-executive directors is not to exceed $250,000 per annum, excluding options which are approved separately at a general meeting. Non-Executive Directors' fees are set with reference to fees paid to other Non-Executive Directors of comparable companies and are presently $40,000 per annum plus superannuation (2015: $48,000). The Executive Chairman receives a fee of $220,000 per annum inclusive of superannuation (2015: $100,000). Non-Executive Director's remuneration is reviewed annually by the Board.

ii. Share trading policy

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

iii. Remuneration Framework

The executive remuneration framework has two components:

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

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

DIRECTORS' REPORT

14. REMUNERATION REPORT (AUDITED)

(b) Details of remuneration

Details of the nature and amount of each element of the emoluments of each of the key management personnel of the Company For the year ended 31 December 2016 are set out in the following tables.

	Short-term benefits		Post-employment benefits	Equity-settled share-based payments:		
	Cash, salary & fees	Non- monetary	Super-annuation	Options	Total	Options as a percentage of remuneration
	$	$	$	$	$	%
2016						
Mr L A McLoughlin	157,808	-	11,033	-	168,841	-
Mr C I Wallin	23,333	-	2,217	-	25,550	-
Mr J Stephenson [(1)]	38,000	-	-	-	38,000	-
Mr W A C Martin[(2)]	204,915	-	-	-	204,915	-
	424,056	-	13,250	-	437,306	-
2015						
Mr W A C. Martin	206,499	-	-	-	206,499	-
Mr L A McLoughlin	108,333	-	-	-	108,333	-
Mr J Stephenson	48,000	-	-	-	48,000	-
	362,832	-	-	-	362,832	-

(1) In 2015 and 2016, Mr Stephenson was a director of consulting companies which provided consulting services to the Company for which fees outlined above were paid. Mr Stephenson ceased to be a shareholder and director of the before mentioned companies on the 16th September 2016.

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

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

(c) Service agreements

The Company entered into a service agreement in 2002 with the Managing Director, Mr Wally Martin, who was employed on a salary of $206,499 per annum. The service agreement was for a fixed term until 30 June 2016. In the event that the Company chooses to terminate Mr Martin's service agreement prior to the end of his term Mr Martin is entitled to a termination payment equal to three months' salary at his rate of remuneration as at the date of termination. No termination payment is payable if the terms of Mr Martin's service agreement are in breach. Mr Martin's remuneration is also adjusted annually on the anniversary date of his executive service agreement in line with the CPI.

There are no service agreements in place for Directors.

DIRECTORS' REPORT

14. REMUNERATION REPORT (AUDITED)

(d) Equity instruments disclosure relating to Key Management Personnel

i. Shareholdings

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

2016	Balance at start of year No.	Effect of 15:1 Consolidation No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year No	Balance at end of year No.
Executive Chairman						
Mr L A McLoughlin [(2)]	775,805	(724,084)	-	-	34,702	86,423
Non-Executive Directors						
Mr C I Wallin[(1) (2)]	587,933,772	(548,739,253)	-	-	4,140,564	43,335,083
Mr J Stephenson	-	-	-	-	-	-
Mr W A C Martin[(3)]	358,074	-	-	-	(358,074)	-
	589,067,651	(549,463,337)	-	-	3,817,192	43,421,506

(1) Balance at the start of the year represents Mr Wallin's holdings as at the date of his appointment, being 7 May 2016.

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

(3) Other changes during the year, in respect to the Mr Martin, represent the share held by Mr Martin at the time of his passing in April 2016.

(e) Share-based Compensation

i. Options

There were no options on issue at 31 December 2016.

ii. Equity Instruments issued on exercise of remuneration options

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

(f) Loans to / from Key Management Personnel

There were no loans to / from Key Management Personnel for the year ended 31 December 2016.

(g) Transactions with Related Parties of Key Management Personnel

During the period, the Group continued to employ Wally Martins' wife, Geraldine Martin, on a part-time basis until June 2016. The amount she was paid for her employment during the period was $28,500 (gross including superannuation) (2015: $39,420).

There are no other significant related party transactions not already identified at the 31 December 2016 year end.

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

END OF REMUNERATION REPORT

DIRECTORS' REPORT

15. 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.

16. SHARES UNDER OPTION

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

17. LIABILITY INSURANCE

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

18. 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.

19. 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* (Cth). 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* (Cth) for the following reason;

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

During the year the following fees were paid or are payable for services provided by BDO for non-audit services provided during the year	2016 $	2015 $
Taxation Services and Accounting Services		
BDO Corporate Tax (WA) Pty Ltd	-	2,500
	-	2,500

20. 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.

21. AUDITORS INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under s.307C of the *Corporations Act 2001* (Cth) is set out on page 47.

22. AUDITORS

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

DIRECTORS' REPORT

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

LAIF McLOUGHLIN

Executive Chairman

Dated this Thursday, 30 March 2017

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Australia

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

As lead auditor of Strategic Minerals Corporation NL for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 30 March 2017

CORPORATE GOVERNANCE STATEMENT

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

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

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

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which: (a) sets out the respective roles and responsibilities of the board, the chair and management; and (b) includes a description of those matters expressly reserved to the board and those delegated to management.	YES	The Company has adopted a Board Charter. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Boards composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter is stated in Schedule 1 of the Corporate Governance Plan which is available on the Company's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	YES	a) The Company has detailed guidelines for the appointment and selection of the Board. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director. b) Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the director.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	YES	The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that director's or senior executive's appointment.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board: (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary or it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.	YES	a) The Company has adopted a Diversity Policy. i. The Diversity Policy provides a framework for the Company to achieve a list of 6 measurable objectives that encompass gender equality. ii. The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives. b) The Diversity Policy is stated in Schedule 9 of the Corporate Governance Plan which is available on the company website. c) i. The measurable objectives set by the Board will be included in the annual key performance indicators for the CEO, MD and senior executives. In addition the Board will review progress against the objectives in its annual performance assessment. ii. The Board will include in the annual report each year, the measurable objectives, progress against the objectives, and the proportion of male and female employees in the whole organisation, at senior management level and at Board Level.
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	NO	a) The Board is responsible for evaluating the performance of the Board and individual directors on an annual basis. It may do so with the aid of an independent advisor. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan. . b) The Company's Corporate Governance Plan requires the Board to disclosure whether or not performance evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Reports.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	a) The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives. b) The Company's Corporate Governance Plan requires the Board to conduct annual performance of the senior executives. Schedule 6 'Performance Evaluation' requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Report.
Principle 2: Structure the board to add value		
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	NO	Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Nomination Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee under the written terms of reference for that committee. The duties of the Nomination Committee are outlined in Schedule 5 of the Company's Corporate Governance Plan available online on the Company's website. The Board devotes time at board meetings to discuss board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules. The Board regularly updates the Company's board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	YES	See Board Skills Matrix below. (1) Skill gap noticed however an external taxation firm is employed to maintain taxation requirements. (2) Skill gap noticed however an external IT firm is employed on an adhoc basis to maintain IT requirements.
Recommendation 2.3 **A listed entity should disclose:** (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director	YES	a) The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. These details are provided in the Annual Reports and Company website. b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors' interests, positions associations and relationships are provided in the Annual Reports and Company website. c) The Board Charter provides for the determination of the Directors' terms and requires the length of service of each Director to be disclosed. The length of service of each Director is provided in the Annual Reports and Company website.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	NO	The Board Charter requires that where practical the majority of the Board will be independent. Details of each Director's independence are provided in the Annual Reports and Company website.
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	NO	The Board believes that the current Chairman can and does make quality and independent judgements in the best interest of the Company and other stakeholders notwithstanding that he is not an independent director in accordance with the criteria set out in the recommendations.
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	YES	The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	YES	a) The Corporate Code of Conduct applies to the Company's Directors, senior executives and employees. b) The Company's Corporate Code of Conduct is in Schedule 2 of the Corporate Governance Plan which is on the Company's website.

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

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	NO	Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee. The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	YES	The Company's Corporate Governance Plan states that a duty and responsibility of the Board is to ensure that before approving the entity's financial statements for a financial period, the CEO and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	YES	a) The Board Charter provides details of the Company's disclosure policy. In addition, Schedule 7 of the Corporate Governance Plan is entitled 'Disclosure – Continuous Disclosure' and details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. b) The Board Charter and Schedule 7 of the Corporate Governance Plan are available on the Company website.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Shareholder Communications Strategy outlines a range of ways in which information is communicated to shareholders.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	The Shareholder Communications Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX. Shareholders queries should be referred to the Company Secretary at first instance.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	NO	Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee. The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meeting to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.
Recommendation 7.2 The board or a committee of the board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and (b) disclose in relation to each reporting period, whether such a review has taken place.	YES	a) The Company process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 8 of the Corporate Governance Plan is entitled 'Disclosure – Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls. b) The Board Charter requires the Board to disclose the number of times the Board met throughout the relevant reporting period, and the individual attendances of the members at those meetings. Details of the meetings will be provided in the Company's Annual Report.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	YES	Schedule 3 of the Company's Corporate Plan provides for the internal audit function of the Company. The Board Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	Schedule 3 of the Company's Corporate Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	NO	Due to the size and nature of the existing board and the magnitude of the Company's operations the Company currently has no Remuneration Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee. The role and responsibilities of the Remuneration Committee are outlined in Schedule 4 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior Directors.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	YES	a) Company's Corporate Governance Plan states that the Board is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Board must review and approve any equity based plans. b) A copy of the Company's Corporate Governance Plan is available on the Company's website.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
Revenue and other income from continuing operations	5	19,666	29,185
Administration expense		(158,416)	(123,497)
Consulting and legal		(68,431)	(70,994)
Depreciation and amortisation	6(a)	(18,413)	(64,110)
Employee benefit expense		(315,635)	(482,616)
Premises expense		(14,067)	(46,185)
Impairment of assets		(10,537)	-
Impairment of shares in listed company		1,500	(4,250)
Travel expense		(14,826)	-
(Loss) before income tax		(579,159)	(762,467)
Income tax expense/(benefit)		-	-
(Loss) for the year		(579,159)	(762,467)
Other comprehensive income for the year:			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss:		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(579,159)	(762,467)
Total Comprehensive Loss is attributable to:			
Equity holders of the Company		(579,037)	(762,460)
Non-Controlling Interest		(122)	(7)
		(579,159)	(762,467)
Loss per share attributable to the ordinary equity holders of the Company		¢	¢
Basic (loss) per share	9	(0.97)	(1.38)

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 $	2015 $
Current assets			
Cash and cash equivalents	10	314,093	821,489
Trade and other receivables	11	95	18,142
Total current assets		314,188	839,631
Non-current assets			
Financial assets	12	12,000	10,500
Plant and equipment	13	8,607	27,020
Mineral exploration and evaluation assets	14	22,230,117	21,109,894
Other non-current assets	15	62,584	52,853
Total non-current assets		22,313,308	21,200,267
Total assets		22,627,496	22,039,898
Current liabilities			
Trade and other payables	16	52,008	124,015
Provisions	17	24,610	182,375
Total current liabilities		76,618	306,390
Total liabilities		76,618	306,390
Net assets		22,550,878	21,733,508
Equity			
Contributed equity	18(a)	49,539,212	48,142,683
Reserves		2,972,522	2,972,522
Accumulated losses		(29,954,846)	(29,375,809)
Capital and reserves attributable to owners of Strategic Minerals Corporation NL		22,556,888	21,739,396
Non-controlling interest		(6,010)	(5,888)
Total equity		22,550,878	21,733,508

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

		Contributed equity $	Share based payment reserve $	Accumulated Losses $	Sub-total $	Non Controlling Interest $	Total Equity $
Balance at 1 January 2015		47,398,273	2,972,522	(28,613,349)	*21,757,446*	(5,881)	21,751,565
Total comprehensive loss for the year		-	-	(762,460)	*(762,460)*	(7)	(762,467)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	18(a)	744,410	-	-	*744,410*	-	744,410
Balance at 31 December 2015		48,142,683	2,972,522	(29,375,809)	*21,739,396*	(5,888)	21,733,508
Balance at 1 January 2016		48,142,683	2,972,522	(29,375,809)	*21,739,396*	(5,888)	21,733,508
Total comprehensive loss for the year		-	-	(579,037)	*(579,037)*	(122)	(579,159)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	18(a)	1,396,529	-	-	*1,396,529*	-	1,396,529
Balance at 31 December 2016		49,539,212	2,972,522	(29,954,846)	*22,556,888*	(6,010)	22,550,878

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
Cash flow from operating activities			
Payments to suppliers & employees		(765,100)	(708,357)
Interest received		1,666	26,755
Net cash (outflow) from operating activities	10(d)	(763,434)	(681,602)
Cash flow from investing activities:			
Purchase of property, plant, equipment		-	(11,524)
Payments/Refunds of security deposits		(9,732)	29,593
Payments for exploration expenditure assets		(1,130,759)	(1,039,774)
Net cash (outflow) from investing activities		(1,140,491)	(1,021,705)
Cash flow from financing activities:			
Proceeds from issue of shares		1,415,898	744,410
Cost of capital raising		(19,369)	-
Net cash inflow from financing activities		1,396,529	744,410
Net increase / (decrease) in cash held		(507,396)	(958,897)
Cash and cash equivalents at the beginning of the period		821,489	1,780,386
Cash and cash equivalents at the end of period	10(b)	314,093	821,489

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The financial statements were authorised for issue on 30 March 2017 by the Directors of the Company.

(a) Basis of preparation

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

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

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

i. Going Concern

The 31 December 2016 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realization of assets and extinguishment of liabilities in the ordinary course of business.

The Group incurred a loss for the year of $579,159 (2015: $762,467 loss) and a net cash out-flow from operating and investing activities of $1,903,925 (2015: $1,703,307 out-flow).

As at 31 December 2016, the Company had working capital of $262,180 (2015: $715,616 working capital), as disclosed in note 18(e).

These conditions indicate there is a material uncertainty that may cast significant doubt over the ability of the Group to continue as a going concern

Following the successful rights issue in August 2016 the Company raised $1,293,877 net of costs, the Board is confident of the Group's ability to raise additional funds and continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Management are currently putting plans in place to raise capital during the year.

The Directors recognise that the ability of the Group to continue as a going concern is dependent on its ability to secure additional funding through equity, successful exploration and subsequent exploitation of the Group's tenements and or sale of the non-core assets and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

ii. New and amended standards adopted by the Group.

There have been no new standards adopted by the Group during the financial period.

iii. Critical accounting estimates

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(b) Principles of Consolidation

i. Subsidiaries

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

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

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

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

(c) Segment reporting

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

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

(d) Revenue recognition

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

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

(e) Income tax

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(f) Impairment of non-financial assets

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

(g) Cash and cash equivalents

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

(h) Trade receivables

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

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

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

(i) Financial instruments

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

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

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

i. Impairment

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

ii. Fair value estimation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(j) Property, plant and equipment

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

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

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

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

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

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

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

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

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

(l) Provisions

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

(m) Employee benefits

i. Wages and salaries, annual leave and sick leave

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

ii. Long service leave

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

iii. Share-based payments

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(n) Contributed equity

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

(o) Earnings per share

i. Basic earnings per share

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

ii. Diluted earnings per share

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

(p) Exploration and evaluation expenditure

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

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

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

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

Impairment of exploration and evaluation assets

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

(q) Goods and Services Tax (GST)

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 2 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

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

AASB reference	Title and Affected Standard(s)	Nature of Change	Application date	Impact on Initial Application
AASB 9 (issued December 2014)	Financial Instruments	**Classification and measurement** AASB 9 amendments the classification and measurement of financial assets: • Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). • Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL. • All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss. The following requirements have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement* into AASB 9: • Classification and measurement of financial liabilities, and • Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income. **Impairment** The new impairment model in AASB 9 is now based on an 'expected loss' model rather than an 'incurred loss' model. A complex three stage model applies to debt instruments at amortised cost or at fair value through other comprehensive income for recognising impairment losses. A simplified impairment model applies to trade receivables and lease receivables with maturities that are less than 12 months. For trade receivables and lease receivables with maturity longer than 12 months, entities have a choice of applying the complex three stage model or the simplified model.	Annual reporting periods beginning on or after 1 January 2018	Adoption of AASB 9 is only mandatory for the year ending 31 December 2018. The entity has not yet made an assessment of the impact of these amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 2 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

AASB reference	Title and Affected Standard(s)	Nature of Change	Application date	Impact on Initial Application
AASB 15 (issued December 2014)	Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 *Revenue*.	Annual reporting periods beginning on or after 1 January 2018	This standard is effective for annual periods beginning on or after 1 January 2018. The entity has not yet made a detailed assessment of the impact of this standard.
AASB 2016-3 (issued May 2016)	Amendments to Australian Accounting Standards - Clarifications to AASB 15	Clarifies AASB 15 application issues relating to: • Identifying performance obligations • Principal vs. agent considerations • Licensing • Practical expedients.	Annual reporting periods beginning on or after 1 January 2018	Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.
AASB 16 (issued February 2016)	Leases	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 *Leases*. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Annual reporting periods beginning on or after 1 January 2019.	To the extent that the entity, as lessee, has significant operating leases outstanding at the date of initial application, 1 January 2019, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments. Thereafter, earnings before interest, depreciation, amortisation and tax (EBITDA) will increase because operating lease expenses currently included in EBITDA will be recognised instead as amortisation of the right-of-use asset, and interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 *Leases*. This trend will reverse in the later years. There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 3 FINANCIAL RISK MANAGEMENT

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

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

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

The Group holds the following financial instruments:	2016 $	2015 $
Financial assets		
Cash and cash equivalents	314,093	821,489
Trade and other receivables	95	18,142
Other financial assets	12,000	10,500
	326,188	850,131
Financial liabilities		
Trade and other payables	52,008	124,015
Net financial instruments	274,180	726,116

(a) Market risk

i. **Price risk**

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

ii. **Fair value interest rate risk**

Refer to 3(d) below

(b) Credit risk

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

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

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

Financial assets	Credit Quality	2016 $	2015 $
Cash and cash equivalents	Aa2	314,093	821,489
Trade and other receivables			
Counterparties without external credit rating			
- Sundry receivables	Group 1	95	18,142

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

(c) Liquidity risk

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

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

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

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

(d) Cash flow and fair value interest rate risk

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

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

2016	Floating interest rate $	Fixed interest maturing in 1 year or less $	Non-interest bearing $	Total $
Financial assets				
Cash and deposits	314,093	-	-	314,093
Receivables	-	-	95	95
Financial assets	-	-	12,000	12,000
	314,093	-	12,095	326,188
Financial Liabilities				
Trade and other creditors	-	-	52,008	52,008
	-	-	52,008	52,008
2015				
Financial assets				
Cash and deposits	821,489	-	-	821,489
Receivables	-	-	18,142	18,142
Financial assets	-	-	10,500	10,500
	821,489	-	28,642	850,131
Financial Liabilities				
Trade and other creditors	-	-	124,015	124,015
	-	-	124,015	124,015

(e) Financial risk management

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

NOTE 3 FINANCIAL RISK MANAGEMENT (CONT.)

(f) Net fair value of Financial Assets and Liabilities

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

i. Fair value hierarchy

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

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

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

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Impairment of Assets

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

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

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

NOTE 5 REVENUE AND OTHER INCOME

	2016 $	2015 $
From continuing operations:		
Interest – unrelated parties	1,666	26,755
Other income	10,500	-
Gain on sale of property, plant and equipment	7,500	2,430
Total revenue and other income	19,666	29,185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 6 PROFIT / (LOSS) BEFORE INCOME TAX

	2016 $	2015 $
Loss before income tax has been determined after including the following expenses:		
(a) Depreciation and amortisation:		
Depreciation and amortisation of plant and equipment	18,413	64,110
(b) Employment costs:		
Employee benefits expense - superannuation	44,872	24,823

NOTE 7 SEGMENT REPORTING

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

	Gold $	Treasury $	Total $
2016			
Segment revenue and other income	-	18,822	18,822
Segment loss for the year	-	18,822	18,822
Reconciliation of segment loss to group loss:			
Depreciation expense	-	-	(18,413)
Impairment of shares in listed company	-	-	1,500
Corporate expense	-	-	(581,068)
Total group revenue and other income			(579,159)
Segment assets as at the year end			
Segment assets	**22,230,117**	314,093	22,544,210
Reconciliation of segment assets to group assets:			
Property plant and equipment			8,607
Financial assets			12,000
Receivables and other assets			62,679
Total assets			22,627,496
Segment and group liabilities as at year end		76,618	76,618
2015			
Segment revenue and other income	-	29,185	29,185
Segment loss for the year	-	29,185	29,185
Reconciliation of segment loss to group loss:			
Depreciation expense	-	-	(64,110)
Impairment of shares in listed company	-	-	(4,250)
Corporate expense	-	-	(723,292)
Total group revenue and other income			(762,467)
Segment assets as at the year end			
Segment assets	**21,109,894**	821,489	21,931,383
Reconciliation of segment assets to group assets:			
Property plant and equipment			27,020
Financial assets			10,500
Receivables and other assets			70,995
Total group revenue and other income			22,039,898
Segment and group liabilities as at year end		306,390	306,390

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 8 INCOME TAX

	2016 $	2015 $
(a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Profit/(Loss) before income tax	(579,159)	(762,467)
Prima facie tax payable on profit from ordinary activities before income tax at 30%	(173,748)	(228,740)
Movement on deferred tax assets not recognised	173,748	228,740
Income tax benefit	-	-
(b) Deferred tax liability		
Exploration and evaluation expenditure – Australia Mining Properties	6,672,796	6,332,308
Temporary differences – Australia	-	-
	6,672,796	6,332,308
Off-set of deferred tax assets	(6,672,796)	(6,332,308)
Net deferred tax liability recognised	-	-
(c) Unrecognised DTA arising on timing		
Tax Losses	9,940,253	9,349,345
Temporary Differences	62,716	122,168
Expenses taken to equity	40,188	59,058
	10,043,157	9,530,571
Offset DTL	(6,672,796)	(6,332,308)
Net DTA unrecognised	3,370,361	3,196,263

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

The Group has tax losses of $11,234,535 (2015: $10,660,088) that have the ability to be carried forward indefinitely for offset against future taxable profits of the Group. The recoupment of available tax losses as at 31 December 2016 are contingent upon the Group satisfying the following conditions:

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 9 EARNINGS PER SHARE (EPS)

		2016 $	2015 $
(a) Reconciliation of earnings to profit or loss			
(Loss) / profit for the year		(579,159)	(762,467)
Less: loss attributable to non-controlling equity interest		(122)	(7)
(Loss) / profit used in the calculation of basic and diluted EPS		(579,037)	(762,460)

		2016 No.	2015 No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	9(e)	59,656,964	55,374,952

		2016 ¢	2015 ¢
(c) Earnings per share			
Basic EPS (cents per share)	9(d),9(e)	(0.97)	(1.38)

(d) The Group does not report diluted earnings per share where options would not result in the issue of ordinary shares for less than the average market price during the period (out of the money). In addition, the Group does not report diluted earnings per share on annual losses generated by the Group. At the end of the 2016 financial year, the Group had no unissued shares under options that were out of the money which are anti-dilutive (2015: nil).

(e) Share Consolidation

The earnings per share for 31 December 2015 have been restated for the one for fifteen share consolidation as disclosed in Note 18(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 10 CASH AND CASH EQUIVALENTS

	2016 $	2015 $
(a) Current:		
Cash at bank and on hand	314,093	821,489
	314,093	821,489
(b) Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flow is reconciled to items in the consolidated statement of financial position as follows:		
Cash and cash equivalents	314,093	821,489

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

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

	2016 $	2015 $
Operating loss after income tax	(579,159)	(762,467)
Add / (less) non-cash items:		
Depreciation	18,413	64,110
Impairment of mining tenements	10,537	-
Impairment of shares in listed company	(1,500)	4,250
Non cash changes in assets & liabilities:		
Decrease/(increase) in receivables & prepayments	18,046	56,094
Increase/(decrease) in provisions	(157,765)	46,465
Increase/(decrease) in payables	(72,006)	(90,054)
Cash flow from operations	(763,434)	(681,602)

(e) Non cash Financing and investing activities

There are no non-cash financing and investing activities for the year ended 31 December 2016 (2015: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 11 TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
(a) Current		
Interest receivable and GST refundable	95	18,142
	95	18,142

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

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

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

NOTE 12 FINANCIAL ASSETS

	Note	2016 $	2015 $
(a) Non-current:			
Shares in listed corporations – "Available for sale" financial assets	12(b)	12,000	10,500
		12,000	10,500

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

NOTE 13 PLANT AND EQUIPMENT

	Note	2016 $	2015 $
(a) Non-current:			
Plant and equipment at cost		309,422	394,019
Less accumulated depreciation		(300,815)	(366,999)
		8,607	27,020
(b) Movements in Carrying Amounts			
Owned plant & equipment at cost:			
Brought forward		394,019	382,495
Additions		-	11,524
Disposals / adjustments to cost		(84,597)	-
Closing Balance		309,422	394,019
Accumulated Depreciation:			
Brought forward		(366,998)	(302,889)
Depreciation expense		(18,413)	(64,109)
Disposals / adjustments to cost		84,597	-
Closing Balance		(300,814)	(366,998)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 14 MINERAL EXPLORATION AND EVALUATION ASSETS

	Note	2016 $	2015 $
(a) Non-current:			
Exploration at cost:			
Balance at the beginning of the year		21,109,894	20,070,119
Other expenditure during the year		1,120,223	1,039,775
Balance at the end of the financial year		22,230,117	21,109,894

(b) Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of the areas of interest. Capitalised costs of $1,120,223 (2015: $1,039,775) have been included in the cash flows from investing activities in the statements of cash flow.

NOTE 15 OTHER ASSETS

	2016 $	2015 $
(a) Current		
Prepayments	20,137	-
(b) Non-current:		
Mineral Specimens	514	11,051
Security deposits on tenements	41,933	41,802
	62,584	52,853

NOTE 16 TRADE AND OTHER PAYABLES

	2016 $	2015 $
(a) Current:		
Unsecured		
Other creditors and accruals	52,008	109,458
Unissued securities	-	14,557
Total unsecured liabilities	52,008	124,015

NOTE 17 PROVISIONS

	2016 $	2015 $
(a) Current:		
Balance at beginning of year	182,375	135,909
Increase in provision	-	46,466
Leave paid out	(157,765)	-
Balance at end of year	24,610	182,375

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 18 ISSUED CAPITAL	Note	2016 No.	2015 No.	2016 $	2015 $
Fully paid ordinary shares at no par value	18(a)	62,383,313	860,621,428	49,539,212	48,142,683
(a) Ordinary shares					
At the beginning of the year		860,621,428	825,173,328	48,142,683	47,398,273
Shares issued during the year:					
18 Nov 2015: Shares issued at $0.021		-	35,448,100	-	744,410
29 Jan 2016: Shares issued at $0.021		5,810,567		122,021	
27 May 2016: Effect of 15:1 consolidation	18(c)	(808,669,672)	-	-	-
10 Aug 2016: Shares issued at $0.28		4,620,990	-	1,293,877	-
Transaction costs relating to share issues		-	-	(19,369)	-
At reporting date		62,383,313	860,621,428	49,539,212	48,142,683

(b) Terms and Conditions

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

(c) Share Consolidation

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

(d) Options

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

(e) Capital Management

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 18 ISSUED CAPITAL (CONT.)

The working capital position of the Group at 31 December 2016 and 31 December 2015 is as follows.

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

	Note	2016 $	2015 $
Cash and cash equivalents	10	314,093	821,489
Trade and other receivables	11	95	18,142
Trade and other payables	16	(52,008)	(124,015)
Working capital position		262,180	715,616

NOTE 19 NON-CONTROLLING INTERESTS

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

NOTE 20 RESERVES

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

NOTE 21 COMMITMENTS

The group has no commitments in addition to those referred to in Note 25(f).

NOTE 22 CONTINGENT ASSETS AND LIABILITIES

Strategic Minerals Corporation NL has $52,851 worth of bank guarantees in relation to exploration licenses as at 31 December 2016 (2015: $52,851). There are no other contingent assets or liabilities at year end.

NOTE 23 AUDITORS' REMUNERATION

	2016 $	2015 $
Remuneration of the auditors, BDO Audit (WA) Pty Ltd of the Group for:		
- auditing or reviewing the accounts (BDO Audit (WA) Pty Ltd	42,326	33,858
- tax related services (non-audit services) (BDO Corporate Tax (WA) Pty Ltd)	-	2,500
	42,326	36,358

NOTE 24 EVENTS SUBSEQUENT TO REPORTING DATE

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 25 PARENT ENTITY DISCLOSURES

	2016 $	2015 $
(a) Financial Position of Strategic Minerals Corporation NL		
Current assets	263,956	785,559
Non-current assets	22,310,591	21,197,549
Total assets	22,574,547	21,983,108
Current liabilities	75,635	305,813
Total liabilities	75,635	305,813
Net assets	22,498,912	21,677,295
Equity		
Contributed equity	49,539,212	48,142,683
Reserves	2,972,524	2,972,522
Accumulated losses	(30,012,824)	(29,437,910)
TOTAL EQUITY	22,498,912	21,677,295
(b) Controlled Entities		
Loans to subsidiaries	1,741,691	1,741,691
Less provision for impairment	(1,741,691)	(1,741,691)
Net carrying value	-	-
Investment in controlled entities at cost	12,027,401	12,027,401
Less provision	(12,027,401)	(12,027,401)
Net carrying value	-	-

Shares in controlled entities are unlisted and comprise:

	Place of Incorporation	2016 Holding %	2016 Amount $	2015 Holding %	2015 Amount $
Alpha Uranium Pty Ltd	WA	98	320,000	98	320,000
Signature Resources Pty Ltd	WA	100	235,250	100	235,250
Spencer Mining Pty Ltd	WA	100	4,000,002	100	4,000,002
Strategic Metals Corporation Pty Ltd	NSW	100	100	100	100
Strategic Mineral Investments Pty Ltd	WA	100	4,456,005	100	4,456,005
Telluride Mining Pty Ltd	NSW	100	260,304	100	260,304
Bayfield Mineral Sands Pty Ltd *	WA	100	-	100	-

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 25 PARENT ENTITY DISCLOSURES (CONT.)

	2016 $	2015 $
(c) Financial Performance of Strategic Minerals Corporation NL		
Loss for the year	(574,917)	(762,217)
Total comprehensive loss	(574,917)	(762,217)

(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 2016 (2015: none).

(e) Contingent liabilities of Strategic Minerals Corporation NL

There are no contingent liabilities as at 31 December 2016 (2015: none).

(f) Commitments of Strategic Minerals Corporation NL

	2016 $	2015 $
Capital expenditure commitments payable:		
- not later than 12 months	1,164,432	919,346
- between 12 months and five years	1,858,230	619,387
- later than five years	395,027	438,775
Total Exploration tenement minimum expenditure requirements	3,417,689	1,977,508
Operating lease commitments for premises due:		
- not later than 12 months	8,486	-
- between 12 months and five years	-	-
- later than five years	-	-
Total Operating lease commitments	8,486	-

NOTE 26 RELATED PARTY TRANSACTIONS

During the period, the Group continued to employ Wally Martins' wife, Geraldine Martin, on a part-time basis. This employment ceased after the death of Mr Martin. The amount she was paid for her employment during the period was $28,500 (gross including superannuation) (2015: $39,420). The amount paid to Mrs Martin includes leave entitlements paid.

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

NOTE 27 KEY MANAGEMENT PERSONNEL COMPENSATION

		2016 $	2015 $
Short term employee benefits	27(a)	424,056	362,832
Post-employment benefits		13,250	-
Share based payments		-	-
		437,306	362,832

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

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 54 to 77, are in accordance with the *Corporations Act 2001* (Cth) and:

   (a) comply with Accounting Standards;

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

   (c) give a true and fair view of the financial position as at 31 December 2016 and of the performance for the year ended on that date of the Company and Consolidated Group.

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

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

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

Laif McLoughlin
EXECUTIVE CHAIRMAN

Dated this Thursday, 30 March 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of Strategic Minerals Corporation NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Strategic Minerals Corporation NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Material uncertainty related to going concern

We draw attention to Note 1(a)(i) in the financial report which describes the conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group'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. Our opinion is not modified in respect of this matter.

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Key audit matters

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

Accounting for Exploration and Evaluation Assets

Key audit matter	*How the matter was addressed in our audit*
At 31 December 2016 the carrying value of Exploration and Evaluation Assets was $22,230,117 (2015: $21,109,894) as disclosed in Note 14. The Groups accounting policy with respect to Exploration and Evaluation assets is disclosed in Note 1(p). The carrying value of exploration and evaluation expenditures represents a significant asset of the group and judgment is applied in considering whether facts and circumstances indicate that the exploration expenditure should be tested for impairment as disclosed in Note 4. As a result, the asset was assessed for impairment indicators in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*.	We have critically evaluated management's assessment of each impairment trigger per AASB 6 Exploration and Evaluation of Mineral Resources, including but not limited to: ➢ Obtaining from management a schedule of areas of interest held by the Group and selected a sample of tenements, and assessed as to whether the Group had rights to tenure over the relevant exploration areas by obtaining external confirmation from the relevant government agency and also considered whether the Group maintains the tenements in good standing; ➢ reviewed cash flow forecast indicating Group's commitment to continue to explore on the specific areas of interest; ➢ considered whether any areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; and ➢ considered whether there are any other facts or circumstances that existed to indicate impairment testing was required. We have also assessed the adequacy of the related disclosures in Note 1(p), Note 4 and Note 14 to the financial statements.

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Other information

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

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_files/ar2.pdf

This description forms part of our auditor's report.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 42 to 44 of the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Strategic Minerals Corporation NL, for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 30 March 2017

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

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

1 SHAREHOLDING AS AT 27 MARCH 2017

a. Distribution of Shareholders

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 1,000	115	34,324	0.06
1,001 – 5,000	249	585,870	0.94
5,001 – 10,000	63	482,972	0.77
10,001 – 100,000	78	2,523,473	4.05
100,001 – and over	29	58,756,674	94.19
	534	62,383,313	100

b. Unmarketable Parcels

	Minimum Parcel Size	Holders
Minimum $500.00 parcel at $ 0.33 per unit	139,589	196

c. Voting Rights

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

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

d. 20 Largest Shareholders — Ordinary Shares as at 27 March 2017

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	QGold Pty Ltd	43,129,629	69.14
2.	HSBC Custody Nominees (Australia) Limited	2,907,572	4.66
3.	J P Morgan Nominees Australia Limited	2,395,885	3.84
4.	Ventureline Pty Ltd	1,562,406	2.50
5.	Citicorp Nominees Pty Limited	1,561,648	2.50
6.	HSBC Custody Nominees (Australia) Limited <Euroclear Bank SA NV A/C>	1,330,049	2.13
7.	Altamarda Pty Ltd <Anderson Super Fund A/C>	602,850	0.97
8.	Field Limited	583,334	0.94
9.	Energy World International Ltd	438,890	0.70
10.	Yandal Investments Pty Ltd	418,979	0.67
11.	McNeil Nominees Pty Limited	321,342	0.52
12.	QGold Pty Ltd	285,579	0.46
13.	Mr Bernard Thomas Hooley	285,092	0.46
14.	Jingie Investments Pty Ltd	273,610	0.44
15.	Mr David J Lauritz & Mrs Deborah M Lauritz <Lauritz Super Fund A/C>	250,000	0.40
16.	Mr James C Black & Mrs Janice M Pitman Black <Black Super Fund A/C>	238,047	0.38
17.	Ms Veronica Patricia Mary Oma	226,151	0.36
18.	M J Charles Nominees Pty Ltd <Charles Family A/C>	210,000	0.34
19.	Terena Pty Ltd <Terena Super Fund A/C>	204,598	0.33
20.	Mr Meint P De Jong & Mrs Joy I De Jong <W G Fertilisers S/Fund A/C>	200,000	0.32
		57,425,661	**92.06**

2 COMPANY SECRETARY

The name of the Company Secretary is Jay Stephenson.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

3 PRINCIPAL REGISTERED OFFICE

As disclosed in the Corporate Directory of this Annual Report.

4 REGISTERS OF SECURITIES ARE HELD AT THE FOLLOWING ADDRESSES

As disclosed in the Corporate Directory of this Annual Report.

5 STOCK EXCHANGE LISTING

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

6 UNQUOTED SECURITIES

a. Options over Unissued Shares

There are no Options currently on issue.

7 USE OF FUNDS

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

STRATEGIC MINERALS
CORPORATION N.L.