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*Strategic  
Minerals  
Corporation N.L.*

**ACN 008 901 380**

**ANNUAL REPORT 2011**

## CONTENTS

	<b>Page</b>
Corporate Directory	2
Directors' Statutory Report	3
Auditors' Independence Declaration	11
Corporate Governance Statement	12
Financial Statements	17
Notes to Financial Statements	21
Directors Declaration	48
Auditors' Report	49

## **CORPORATE DIRECTORY**

### **DIRECTORS**

Claude F Guerre (Chairman)  
Wally A C Martin (Managing Director)  
Jay Stephenson  
Claude Bigeard

### **AUDITORS**

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008  
Tel: (08) 63824600

### **COMPANY SECRETARY**

Jay Stephenson

### **HOME EXCHANGE**

Australian Securities Exchange Limited  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

### **REGISTERED OFFICE**

Suite 4, Level 1  
460 Roberts Road  
SUBIACO WA 6008

### **ASX CODE**

SMC

Tel: (08) 9388 8399

Fax: (08) 9388 8511

APPLECROSS WA 6153

Email: [wally@stratmin.com.au](mailto:wally@stratmin.com.au)

Website: [www.stratmin.com.au](http://www.stratmin.com.au)

### **SHARE REGISTRY**

Security Transfer Registrars  
770 Canning Highway  
Tel: (08) 9315 2333  
Fax: (08) 9315 2233

### **SOLICITORS**

Steinepreis Paganin  
Level 4 The Read Buildings  
16 Milligan Street  
PERTH WA 6000  
Tel: (08)93214000

## **DIRECTORS' STATUTORY 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 2011.

### **DIRECTORS**

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

#### **Mr C F Guerre**

Chairman (Non-executive Director)

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

Mr Guerre has over 21 years experience as a financial analyst, chief investment officer with a leading international banking group and over 21 years experience as an investment fund manager. Since establishing his financial services company in 1987, he has acted as a financial adviser and fund manager for several banks and financial institutions in Switzerland, Luxembourg, France and Spain.

He does not have any other Australian public company directorships.

#### **Mr W A C Martin, Dip Legal Studies**

Managing Director (Executive)

Mr Wally Martin has had extensive experience at senior management level in both the Government and private enterprise sectors for over 28 years with particular emphasis in the mining industry. Mr Martin was the founding Vice-President of the Association of Mining and Exploration Companies of WA and has, since 1979, been actively involved in the private sector of the mining industry as a managing director and director of a number of public listed mining companies. Mr Martin has been Managing Director of Strategic Minerals Corporation NL since 1991.

Mr Martin also holds a directorship in Hillcrest Litigation Service Ltd, a litigation fund company in Western Australia.

#### **Mr C Bigeard**

Director (Non-executive)

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

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

#### **Mr Jay Stephenson MBA, FCPA, CMA, FCIS, MAICD**

Director (Non-executive) and Company Secretary

Mr Jay Stephenson has been involved in business development for over 20 years including the past 15 years as Director, Chief Financial Officer and Company Secretary for various listed and unlisted entities in resources, manufacturing, wine, hotels, and property. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, business restructuring as well managing all areas of finance for companies.

Mr Stephenson also holds a directorship in Aura Energy Limited, Drake Resources Limited, Quintessential Resources Limited, Doray Minerals Limited, Parker Resources NL, Nickelore Limited and Spencer Resources.

## 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:

<b>Director</b>	<b>Meetings held</b> <u>held</u>	<b>Meetings attended</b> <u>attended</u>	<b>Circular</b> <u>resolutions</u>	<b>Circular</b> <u>resolutions signed</u>
C F Guerre	-	-	7	7
W A C Martin	-	-	7	7
C Bigeard	-	-	7	7
J Stephenson	-	-	7	7

## DIRECTORS' INTERESTS

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

<b>Director</b> <b>2011</b>	<b>Shares</b> <u>direct</u>	<b>Shares</b> <u>indirect</u>	<b>Options</b> <u>direct</u>	<b>Options</b> <u>indirect</u>
C F Guerre	795,000	4,050,000	2,500,000	-
W A C Martin	281,690	3,999,658	2,500,000	-
C Bigeard	-	-	2,500,000	-
J Stephenson	-	176,000	1,250,000	-

The relevant interests of Directors in the shares and options of the Company as at the date of the 2010 report were as follows:

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

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

<b>Shares</b>	<b><u>Direct</u></b>	<b><u>Indirect</u></b>
C F Guerre	500,000	-
W A C Martin	-	298,870
C Bigeard	-	-
Jay Stephenson	-	44,000

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

## **PRINCIPAL ACTIVITIES**

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

## **OPERATING RESULTS**

The net consolidated loss of the group for the year ended 31 December 2011 after providing for nil income tax was \$702,908 (2010: Loss of \$684,575).

## **REVIEW OF OPERATIONS**

The Company's exploration and drilling program conducted in 2011 was focused on a wide range of exploration targets, primarily within the Upper, Middle and Lower Camp areas of its Woolgar gold project in Queensland. Continued exploration on Big Vein and Big Vein South prospects was concentrated on resource development. The 8,363 metres RC drilling program on the Woolgar project focused on a mixture of resource delineation, follow-up drilling and the targeting of new prospect areas. The 2011 drill holes were part of a new drilling focus by Strategic Minerals on the Woolgar Fault zone that first started in 2008.

## **DIVIDENDS**

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

## **FINANCIAL POSITION**

The net assets of the consolidated entity have increased by \$2,706,945 to \$18,966,357 as at 31 December 2011. The major components of this movement were:

- proceeds from a share placement which raised \$3,368,054 (net of raising costs) in cash during the year, and
- exploration expenditure principally incurred by the Company.

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

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

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

On 1 July 2011, the Company announced it had acquired the remaining 90% of Manhattan Corporation Limited's interest in EL4527, known as the Siccus project.

The contributed equity of the consolidated entity increased by \$3,368,054 after capital raising costs due to a capital raising with the purpose of funding further exploration and working capital requirements.

## **SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

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

## **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

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

## **AUDIT COMMITTEE**

The Company did not establish a separate Audit Committee of the Board of Directors in 2011. Refer to the Corporate Governance Statement in this Annual Report.

## **DIRECTORS' SHAREHOLDINGS, CONTRACTS AND BENEFITS**

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

Since the end of the previous financial year no Director of the Company has received, or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts) by reason of a contract made by the Company with the Director or with a firm of which the Director is a member, or a Company in which the Director has a substantial financial interest, other than as disclosed in Note 26 of the accounts.

## **REMUNERATION REPORT (AUDITED)**

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

- (a) Principles used to determine the nature and amount of remuneration
- (b) Details of remuneration
- (c) Service agreements
- (d) Share-based compensation

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

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

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

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

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

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

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 2011.

### ***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 the 20 December 2010.

**REMUNERATION REPORT (AUDITED) - Continued**

The executive remuneration framework has two components:

- base pay and benefits, including superannuation where applicable; and
- long-term incentives through Directors options (refer note 23).

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.

**(b) Details of remuneration**

Details of the nature and amount of each element of the emoluments of each of the key management personnel of the Company and the consolidated entity for the year ended 31 December 2011 are set out in the following tables.

	Short-term benefits		Post-employment benefits	Share based payment options	Total	Options as a percentage of remuneration
	Cash, salary & fees	Use of motor vehicle	Super-annuation			
<b>Year 2011</b>	\$	\$	\$	\$	\$	%
<i>Directors</i>						
Mr W A C. Martin	154,569	31,489	-	10,450	196,508	5%
Mr C F Guerre*	72,000	-	-	10,450	82,450	13%
Mr C Bigeard	48,000	-	-	10,450	58,450	18%
Mr J Stephenson*	28,851	-	-	10,450	39,301	26%
	<b>303,420</b>	<b>31,489</b>	<b>-</b>	<b>41,800</b>	<b>376,709</b>	<b>-</b>
<b>Year 2010</b>						
<i>Directors</i>						
Mr W A C. Martin	153,849	40,384	-	-	194,233	-
Mr C F Guerre*	72,000	-	-	-	72,000	-
Mr C Bigeard	48,000	-	-	-	48,000	-
Mr J Stephenson*	25,000	-	-	-	25,000	-
	<b>298,849</b>	<b>40,384</b>	<b>-</b>	<b>-</b>	<b>339,233</b>	<b>-</b>

\*In 2010 and 2011, Mr Guerre and Mr Stephenson were directors of consulting companies which provided consulting services to Strategic Minerals for which fees outlined above were paid.

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

**REMUNERATION REPORT (AUDITED) - Continued**

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

Name	A. Remuneration consisting of options	B. Value at grant date \$	C. Value at exercise date \$	D. Value at expiry date \$
Mr W A C Martin	5%	10,450	-	40,250
Mr C F Guerre	13%	10,450	-	40,250
Mr C Bigeard	18%	10,450	-	40,250
Mr J Stephenson	26%	10,450	-	-

- A. The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column B.
- B. The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration.
- C. The value at exercise date of options that were granted as part of remuneration and were exercised during the year.
- D. The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

**(c) Service agreements**

There is a service agreement in place for the Managing Director. There are no service agreements in place for non-executive Directors. The non-executive Director's remuneration is reviewed annually by the board.

**(d) Share-based Compensation**

**Options**

There were 10.0 million options on issue at 31 December 2011 for shares in the Company exercisable at 4.25 cents each on or before 30 April 2013.

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

Grant Date	Date Vested and exercisable	Expiry Date	Exercise Price	Value per option at grant date	Performance %	Vested %
31 May 2011	31 May 2012	30 April 2013	\$0.0425	\$0.00418	-	-

No options were exercised during the year.

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

**Equity Instruments issued on exercise of remuneration options**

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

**END OF AUDITED REMUNERATION REPORT**

#### LOANS TO DIRECTORS AND EXECUTIVES

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

#### SHARES UNDER OPTION

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

Date options granted	Expiry date	Exercise Price	Number under option
31 May 2011	30 April 2013	\$0.0425	10,000,000
			<u>10,000,000</u>

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

#### SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of Strategic Minerals Corporation NL issued during or since the end of the financial year ended 31 December 2011 on the exercise of options. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

#### LIABILITY INSURANCE

The Company, for a premium of \$15,303 has taken out an insurance policy to cover its Directors and Officers to indemnify them against any claims of negligence.

#### ENVIRONMENTAL REGULATION

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

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

#### NON-AUDIT SERVICES

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

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

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

During the year the following fees were paid or are payable for services provided by BDO for non-audit services provided during the year ended 31 December 2011	CONSOLIDATED	
	2011	2010
	\$	\$
<b>Taxation Services and Accounting Services</b>		
BDO Corporate Tax (WA) Pty Ltd	11,082	5,912
<b>Total remuneration for taxation services</b>	<u>11,082</u>	<u>5,912</u>

**PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

**AUDITORS INDEPENDENCE DECLARATION**

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 11.

**AUDITORS**

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



**W A C MARTIN**  
Managing Director

Signed at Perth this 30 day of March 2012 in accordance with a resolution of Directors.

30 March 2012

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

Dear Sirs,

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

As lead auditor of Strategic Minerals Corporation NL for the year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

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



**Chris Burton**  
Director

**BDO Audit (WA) Pty Ltd**  
Perth, Western Australia

## **CORPORATE GOVERNANCE STATEMENT** **For the year ended 31 December 2011**

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

The essential corporate governance principles are:

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

### **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

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

#### **Roles and Responsibilities:**

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

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

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

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

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

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

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

## **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

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

Given the Company's background, nature and size of its business and the current stage of its development, the Board is comprised of four directors, four directors, two whom are non-executive, however Mr Bigeard is independent. The Board believes that this is both appropriate and acceptable.

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

The Chairperson, Mr Claude Guerre, is not independent, as set out above, but due to his experience and expertise in areas the Company operates in, the Board considers he is suitably skilled to perform the role.

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

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

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

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

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

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

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

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

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

## **3. Promote ethical and responsible decision-making.**

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

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

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

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

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

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

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

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

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

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

The Company believes that the promotion of diversity on boards, in senior management and within the organisation generally broadens the pool for recruitment of high quality directors and employees; is likely to support employee retention; through the inclusion of different perspectives, is likely to encourage greater innovation; and is socially and economically responsible governance practice.

The Company is in compliance with the ASX Corporate Governance Council's Principles & Recommendations on Diversity. The Board of Directors is responsible for adopting and monitoring the Company's diversity policy. The policy sets out the beliefs and goals and strategies of the Company with respect to diversity within the Company. Diversity within the Company means all the things that make individuals different to one another including gender, ethnicity, religion, culture, language, sexual orientation, disability and age. It involves a commitment to equality and to treating of one another with respect.

The Company is dedicated to promoting a corporate culture that embraces diversity. The Company believes that diversity begins with the recruitment and selection practices of its board and its staff. Hiring of new employees and promotion of current employees are made on the bases of performance, ability and attitude.

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

Currently there is one woman working in the organisation.

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

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

#### **PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

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

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

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

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

Refer to Recommendation 4.1.

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

Refer to Recommendation 4.1

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

Refer to Recommendation 4.1.

#### **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

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

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

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

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

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

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

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

#### **PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS**

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

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

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

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

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

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

#### **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

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

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

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

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

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

The Financial Controller and Company Secretary state in writing to the Board that:

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

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

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

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

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

## **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

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

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

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

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

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

Refer to Recommendation 8.1 in relation to the remuneration committee.

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2011**

	<i>Notes</i>	<b>2011</b>	<b>2010</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue from continuing operations</b>	6	<b>113,642</b>	<b>72,733</b>
Administration expense		(358,246)	(331,878)
Depreciation and amortisation expense	7	(27,536)	(26,373)
Employee benefit expense	7	(256,477)	(244,445)
Finance Costs	7	(9)	(119)
Lease expense		(99,175)	(89,221)
Impairment on tenements		-	(65,272)
Share based payment expense		(41,800)	-
Other expense		(33,307)	-
		<hr/>	<hr/>
Loss before income tax		(702,908)	(684,575)
Income tax expense	9	-	-
		<hr/>	<hr/>
<b>Loss for the year</b>		<b>(702,908)</b>	<b>(684,575)</b>
Other comprehensive income for the year		-	-
		<hr/>	<hr/>
Total comprehensive income for the year		<b>(702,908)</b>	<b>(684,575)</b>
		<hr/> <hr/>	<hr/> <hr/>
Loss and Total Comprehensive Income is attributable to:			
Equity holders of Company		(702,600)	(684,466)
Non Controlling Interest		(308)	(109)
		<hr/>	<hr/>
		<b>(702,908)</b>	<b>(684,575)</b>
		<hr/> <hr/>	<hr/> <hr/>
Loss per share attributable to the ordinary equity holders of the Company		<b>Cents</b>	<b>Cents</b>
Basic (loss) per share	10	(0.14)	(0.18)

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

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2011

	Notes	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	2,891,542	1,714,644
Trade and other receivables	12	110,479	69,580
Total current assets		3,002,021	1,784,224
<b>Non current assets</b>			
Financial assets	13	65,513	65,513
Plant and equipment	14	67,060	53,242
Mineral exploration & evaluation expenditure	15	16,117,244	14,628,312
Other non-current assets	16	11,051	11,051
Total non current assets		16,260,868	14,758,118
<b>TOTAL ASSETS</b>		<b>19,262,889</b>	<b>16,542,342</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17	228,243	194,620
Provisions	18	68,289	88,310
Total current liabilities		296,532	282,930
<b>TOTAL LIABILITIES</b>		<b>296,532</b>	<b>282,930</b>
<b>NET ASSETS</b>		<b>18,966,357</b>	<b>16,259,412</b>
<b>EQUITY</b>			
Contributed equity	19	40,779,629	37,411,575
Reserves	21	3,014,322	3,242,272
Accumulated losses	22	(24,830,217)	(24,397,059)
Capital and reserves attributable to owners of Strategic Minerals Corporation NL		18,963,734	16,256,788
Non controlling interest	20	2,623	2,624
<b>TOTAL EQUITY</b>		<b>18,966,357</b>	<b>16,259,412</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2011

	Contributed equity	Share based payments reserve	Accumulated Losses	Total	Non Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2010	36,511,574	3,242,272	(23,712,484)	16,041,362	2,824	16,044,186
Total comprehensive income for the year	-	-	(684,466)	(684,466)	(109)	(684,575)
Transactions with owners in their capacity as owners:						
Loss for the year	-	-	(109)	(109)	(91)	(200)
Employee share options – value of employee services	-	-	-	-	-	-
Contributions of equity, net of transaction costs	900,001	-	-	900,001	-	900,001
Balance at 31 December 2010	<b>37,411,575</b>	<b>3,242,272</b>	<b>(24,397,059)</b>	<b>16,256,788</b>	<b>2,624</b>	<b>16,259,412</b>
Balance at 1 January 2011	<b>37,411,575</b>	<b>3,242,272</b>	<b>(24,397,059)</b>	<b>16,256,788</b>	<b>2,624</b>	<b>16,259,412</b>
Total comprehensive income for the year	-	-	(702,600)	(702,600)	(308)	(702,908)
Transactions with owners in their capacity as owners:						
Loss for the year	-	-	(308)	(308)	307	(1)
Employee share options – value of employee services	-	41,800	-	41,800	-	41,800
Contributions of equity, net of transaction costs	3,368,054	-	-	3,368,054	-	3,368,054
Options expired during the year	-	(269,750)	269,750	-	-	-
<b>Balance at 31 December 2011</b>	<b>40,779,629</b>	<b>3,014,322</b>	<b>(24,830,217)</b>	<b>18,963,734</b>	<b>2,623</b>	<b>18,966,357</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2011

	<i>Notes</i>	<b>2011</b>	<b>2010</b>
		\$	\$
<b>Cash flow from operating activities:</b>			
Payments to suppliers & employees		(799,729)	(878,619)
Interest received		113,642	72,733
<b>Net cash outflow from operating activities</b>	27(i)	<u>(686,087)</u>	<u>(805,886)</u>
<b>Cash flow from investing activities:</b>			
Purchase of property, plant, equipment		(41,354)	(3,758)
Payments for exploration expenditure assets		(1,463,715)	(924,620)
<b>Net cash outflow from investing activities</b>		<u>(1,505,069)</u>	<u>(928,378)</u>
<b>Cash flow from financing activities:</b>			
Proceeds from issue of shares		3,534,264	900,001
Cost of capital raising		(166,210)	-
Repayments of borrowings		-	(14,596)
<b>Net cash inflow from financing activities</b>		<u>3,368,054</u>	<u>885,405</u>
Net increase / (decrease) in cash held		1,176,898	(848,859)
Cash and cash equivalents at the beginning of the period		<u>1,714,644</u>	<u>2,563,503</u>
<b>Cash and cash equivalents at the end of period</b>	27(ii)	<u><b>2,891,542</b></u>	<u><b>1,714,644</b></u>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

### NOTE 1 GENERAL INFORMATION

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 addresses of its registered office and principal place of business are disclosed on page 2 of this report.

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

The financial statements were authorised for issue on 30 March 2012 by the directors of the Company.

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that 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.

#### *Critical accounting estimates*

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

#### (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, are reported separately within the equity section of the consolidated statement of financial position and statement of

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### (d) Revenue recognition

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

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

#### (e) Income tax

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

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

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

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

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

#### (f) Impairment of non-financial assets

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### (g) Cash and cash equivalents

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

#### (h) Trade receivables

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

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

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

#### (i) Financial Instruments

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

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

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

#### *Impairment*

The Group assesses at 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 comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Fair value estimation*

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

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

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

#### **(j) Property, plant and equipment**

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

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4(f)).

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

#### **(k) Trade and other payables**

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

#### **(l) Borrowings**

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2011**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Borrowing costs**

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

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

**(n) Provisions**

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

**(o) Employee benefits**

*(i) Wages and salaries, annual leave and sick leave*

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

*(ii) Long service leave*

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

*(iii) Share-based payments*

Share-based compensation benefits are provided to employees via the Strategic Minerals Corporation NL Employee Option Plan. Information relating to this Plan is set out in note 23.

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

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

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each 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.

**(p) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

of new shares or options, or for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

#### (q) Earnings per share

##### (i) Basic earnings per share

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

##### (ii) Diluted earnings per share

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

#### (r) Exploration and evaluation expenditure

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

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

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

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

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

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

#### (s) Goods and Services Tax (GST)

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2011**

**NOTE 3 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 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The following requirements have generally been carried forward unchanged from AASB 139 <i>Financial Instruments: Recognition and Measurement</i> into AASB 9. These include the requirements relating to: Classification and measurement of financial liabilities; and Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the 31 December 2015 year end. The entity has not yet made an assessment of the impact of these amendments.
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: Power over investee (whether or not power used in practice) Exposure, or rights, to variable returns from investee Ability to use power over investee to affect the entity's returns from investee.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 31 December 2013, there will be no impact on transactions and balances recognised in the financial statements because the entity does not have any special purpose entities.
AASB 13 (issued September 2011)	Fair Value Measurement	Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements.	Annual reporting periods commencing on or after 1 January 2013	Due to the recent release of this standard, the entity has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 31 December 2013, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 January 2013.
AASB 13	Fair Value	Additional disclosures required for items measured at fair	Annual	When this standard is

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

AASB reference	Title and Affected Standard(s)	Nature of Change	Application date	Impact on Initial Application
(issued September 2011)	Measurement	value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments, e.g. land and buildings, investment properties etc.	reporting periods commencing on or after 1 January 2013	adopted for the first time on 1 January 2013, additional disclosures will be required about fair values.
AASB 2011-9 (issued September 2011)	Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes of statements in AASB 101 as follows: 1 statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' 2 statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot.	Annual periods commencing on or after 1 July 2012	When this standard is first adopted for the year ended 31 December 2013, there will be no impact on amounts recognised for transactions and balances for 31 December 2012 (and comparatives). However, the statement of comprehensive income will include name changes and include subtotals for items of OCI that can subsequently be reclassified to profit or loss in future (e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses).
AASB 1054 (issued May 2011)	Australian Additional Disclosures	Moves additional Australian specific disclosure requirements for for-profit entities from various Australian Accounting Standards into this Standard as a result of the Trans-Tasman Convergence Project. Removes the requirement to disclose each class of capital commitment and expenditure commitment contracted for at the end of the reporting period (other than commitments for the supply of inventories).	Annual reporting periods commencing on or after 1 July 2011	When this Standard is adopted for the first time for the year ended 31 December 2012, the financial statements will no longer include disclosures about capital and other expenditure commitments as these are no longer required by AASB 1054.
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i> . Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2011

**NOTE 4 FINANCIAL RISK MANAGEMENT**

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

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

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

The Group holds the following financial instruments:

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>		
Cash and cash equivalents	2,891,542	1,714,644
Trade and other receivables	110,479	69,580
Other financial assets	65,513	65,513
	<u>3,067,534</u>	<u>1,849,737</u>
<b>Financial liabilities</b>		
Trade and other payables	228,243	194,620
	<u>228,243</u>	<u>194,620</u>

**(a) Market risk**

*(i) Price risk*

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

*(ii) Fair value interest rate risk*

Refer to (d) below.

**(b) Credit risk**

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2011**

**NOTE 4 FINANCIAL RISK MANAGEMENT (continued)**

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:

	<b>Credit Quality</b>	<b>2011 \$</b>	<b>2010 \$</b>
<b>Financial assets</b>			
Cash and cash equivalents			
- held at National Australia Bank	Aa1	2,891,542	1,714,644
Trade and other receivables			
Counterparties with external credit rating (Moody's)			
- Interest and GST receivable	Aaa	72,676	41,637
- Sundry receivables	B2	16,475	16,475
Counterparties without external credit rating*			
- Sundry receivables	Group 1	11,220	11,468

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

**(c) Liquidity risk**

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

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

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

**(d) Cash flow and fair value interest rate risk**

From time to time the Group has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2011

**NOTE 4 FINANCIAL RISK MANAGEMENT (continued)**

2011	<i>Floating interest rate</i>	<i>Fixed interest maturing in 1 year or less</i>	<i>Non-interest bearing</i>	<i>Total</i>
<b>Financial assets</b>				
Cash and deposits	321,728	2,569,814	-	2,891,542
Receivables	-	-	110,479	110,479
	321,728	2,569,814	110,479	3,002,021
Weighted average interest rate	-	5.42%		
<b>Financial Liabilities</b>				
Trade and other creditors	-	-	228,243	228,243
	-	-	228,243	228,243
Weighted average interest rate	-	-	-	-

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

**(e) Financial risk management**

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

**(f) Net fair value of Financial Assets and Liabilities**

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

**NOTE 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes assumptions concerning the future. All 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2011

**NOTE 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**

**(a) Impairment of Assets**

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

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

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

**(b) Share based payments**

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model, using the assumptions detailed in Note 23.

**NOTE 6 REVENUE**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>From continuing operations:</b>		
Interest – unrelated parties	113,642	72,733
	<u>113,642</u>	<u>72,733</u>
<b>Total revenue</b>	<u>113,642</u>	<u>72,733</u>

**NOTE 7 EXPENSES**

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

Finance costs – other parties	9	119
Depreciation of non-current assets		
- property, plant and equipment	27,536	26,373
Employee benefits expense		
- superannuation	3,240	3,240

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2011**

**NOTE 8 SEGMENT REPORTING**

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

	<b>Gold 2011 \$</b>	<b>Uranium 2011 \$</b>	<b>Treasury 2011 \$</b>	<b>Total 2011 \$</b>
Segment revenue	-	-	113,642	<u>113,642</u>
Segment loss for the year	-	-	113,642	113,642
Reconciliation to net operating loss:				
Depreciation expense				(27,536)
Corporate expense				<u>(789,014)</u>
Net loss per statement of comprehensive income				<u>(702,908)</u>
<b>Segment assets as at the year end</b>				
Segment assets	15,835,224	282,020	2,891,542	19,008,786
Property plant and equipment				67,060
Financial assets				65,513
Receivables and other assets				<u>121,530</u>
Total assets from continuing operations per statement of financial position				<u>19,262,889</u>
<b>Segment liabilities as at year end</b>	-	-	296,532	<u>296,532</u>
	<b>Gold 2010 \$</b>	<b>Uranium 2010 \$</b>	<b>Treasury 2010 \$</b>	<b>Total 2010 \$</b>
Segment revenue	-	-	72,733	<u>72,733</u>
Segment loss for the year	(65,272)	-	72,614	7,342
Reconciliation to net operating loss:				
Corporate expense				(691,917)
Net loss per statement of comprehensive income				<u>(684,575)</u>
<b>Segment assets as at the year end</b>				
Segment assets	14,346,292	282,020	1,714,644	16,342,956
Property plant and equipment				53,242
Financial assets				65,513
Receivables and other assets				<u>80,631</u>
Total assets from continuing operations per statement of financial position				<u>16,542,342</u>
<b>Segment liabilities as at year end</b>	-	-	282,930	<u>282,930</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

**NOTE 9 INCOME TAX**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Income tax benefit</b>		
Current tax	-	-
Deferred tax	-	-
	-	-
Income tax benefit is attributable to:		
Loss from continuing operations	-	-
Aggregate income tax benefit	-	-
Deferred income tax (revenue) expense comprises:		
Decrease (increase) in deferred tax assets	-	-
Decrease (increase) in deferred tax liabilities	-	-
	-	-
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Unused tax losses for which no deferred tax asset has been recognised	(702,908)	(684,575)
Potential tax benefit @ 30%	(210,872)	(205,373)
Income tax benefit not recognised	210,872	205,373
Income tax benefit	-	-
<b>(c) Deferred tax liabilities/(assets) not recognised</b>		
Tax Losses	(702,908)	(684,575)
Potential tax benefit @ 30%	210,872	205,373
<b>Total deferred tax assets not brought to account</b>	<b>5,397,787</b>	<b>5,183,864</b>

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 Company has tax losses of \$5,397,787 (2010: \$5,183,864) that have the ability to be carried forward indefinitely for offset against future taxable profits of the Company. The recoupment of available tax losses as at 31 December 2011 are contingent upon, the Company 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 can 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 Company from realising the benefits from the losses.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

**NOTE 10 LOSS PER SHARE**

	<b>2011</b>	<b>2010</b>
Basic loss per share (cents per share)	(0.14)	(0.18)
The loss used in calculating basic loss per share is the loss attributed to members of Strategic Minerals Corporation NL	\$702,908	\$ 684,575
Weighted average number of shares in the calculation of the EPS	512,503,512	388,030,685

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

**NOTE 11 CASH AND CASH EQUIVALENTS**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	321,728	91,835
Bank term deposits	2,569,814	1,622,809
	<u>2,891,542</u>	<u>1,714,644</u>
Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flow is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<u>2,891,542</u>	<u>1,714,644</u>

The effective interest rate on cash at bank and bank term deposits is 5.4%. These deposits have an average maturity of less than one year. The Group's exposure to interest rate risk is discussed in note 4.

**NOTE 12 TRADE AND OTHER RECEIVABLES**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Current		
Sundry receivables	27,695	27,943
Interest receivable and GST refundable	72,676	41,637
Prepayment of expenses	10,108	-
	<u>110,479</u>	<u>69,580</u>

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, and leases. Risk exposure arising from current receivables is set out in Note 4.

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2011

**NOTE 13 FINANCIAL ASSETS**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Shares in listed corporations – ‘available for sale’ financial assets	65,513	65,513
	<u>65,513</u>	<u>65,513</u>

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

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

**NOTE 14 PLANT & EQUIPMENT**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Plant and Equipment</b>		
Plant and equipment at cost	255,083	213,729
Less accumulated depreciation	(188,023)	(160,487)
	<u>67,060</u>	<u>53,242</u>
<b>MOVEMENTS:</b>		
<b>Owned plant &amp; equipment at cost:</b>		
Brought forward	213,729	209,971
Additions	41,354	3,758
Disposals / adjustments to cost	-	-
Closing Balance	<u>255,083</u>	<u>213,729</u>
<b>Accumulated Depreciation:</b>		
Brought forward	(160,487)	(134,114)
Depreciation expense	(27,536)	(26,373)
Disposals / adjustments to cost	-	-
Closing Balance	<u>(188,023)</u>	<u>(160,487)</u>

**NOTE 15 EXPLORATION AND EVALUATION ASSETS**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Exploration at cost:		
Balance at the beginning of the year	14,628,312	13,768,964
Other expenditure during the year	1,488,932	924,620
Impairments	-	(65,272)
Balance at the end of the financial year	<u>16,117,244</u>	<u>14,628,312</u>

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of the areas of interest. Capitalised costs of \$1,463,715 (2010: \$924,620) have been included in the cash flows from investing activities in the statements of cash flow. Impairments relate to expenses which were written off during the year which could not be allocated to a specific tenement.

The following tenements are pending renewal and the Directors do not foresee any reason as to why these renewals will not be approved: EPM 14209; EPM 14060 EPM 13942 and EPM 11886. In the unlikely event these tenements are not renewed the capitalised exploration expenditure attached to these tenements will be written off.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

**NOTE 16 OTHER NON-CURRENT ASSETS**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Mineral Specimens	11,051	11,051

**NOTE 17 TRADE AND OTHER PAYABLES**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Unsecured</b>		
Current – other creditors and accruals	228,243	194,620
Total unsecured liabilities	228,243	194,620
<b>Short and long term borrowings</b>		
<b>Secured</b>		
Current – lease liability	-	-
Total secured liabilities	-	-

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

**NOTE 18 PROVISIONS – CURRENT**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	88,310	75,777
Increase in provision	17,123	12,533
Leave paid out	(37,144)	-
Balance at end of year	68,289	88,310

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

**NOTE 19 CONTRIBUTED EQUITY**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Paid Up Capital</b>		
Issued capital 565,147,377 (2010: 423,860,533)	37,411,575	36,511,574
Placement	3,534,264	700,001
Less costs of capital	(166,210)	-
Shares issued for purchase of tenements	-	200,000
	40,779,629	37,411,575

During the year the Company made allotments totalling ordinary fully paid shares 141,286,844 (2010: 46,842,105), being for minerals exploration and for working capital purposes. These allotments raised \$3,534,264 cash (2010: \$900,001). All the shares that have been issued in past years including last year are fully paid and have the same voting rights.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2011

**NOTE 19 CONTRIBUTED EQUITY (continued)**

Terms and Conditions

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**(b) Movements in ordinary share capital of the Company**

Date	Details	Number of shares	Issue Price	\$
1 Jan 2010	Opening balance	377,020,428		36,511,574
20 Aug 2010	Share placement at 19 cents	36,842,105	\$0.019	700,001
19 Oct 2010	Shares issued at 20 cents for purchase of Steam Engine Project	10,000,000	\$0.020	200,000
20 Aug 2010	Share placement at 19 cents	36,842,105	\$0.019	700,001
31 Dec 2010	Balance at end of year	423,860,533		37,411,575
17 Aug 2011	Shares issued at Capital raising costs	141,286,844	\$0.025	3,534,264
		-		(166,210)
31 Dec 2011	Balance at end of year	565,147,377		40,779,629

**(c) Options**

	Number of Options	
	2011	2010
The number of unissued ordinary shares relating to options not exercised at year end:	10,000,000	4,000,000

**(d) Option issues**

During the financial year the Company issued 10,000,000 options to directors as disclosed in Note 23.

**(e) Option exercise**

During the financial year no Options were exercised.

**(f) Option expiry**

During the financial year 4,000,000 Options expired.

**(g) Option cancellation**

During the financial year no Options were cancelled.

**(h) Capital Management**

Management controls the capital of the Group. Their objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. The capital structure of the consolidated entity consists of equity attributable to equity holders of the parent comprising issued capital, reserves and accumulative losses as disclosed in Notes 21 and 22.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 31 December 2011 and 31 December 2010 are as follows.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

**NOTE 19 CONTRIBUTED EQUITY (continued)**

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

	<b>2011</b>	<b>2010</b>
	\$	\$
Cash and cash equivalents	2,891,542	1,714,644
Trade and other receivables	110,479	69,580
Trade and other payables	(228,243)	(270,397)
Working capital position	<u>2,773,778</u>	<u>1,513,828</u>

**NOTE 20 NON-CONTROLLING INTERESTS**

	<b>2011</b>	<b>2010</b>
	\$	\$
Balance at the beginning of the year	2,624	2,824
Share of profit / (loss) for the year	(308)	(109)
Adjustment to non controlling interest	307	(91)
Balance at the end of the year	<u>2,623</u>	<u>2,624</u>

**NOTE 21 RESERVES**

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>Reserves</b>		
(a) Executive options issued	41,800	269,750
(b) Option Premium reserve	2,972,522	2,972,522
	<u>3,014,322</u>	<u>3,242,272</u>
<b>Movements</b>		
(a) Executive options issued		
Balance 1 January	269,750	269,750
Options Issued	41,800	-
Transfer to accumulated losses (options expired)	(269,750)	-
Balance 31 December	<u>41,800</u>	<u>269,750</u>
(b) Option premium reserve		
Balance 1 January	2,972,522	2,972,522
Premium to Reserve	-	-
Balance 31 December	<u>2,972,522</u>	<u>2,972,522</u>

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

**NOTE 22 ACCUMULATED LOSSES**

	<b>2011</b>	<b>2010</b>
	\$	\$
Accumulated losses at 1 January	24,397,059	23,712,484
Net loss for the year	702,908	684,575
Transfer expired options	(269,750)	-
Accumulated losses at the end of the year	<u>24,830,217</u>	<u>24,397,059</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2011

**NOTE 23 SHARE BASED PAYMENTS**

There were 10,000,000 options on issue at the end of the year (2010: 4,000,000). The existing options were issued to directors under the Company's incentive option scheme and were independently valued using a Black-Scholes option pricing model. Options issued in 2011 were valued at \$41,800 with the following conditions:

- The exercise price is 4.25 cents,
- The exercise grant date is 31 May 2011,
- The exercise expiry date is 30 April 2013,
- The market price of Company shares at issue date was 2.7 cents
- The volatility factor set by the independent valuer was 50%.

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

Options granted under the Plan carry no dividend or voting rights.

**NOTE 24 PARENT ENTITY INFORMATION**

	Note	2011 \$	2010 \$
<b>(a) Financial Position of Strategic Minerals Corporation NL</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,835,605	1,648,002
Trade and other receivables		109,241	68,342
Total current assets		2,944,846	1,716,344
<b>Non current assets</b>			
Other financial assets		65,513	65,513
Property, plant & equipment		67,060	53,242
Mineral exploration & evaluation expenditure		15,293,022	13,804,090
Other non-current assets		10,537	10,537
Total non current assets		15,436,132	13,933,382
<b>TOTAL ASSETS</b>		<b>18,380,978</b>	<b>15,649,726</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		227,665	194,042
Provisions		68,289	88,310
Total current liabilities		295,954	282,352

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

**NOTE 24 PARENT ENTITY INFORMATION - Continued**

	Note	2011 \$	2010 \$
<b>TOTAL LIABILITIES</b>		<b>295,954</b>	<b>282,352</b>
<b>NET ASSETS</b>		<b>18,085,024</b>	<b>15,367,374</b>
<b>EQUITY</b>			
Contributed equity		40,779,629	37,411,575
Reserves		3,014,325	3,242,275
Accumulated losses		(25,708,930)	(25,286,476)
<b>TOTAL EQUITY</b>		<b>18,085,024</b>	<b>15,367,374</b>

**(b) Controlled Entities**

	2011 \$	2010 \$
Loans to subsidiaries	1,741,691	1,741,691
Less provision for impairment	(1,741,691)	(1,741,691)
Net carrying value	-	-
Shares in controlled entities at cost	12,027,401	12,027,401
Less provision	(12,027,401)	(12,027,401)
Net carrying value	-	-

Shares in controlled entities are unlisted and comprise:

Place of Incorporation	% Holding	2011 Amount \$	% Holding	2010 Amount \$
Alpha Uranium Pty Ltd	WA 98	320,000	98	320,000
Bayfield Mineral Sands Pty Ltd (a 100% owned and controlled by Strategic Mineral Investments)	WA 100	-	100	-
Signature Resources Pty Ltd	WA 100	235,250	100	235,250
Spencer Mining Pty Ltd	WA 100	4,000,002	100	4,000,002
Strategic Metals Corporation Pty Ltd	NSW 100	100	100	100
Strategic Mineral Investments Pty Ltd	WA 100	4,456,005	100	4,456,005
Telluride Mining Pty Ltd	NSW 100	260,304	100	260,304

Investments in subsidiaries are accounted for at cost.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

**NOTE 24 PARENT ENTITY INFORMATION - Continued**

**(c) Financial Performance of Strategic Minerals Corporation NL**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	(692,204)	(681,085)
Total comprehensive income	<u>(692,204)</u>	<u>(681,085)</u>

**(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 2011 (2010: none).

**(e) Contingent liabilities of Strategic Minerals Corporation NL**

There are no contingent liabilities as at 31 December 2011 (2010: none).

**(f) Commitments of Strategic Minerals Corporation NL**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Capital expenditure commitments payable:</b>		
- not later than 12 months	901,020	689,100
- between 12 months and five years	230,740	432,409
- later than five years	595,663	290,677
Total Exploration tenement minimum expenditure requirements	<u>1,727,423</u>	<u>1,412,186</u>
<b>Operating lease commitments for premises due:</b>		
- not later than 12 months	68,359	49,040
- between 12 months and five years	68,359	-
- later than five years	-	-
<b>Total Operating lease commitments</b>	<u>136,718</u>	<u>49,040</u>

**NOTE 25 RELATED PARTIES TRANSACTIONS**

For the year ended 31 December 2011 there was the reimbursement of office rental expense on behalf of Mr Charles Guerre totalling \$12,000.

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

**NOTE 26 KEY MANAGEMENT PERSONNEL DISCLOSURES**

**(a) Directors**

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2011

**NOTE 26 KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)**

**(b) Other key management personnel**

Mr J Stephenson Company Secretary

All the above persons are key management persons during the year ended 31 December 2011.

**(c) Key Management Personnel Compensation**

	2011 \$	2010 \$
Short term employee benefits	334,909	339,233
Post employment benefits	-	-
Share based payments	41,800	-
	<u>376,709</u>	<u>339,233</u>

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

**Shareholdings**

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

2011	Balance at Start of the year	Received during the year on the exercise of options	Other changes during the year **	Balance at the end of the year
Directors:				
Mr W A C Martin - direct	281,690	-	-	281,690
Mr W A C Martin - indirect	3,700,788	-	298,870	3,999,658
Mr C F Guerre - direct	295,000	-	500,000	795,000
Mr C F Guerre - indirect	4,050,000	-	-	4,050,000
Mr C Bigeard - direct	-	-	-	-
Mr C Bigeard - indirect	-	-	-	-
Mr J Stephenson - direct	-	-	-	-
Mr J Stephenson - indirect	132,000	-	44,000	176,000
2010	Balance at Start of the year	Received during the year on the exercise of options	Other changes during the year **	Balance at the end of the year
Directors:				
Mr W A C Martin - direct	281,690	-	-	281,690
Mr W A C Martin - indirect	3,404,095	-	296,693	3,700,788
Mr C F Guerre - direct	295,000	-	-	295,000
Mr C F Guerre - indirect	4,050,000	-	-	4,050,000
Mr C Bigeard - direct	-	-	-	-
Mr C Bigeard - indirect	-	-	-	-
Mr J Stephenson - direct	-	-	-	-
Mr J Stephenson - indirect	132,000	-	-	132,000

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2011**

**NOTE 26 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)**

**Option Holdings**

All options vest over a 12 month period and are vested and exercisable on the 31 May 2012.

<b>2011</b>	<b>Balance at Start of the year</b>	<b>Granted as remuneration during the year</b>	<b>Other changes during the year **</b>	<b>Balance at the end of the year</b>
Directors:				
Mr W A C Martin	1,000,000	2,500,000	(1,000,000)	2,500,000
Mr C F Guerre	1,000,000	2,500,000	(1,000,000)	2,500,000
Mr C Bigeard	1,000,000	2,500,000	(1,000,000)	2,500,000
Mr J Stephenson	-	2,500,000	(1,250,000)	1,250,000
<b>2010</b>	<b>Balance at Start of the year</b>	<b>Granted as remuneration during the year</b>	<b>Other changes during the year **</b>	<b>Balance at the end of the year</b>
Directors:				
Mr W A C Martin	1,000,000	-	-	1,000,000
Mr C F Guerre	1,000,000	-	-	1,000,000
Mr C Bigeard	1,000,000	-	-	1,000,000

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

**(e) Loans to / from Key Management Personnel**

There were no loans to / from Key Management Personnel for the year ended 31 December 2011.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

**NOTE 27 NOTES TO STATEMENT OF CASH FLOW**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>(i) Reconciliation of operating loss after income tax to net cash provided by operating activities</b>		
Operating loss after income tax	(702,908)	(684,575)
Add / (less) non cash items:		
Depreciation	27,536	26,373
Impairment of mining tenements	-	65,272
Share based payment	41,800	-
Non cash changes in assets & liabilities:		
Increase in receivables & prepayments	(40,899)	(3,830)
Decrease in provisions	(20,020)	-
Increase/ (Decrease) in payables	8,406	(209,126)
Net cash used in operating activities	<u>(686,087)</u>	<u>(805,886)</u>

**(ii) Reconciliation of cash**

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

Cash	321,728	91,835
Deposits at call	2,569,814	1,622,809
	<u>2,891,542</u>	<u>1,714,644</u>

There are no credit standby arrangements with any banks as at year ended 31 December 2011 (2010: nil).

**Non cash Financing and investing activities**

There are no non-cash financing and investing activities for the year ended 31 December 2011 (2010: nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2011

**NOTE 28 COMMITMENTS**

**Exploration expenditure**

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

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Not later than one year		689,100
Later than one year but not later than two years	901,020	360,076
Later than two years but not later than five years	230,740	72,333
Later than five years	595,663	290,677
Total exploration commitments	1,727,423	1,412,186

**Operating lease**

The property lease is a non-cancellable lease with a three year term commencing 1 November 2008 and expiry on 31 October 2011, the lease was renewed for a 2 year term on 1 November 2011. The rent is payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the lower of CPI or 4% per annum.

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Operating lease commitment for premises due		
Not later than one year	68,359	49,040
Later than two years but not later than five years	68,359	-
Later than five years	-	-
Total property lease commitments	136,718	49,040

**NOTE 29 CONTINGENT ASSETS AND LIABILITIES**

Strategic Minerals Corporation NL has \$35,000 worth of bank guarantees in relation to exploration licenses as at 31 December 2011. There are no other contingent assets or liabilities at year end.

**NOTE 30 AUDITORS' REMUNERATION**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Amounts paid and payable to the auditors of the consolidated entity in respect of		
- auditing or reviewing the accounts	32,240	31,758
- tax related services (non-audit services)	11,082	5,912
Total fees	43,322	37,670

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2011**

**NOTE 31           EVENTS AFTER THE REPORTING PERIOD**

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

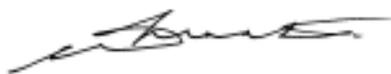
## DIRECTORS DECLARATION

The directors of the company declare that:

1. The financial statements and notes set out on pages 17 to 47 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Australian Accounting Standards, which as stated in Note 2(a) to the financial statements constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS), and comply with the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) give a true and fair view of the financial position as at 31 December 2011 and of the performance for the year ended on that date of the consolidated entity.
2. In the Directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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



**W.A.C. Martin**  
**Managing Director**

Signed at Perth this 30 day of March 2012

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

### Report on the Financial Report

We have audited the accompanying financial report of Strategic Minerals Corporation NL, which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the disclosing entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2a, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial reporting Standards.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

### Independence

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



## Opinion

In our opinion:

- (a) the financial report of Strategic Minerals Corporation NL is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2a.

## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Strategic Minerals Corporation NL for the year ended 31 December 2011 complies with section 300A of the *Corporations Act 2001*.

**BDO Audit (WA) Pty Ltd**

BDO  


**Chris Burton**  
Director

Perth, Western Australia  
Dated this 30<sup>th</sup> day of March 2012