STRATEGIC MINERALS CORPORATION NL

A.C.N. 008 901 380

ANNUAL REPORT 2007

FOR THE YEAR ENDED 31 DECEMBER 2007

COMPANY PARTICULARS

DIRECTORS
C.F. Guerre (Chairman)

W.A.C. Martin (Managing Director)
R. Bartsch (Technical Director)
C. Bigeard

COMPANY SECRETARY
G. Tonks FCA FCIS

REGISTERED OFFICE
Suite 4, Level 1
460 Roberts Road
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AUDITORS
BDO Kendalls
Audit & Assurance (WA) Pty Ltd
182 Hay Street
Subiaco, Western Australia 6008

HOME EXCHANGE
Australian Stock Exchange Limited
Exchange Plaza
2 The Esplanade
Perth, Western Australia 6000

ASX Code: SMC

SHARE REGISTRY
Security Transfer Registrars
770 Canning Highway
Applecross, Western Australia 6953
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CONTENTS OF STATUTORY ANNUAL REPORT

This is the financial report of Strategic Minerals Corporation NL as an economic entity and its controlled entities for the year ended 31 December 2007. The economic entity comprises:

- Signature Resources NL
- Telluride Mining NL
- Spencer Mining NL
- Strategic Metals Corporation Pty Ltd
- Strategic Mineral Investments Pty Ltd and its subsidiary
- Bayfield Mineral Sands Pty Ltd
- Alpha Uranium Ltd

Strategic Minerals Corporation NL is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The address of the registered office and principal place of business is:

Suite 4, Level 1, 460 Roberts Road, Subiaco 6008 Western Australia

DIRECTORS' STATUTORY REPORT

The Directors submit the accounts of the company and the consolidated accounts of the Economic Entity, being the company and its controlled Entities, for the year ended 31 December 2007 and report thereon as follows.

DIRECTORS

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

Mr. C. F. Guerre (age 64)
Chairman (non-executive Director)

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

Mr. Guerre has over 20 years experience as a financial analyst, chief investment officer with a leading international banking group and over 20 years experience as an investment fund manager. Since establishing his financial services company in 1987, he has acted as a financial adviser and fund manager for several banks and financial institutions in Switzerland, Luxembourg, France and Spain.
He does have any other Australian public company directorships.

Mr. W. A. C. Martin Dip. Legal Studies (age 67)
Managing Director (executive)

Mr Wally Martin has had extensive experience at senior management level in both the Government and private enterprise sectors for over 26 years with particular emphasis in the mining industry. Mr. Martin was the foundation 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 fund litigation company in Western Australia.

Mr. R. Bartsch B.Sc. (hons.) MSC (age 46)
Executive Technical Director

Mr. Roland Bartsch is the Company's Technical Director having managed the Woolgar project for the past four years. With over 25 years of experience in the mineral exploration and mining industry, Mr. Bartsch's expertise extends from Achaean gold, proterozoic iron oxide copper-gold, epithermal gold, porphyry gold and copper, precious metal and base metal massive sulphide deposit styles of mineralisation Mr. Bartsch's professional experience is global, having worked throughout the Americas, Australia, Indonesia, Solomon Islands, Greenland, Europe and Africa.
He does not have any other public company directorships.

Mr. C. Bigeard (age 58)
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 14 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.

He does not have any other Australian public company directorships.

DIRECTORS' STATUTORY REPORT continued

Mr. Jay Stephenson MBA, CMA, FCIS, MAICD
Mr. Stephenson is a director of the new subsidiary company, Alpha Uranium Ltd, incorporated in May 2007. He is a director of and shareholder in Wolfstar Group Pty Ltd, corporate consultants.

Mr. B. Fehlberg B.S. Hons.
Mr. Barry Fehlberg retired by rotation at the 2007 AGM held in May 2007. He did not nominate for re-election to the board.

Mr G Tonks B. Bus, FCA, ACIS (age 64)
Company secretary (part-time)

Mr Gerard Tonks is a Chartered Secretary and Chartered Accountant. He has served as Company Secretary for six listed public companies over the last nineteen years that were in the businesses of mining contracting, mine supplies and minerals exploration and mining and was a director for two years of a gold mining producer company. He is currently also Company Secretary and a director of Mundaring Community Financial Services Ltd, an unlisted public company. Mr Tonks is currently a part time university lecturer in management accounting.

DIRECTORS' MEETINGS

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

Director	Meetings held while in office	Circular Resolutions while in office	Meetings attended while in office	Circular Resolutions signed while in office
C. F. Guerre	2	6	2	6
W. A. C. Martin	2	6	2	6
C. Bigeard	2	6	2	6
R. Bartsch	2	6	2	6
B. Fehlberg	1	3	1	3

DIRECTORS' INTERESTS

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

Director	Shares Direct	Shares Indirect	Options Direct	Options Indirect
C. F. Guerre	Nil	4,345,000	Nil	Nil
W. A. C. Martin	281,690	2,295,323	Nil	Nil
C. Bigeard	Nil	Nil	Nil	Nil
R. Bartsch	281,690	Nil	2,500,000	Nil
J. Stephenson	-	10,000	-	-

DIRECTORS' STATUTORY REPORT (continued)

The relevant interests of Directors in the shares and options of the Company as at the date of the 2006 report were as follows:

Director	Shares Direct	Shares Indirect	Options Direct	Options Indirect
C. F. Guerre	Nil	4,345,000	Nil	Nil
W. A. C. Martin	281,690	1,661,929	Nil	Nil
C. Bigeard	Nil	Nil	Nil	Nil
R. Bartsch	281,690	Nil	Nil	Nil

The aggregate number of shares acquired directly or indirectly by Directors during the year up to the date of this report was:
W A C Martin Shares Indirect 633,394

The aggregate number of options acquired directly or indirectly by Directors during the year up to the date of this report was:
R Bartsch Options Direct 2,500,000

PRINCIPAL ACTIVITIES

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

RESULTS

The net consolidated loss of the group for the year ended 31 December 2007 after providing for nil income tax was $887,562 (2006: Loss of $615,129)

DIVIDENDS

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

REVIEW OF OPERATIONS

Exploration programs in 2006 and 2007 conducted by Oxiana Pty Ltd under farm-in agreement were designed to facilitate an earlier assessment of the gold potential of the 'deeps' of Sandy Creek epithermal veins. Oxiana spent $2.6 M on the project over a two year period, without earning equity in the project.

The work program conducted by Oxiana has significantly advanced Strategic's objective of seeing the development of the near surface resources at Woolgar and providing invaluable data for ongoing exploration of the 'Deeps' of the Sandy creek epithermal veins. Oxiana conducted extensive mapping, geophysical surveys, soil sampling and combined RC and diamond drilling. A total 67 RC holes and 13 diamond holes were drilled.

The drilling by Oxiana in the Sandy Creek area, has incrementally expanded the shallow resource positions at Lost World Hillview, Shanghai and Camp vein and Grand Central (yet to be included in the projects resource inventory); and has highlighted several new targets at shallow and moderate depths, which are yet to be drilled.

In late October 2007 Oxiana elected not to exercise its option to proceed with the second stage of the Woolgar farm in agreement which would have required a major monetary commitment to be spent over a short time frame by Oxiana, to enable them to earn initial equity in the project.

DIRECTORS' STATUTORY REPORT (continued)

Soapspar Feasibility Assessment
The Soapspar gold deposit is located 8km to the north of the main epithermal gold resources at Sandy Creek. In early 2006 a desktop study of the viability of mining at Soapspar was completed by independent consultants. The study indicated positive economics for development of a low cost open pit mine and heap leach processing operation at Soapspar.

A pre-feasibility study for a heap leach style development of Soapspar deposit is being undertaken as a result of the strong outcomes of the initial review. SRK Consulting Engineers and Scientists has been appointed in conjunction with Como Engineers to carry out the pre-feasibility work.

Uranium
A subsidiary company, Alpha Uranium Ltd, was established in May 2007 as a subsidiary of Strategic, which acquired all of Strategic's interests in its uranium project portfolio. Alpha is to be dedicated to identifying and exploring for economic uranium deposits within the project areas thereby unlocking value for current and future shareholders in Strategic Minerals.

A prospectus was issued in 2007 for public subscription to an Alpha IPO, however due to market conditions the minimum funds sought to be raised was not achieved and the IPO was withdrawn in January 2008.

FINANCIAL POSITION

The net assets of the economic entity have increased by $180,311 to $13,613,806 from $13,433,495 as at 31 December 2007. This increase has largely resulted from the following factors:

• exploration expenditure principally incurred by the company's joint venture partner and

• proceeds from share placement raising working capital of $1,007,994 during the year.

The economic 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

There were no significant changes in the state of affairs of the Economic Entity during the financial year.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely future developments in the operations of the Economic Entity are referred to in the "Review of Projects".

AUDIT COMMITTEE

The Company did not establish a separate Audit Committee of the Board of Directors in 2007. Refer to the Corporate Governance Statement in this Annual Report

DIRECTORS' STATUTORY REPORT (continued)

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 21 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 21 of the accounts.

DIRECTORS' STATUTORY REPORT (continued)

REMUNERATION REPORT (AUDITED)

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.

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.

SHARE BASED COMPENSATION (AUDITED)

There was one share-based compensation made in the year. This was the issue of 2.5 million options to the Executive Technical Director (Note 14). In the event that shares or options are allotted to a Director or Executive, the allotment is ratified at a General Meeting of Shareholders. Details of Directors and Executives remuneration are set out in the tables below.
The Black-Scholes method was used to value the 2.5 million options in May 2007 at $108,750 based on a Company share price of 14 cents at the time. The market share price is now only 6 cents and the valuation of these options would now be less using the same method.
There are no restrictions or conditions on exercising the options.

DETAILS OF REMUNERATION (AUDITED)

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Strategic Minerals Corporation NL and the Strategic Minerals Corporation Group are set out in the following tables.

The key management personnel of Strategic Minerals Corporation NL include the directors are per pages 3- 4 above and the following key management personnel:

- WAC Martin – Managing Director (executive)
- CF Guerre – Non Executive Chairman
- C Bigeard – Non-executive Director
- B Fehlberg – Non-executive Director (Retired)
- RD Bartsch – Executive Director
- G Tonks – Company Secretary

DIRECTORS' STATUTORY REPORT (continued)

Year 2007	**Short-term benefits**			**Post-employment benefits**			
Name	**Cash Salary and fees**	**Provision of a motor vehicle**	**Non-monetary benefits**	**Super-annuation**	**Retirement benefits**	**Share-based Payment Options**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Directors							
Mr. W. A. C. Martin (Managing Director)	-	-	*38,860	154,449	-	-	193,309
Mr. C. F. Guerre (Executive Director)	60,000	-	-		-	-	60,000
Mr. C. Bigeard (Non-executive Director)	44,000	-	-		-	-	44,000
Mr. B. Fehlberg (Non-executive Director)	12,500	-	-		-	-	12,500
Mr. R. D. Bartsch (Technical Director)	156,766	-	-		-	**108,750	156,766
Company Secretary:							
Mr. G. Tonks	24,000	-	-	2,160	-	-	26,160
	297,266	-	38,860	156,609	-	108,750	492,735
Mr. J. Stephenson (Alpha Uranium Ltd)	28,020	-	-	-	-	-	28,020

Year 2006	**Short-term benefits**			**Post-employment benefits**		
Name	**Cash Salary and fees**	**Provision of a motor vehicle**	**Non-monetary benefits**	**Super-annuation**	**Retirement benefits**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Directors						
Mr. W. A. C. Martin (Managing Director)	90,852	-	*44,690	63,000	-	198,542
Mr. C. F. Guerre (Executive Director)	84,000	-	-	-	-	84,000
Mr. C. Bigeard (Non-executive Director)	48,000	-	-	-	-	48,000
Mr. B. Fehlberg (Non-executive Director)	30,000	-	-	-	-	30,000
Mr. R. D. Bartsch (Technical Director)	102,276	-	-	-	-	102,276
Company Secretary:						
Mr. G. Tonks	23,516	-	-	2,122	-	25,638
	378,644	-	44,690	65,122	-	488,456

* Provision of a motor vehicle

** Issue of 2.5 million options (exercisable at 20c) based on a share price of 0.14 cents in May 2007

DIRECTORS' STATUTORY REPORT (continued)

The overall level of executive reward does not take into account the overall performance of the consolidated entity.

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

SHARE OPTIONS

There are 2.5 million options on issue for shares in the Company exercisable at 20 cents each on or before 30 June 2010. There were no shares issued on the exercise of options during the year.

LIABILITY INSURANCE

The Company, for a premium of $13,875 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.

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.

Details of the amounts paid or payable to the auditor (BDO Kendalls Audit & Assurance) for audit and non-audit services provided during the year are set out in Note 18 in the accounts.

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.

	2007	**2006**
Non-audit services being tax related services	$26,150	$8,730

DIRECTORS' STATUTORY REPORT (continued)

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.

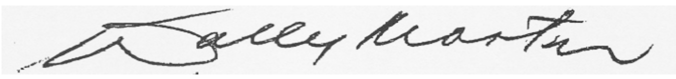
The company was not a party to any such proceedings during the year.

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 48.

This relates to the audit report, where they state that they have issued an independent declaration.

Signed at Perth this 31st day of March 2008 in accordance with a resolution of Directors.



W.A.C. MARTIN
Managing Director

CORPORATE GOVERNANCE STATEMENT

For the year ended 31 December 2007

The Directors have considered the Ten Essential Corporate Governance Principles and Recommendations as defined by the ASX Corporate Governance Council in March 2003. The Company follows each recommendation only to the extent that the recommendation is considered an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and the activities of the Company. As at the end of the Reporting Period, in accordance with this approach, the Board does not consider that any efficiency would be gained, or value would be added, by establishing subcommittees. Other structures and appropriate documentation are currently being considered by the Board and to the extent they are adopted they will be published on the Company's website in due course.

PRINCIPLE 1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT BY THE BOARD

The board of Directors of Strategic Minerals Corporation NL is responsible for the corporate governance of the Company and its subsidiaries. The Board guides and monitors the business and affairs of the Company, on behalf of the shareholders by whom they are elected and to whom they are accountable.

Broadly the key responsibilities of the board are;

1. Setting strategic direction of the Company and its subsidiaries with management and monitoring management implementation of that strategy;
2. Evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions;
3. Approving the annual shareholders and financial reports;
4. Ensuring compliance with the Corporations' act, ASX listing rules and other relevant legislations.

PRINCIPLE 2 - STRUCTURE OF THE BOARD TO ADD VALUE

To ensure the Board is equipped to discharge its responsibilities, it has established guidelines for the operation of the Board. Set out below are the Company's main corporate governance practices as they currently operate, as well as its long-term objectives for when the need and opportunity arises to implement further practices.

BOARD OF DIRECTORS

The names of the Directors of the company in office at the date of this statement are set out in the Directors' Report.

The Board of Directors operates in accordance with the following broad principles:

- the Board should be comprised of at least three directors, but no more than eight. The constitution allows for a maximum of ten. The number of Directors may be increased where it is felt that additional expertise is required in specific areas, or where an outstanding candidate is identified;
- the Board should comprise of Directors with an appropriate range of qualifications, expertise and a broad range of experience;
- at every Annual General meeting, one third of the Directors (except a Managing Director) shall retire from office, so that no Director shall retain office for more than three years. At the time of rotation, a Director may submit himself for re-election.

- The Board recognises the current trend towards more non-executive Directors on boards and as a consequence the Company's objectives in terms of the composition of the Board for the future are, in addition to the above, as follows:-
  - a board where the majority of the Directors are non-executive but only if they can be found with the required expertise;
  - the Chairman may be a non-executive Director or a part-time executive but only if they can be found with the required expertise;
    on appointment, Directors should desirably be able to serve a minimum of three years before retirement;
  - Directors to ensure that the Board has the appropriate mix of expertise and experience, executives and non-executives, to meet the requirements of the Company. Directors to review the composition of the Board at least annually.

Currently, the Board composition satisfies these criteria. However, the Board acknowledges that a director's non-executive status does not necessarily equate to independence with the meaning of ASX Recommendation 2.1 ("A majority of the board should be independent directors"). The Board is currently considering appropriate criteria and materiality thresholds to apply in determining the independence of directors, and intends to make a statement as to the independence of the directors once full consideration has been given by the Board.

INDEPENDENT PROFESSIONAL ADVICE

Under the Articles of Association, the Directors are entitled to be paid expenses incurred in connection with the execution of their duties as Directors. As a result of this, each Director is able to seek independent professional advice at the Company's expense, where it is in connection with their duties and responsibilities as a Director. The Company policy is for the Director to obtain written approval of the Chairman, which will not be unreasonably withheld.

NOMINATION

The full Board carries out the role of a nomination committee in accordance with the following policy:

In the event a vacancy exists, or where it is considered that the Company would benefit from the services of a new Director with particular skills, the Board appoints a director from nominated candidates who have the appropriate expertise and experience.

The potential candidates will be identified by the Board and advice may be obtained from an external consultant. The Board then appoints the most suitable candidate, who shall hold office until the next following Annual General Meeting, where the appointee is required to stand for re-election.

PRINCIPLE 3 - PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

All directors, executives, managers and employees are expected to act with the utmost integrity and objectivity at all times to enhance the reputation and performance of the Company.

PRINCIPLE 4 - SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Board relies on the review of its external auditor to ensure the integrity of its financial reports. The Board notes that only one of its five directors is in an executive role and none of its directors are involved in preparing the financial reports. The Board is of the view that this enables full and frank discussion between the full Board and the external auditors and thereby achieves the objectives contemplated by Principle 4 (to safeguard the integrity of the Company's financial reporting).

All matters, which might be dealt with by an audit committee, are reviewed by the full Board. Matters that are considered include:

- reviewing the annual report, financial statements and other information distributed externally;
- reviewing audit reports and letters to the Board from the external auditors;
- liaising with external auditors and ensuring the annual audit and half year review are conducted in an effective manner;
- nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual audit and half year review;
- monitoring the establishment of an appropriate internal control framework;
- improving the quality of the accounting function; and
- monitoring compliance with the Corporations Act 2001, Stock Exchange Listing Rules, and any matters outstanding with other regulatory and financial authorities.

PRINCIPLE 5 - MAKE TIMELY AND BALANCED DISCLOSURE

Directors are resolved to always make timely and balanced disclosure of all material matters concerning the Company.

PRINCIPLE 6 - RESPECTING RIGHTS OF SHAREHOLDERS

Directors and managers respect the rights of shareholders and facilitate the effective exercise of those rights. This includes communicating all relevant information on the Company's activities to shareholders.

PRINCIPLE 7 - RISK RECOGNITION AND MANAGEMENT

The Company has taken out an insurance policy to cover its Directors and Officers to indemnify them against any claims of negligence. The directors assess the commercial and business risks to the Company, having regard to its relationship with shareholders and investor may include suppliers, joint-venturers and the effect of values of commodities and currencies.

PRINCIPLE 8 - REMUNERATE FAIRLY AND RESPONSIBLY

Directors ensure that the level and composition of remuneration is sufficient and reasonable.

INCOME STATEMENTS
For the year ended 31 December 2007

	Notes	*Consolidated Entity*		*Parent Entity*	
		2007	**2006**	**2007**	**2006**
		$	**$**	**$**	**$**
Revenue continuing operations	2	129,170	60,917	85,937	60,917
Other income		35,165	66,268	26,197	66,268
Employee benefit expense	3	(379,421)	(315,412)	(379,421)	(315,412)
Options issue expense	3	(108,750)	-	(108,750)	-
Other administration expense	3	(485,386)	(354,849)	(276,529)	(354,839)
Depreciation and amortisation expense	3	(29,565)	(25,793)	(29,565)	(25,793)
Borrowing cost expense	3	(2,457)	(2,612)	(2,457)	(2,612)
Provisions made for loans to subsidiary	3	-	-	(423,007)	-
Loss on sale to subsidiary		-	-	(540,000)	-
Lease expense	3	(46,318)	(43,648)	(46,318)	(43,648)
Loss before income tax expense	3	(887,562)	(615,129)	(1,693,913)	(615,119)
Income tax expense	4	-	-	-	-
Loss for the year		(887,562)	615,129	1,693,913	615,119
Loss after income tax expense, attributable to members of the parent entity	16	(887,562)	(615,129)	(1,693,913)	(615,119)
Overall operations. Basic loss per share in cents	25	(0.37)	(0.26)		

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

The above Income Statement should be read in conjunction with the accompanying notes

BALANCE SHEETS
As at 31 December 2007

	Notes	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
ASSETS					
Current Assets					
Cash And cash equivalents	5	1,218,514	1,223,539	1,172,370	1,223,539
Other Receivables	6	81,753	90,547	67,233	90,547
TOTAL CURRENT ASSETS		1,300,267	1,314,086	1,239,603	1,314,086
Non Current Assets					
Other financial assets	7	278	103,480	277	634,139
Plant & Equipment	8	131,155	72,173	131,155	72,173
Exploration & evaluation assets	10	12,358,021	12,069,713	11,612,927	11,535,180
Other non-current assets	9	10,537	10,537	10,537	10,537
TOTAL NON CURRENT ASSETS		12,499,991	12,255,903	11,754,896	12,252,029
TOTAL ASSETS		13,800,258	13,569,989	12,994,499	13,566,115
LIABILITIES					
Current Liabilities					
Payables	11	37,328	40,349	25,010	40,347
Short term borrowings	11	25,821	9,951	25,821	9,951
Short term Provisions	12	84,571	81,006	84,571	81,006
TOTAL CURRENT LIABILITIES		147,720	131,306	135,402	131,304
Non Current Liabilities					
Long term borrowings	11	38,731	5,188	62,441	10,586
TOTAL NON CURRENT LIABILITIES		38,731	5,188	62,441	10,586
TOTAL LIABILITIES		186,451	136,494	197,843	141,890
NET ASSETS		13,613,807	13,433,495	12,796,656	13,424,225
EQUITY					
Contributed Equity	13	32,819,065	31,861,471	32,819,065	31,861,471
Minority interest		1,530	-	-	-
Reserves	15	3,066,671	2,957,921	3,066,671	2,957,921
Accumulated Losses	16	(22,273,459)	(21,385,897)	(23,089,080)	(21,395,167)
TOTAL EQUITY		13,613,807	13,433,495	12,796,656	13,424,225

The above balance sheet should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 December 2007

	CONSOLIDATED ENTITY	
	Year Ended 31 December 2007 $	**Year Ended 31 December 2006** $
Total equity at the beginning of the year	13,433,495	13,048,624
Loss for the year	(887,562)	(615,129)
Total recognised income and expense for the year	(887,562)	(615,129)
Transactions with equity holders in their capacity as equity holders:		
Issue of options at valuation	108,750	-
Contributions of equity, net of transaction costs	957,594	1,000,000
Contribution of minority interest in Alpha Uranium Ltd.	1,530	-
	1,126,344	1,000,000
Total equity at the end of the year	13,613,807	13,433,495
Total recognised income and expense for the year is attributable to:		
Members of Strategic Minerals Corporation NL	(887,562)	(615,129)

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

PARENT ENTITY STATEMENT OF CHANGES IN EQUITY
As at 31 December 2007

	PARENT ENTITY	
	Year Ended 31 December 2007 $	***Year Ended 31 December 2006*** $
Total equity at the beginning of the year	13,424,225	13,039,344
Loss for the year	(1,693,913)	(615,119)
Total recognised income and expense for the year	(1,693,913)	(615,119)
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs	957,594	1,000,000
Issue of options at valuation	108,750	-
	957,594	1,000,000
Total equity at the end of the year	12,796,656	13,424,225
Total recognised adjustments and expense for the year is attributable to:		
Members of Strategic Minerals Corporation NL	(1,693,913)	(615,119)

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

CASH FLOW STATEMENTS
For the year ended 31 December 2007

	Notes	Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
		$	$	$	$
Cash flow from operating activities:					
Movement in GST		(12,188)	-	(14,828)	-
Payments to suppliers & employees		(941,452)	(768,879)	(663,297)	(769,051)
Payments for deferred expenditure		(282,329)	(248,795)	(277,749)	(248,613)
Interest and dividends received		116,574	44,051	73,341	44,051
Borrowing costs		(2,457)	(2,612)	(2,457)	(2,612)
Net cash provided by (used in) operating activities	27(ii)	(1,121,853)	(976,235)	(884,990)	(976,225)
Cash flow from investing activities:					
Cash acquired from subsidiary		-	-	-	5,399
Investment and loan to Alpha Uranium		-	-	(223,007)	-
Proceeds from sale of investments		245,692	387,516	227,381	387,516
Payments property, plant, equipment		(86,072)	(23,863)	(86,072)	(23,863)
Payments for investments		(109,800)	(339,987)	(109,800)	(339,987)
Net cash provided by (used in) investing activities		49,820	23,666	191,498	29,065
Cash flow from financing activities:					
Borrowings		77,463	-	77,463	-
Receipt from subsidiary		-	-	18,312	-
Proceeds from issue of shares		1,017,594	1,000,000	957,594	1,000,000
Repayments of borrowings		(28,050)	(7,339)	(28,050)	(7,339)
Net cash provided by (used in) financing activities		1,067,007	992,661	1,025,319	992,661
Net increase/(decrease) in cash held		(5,025)	40,092	(51,169)	45,501
Cash at 1 January 2007		1,223,539	1,183,447	1,223,539	1,178,038
Cash at 31 December 2007	27(i)	1,218,514	1,223,539	1,172,370	1,223,539

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Strategic Minerals Corporation NL and its controlled entities. Strategic Minerals Corporation NL is a listed public company, incorporated and domiciled in Australia.

The financial report of Strategic Minerals Corporation NL and its controlled entities, comply with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of financial report

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

This financial report is prepared in accordance with AIFRS.

(b) Principles of consolidation

i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Strategic Minerals Corporation NL ("parent entity") as at 31 December 2007 and the results of all subsidiaries for the year then ended. Strategic Minerals Corporation NL and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company 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.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

(d) 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 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.

Strategic Minerals Corporation NL and its wholly owned Australian controlled entities have not implemented the tax consolidation legislation.

(e) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and reward of ownership is classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(g) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published price at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

(h) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount many 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 flows (cash generating units).

(i) Cash and cash equivalents

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 know 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 balance sheet.

(j) Property, plant and equipment

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

Increases in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss.

FOR THE YEAR ENDED 31 DECEMBER 2007

Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

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 balance sheet 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 1h).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When re-valued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(k) Exploration 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.

(l) Intangible assets

Exploration Expenditure
Exploration expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit which varies from 3 to 5 years.

(m) Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accruals basis.

(n) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(o) Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(p) Employee benefits

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave 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. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(q) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(r) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(s) 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 half-year, adjusted for bonus elements in ordinary shares issued during the half-year, adjusted for bonus elements in ordinary shares issued during the half year.

ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for not consideration in relation to dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

(t) Comparatives Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(u) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(v) Contributed equity

The Group's and the parent equity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can maintain liquidity to continue exploration operations and overall corporate administration. The Company continues to be able to raise adequate amounts of equity capital each year in the form of placements from overseas and local organised by its directors.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

	Consolidated Entity		Parent Entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
2. REVENUE				
From continuing operations:				
Interest received from other parties	126,219	59,417	82,986	59,417
Dividends received	2,951	1,500	2,951	1,500
	129,170	60,917	85,937	60,917
Other income:				
Gain on sale of fixed assets and investments	35,165	66,268	26,197	66,268
Total revenue	164,335	127,185	112,134	127,185
3. LOSS FROM CONTINUING OPERATIONS				
Loss before income tax has been determined after charging as an expense:				
(a) Expenses:				
Borrowing costs -				
Other parties	2,457	2,612	2,457	2,612
Parent company provisions for loans and investments in subsidiaries	-	-	423,007	-
Loss on sale of subsidiary	-	-	540,000	-
Administration expenses:				
Alpha Uranium Ltd float costs	273,309	-	-	-
Depreciation of non-current assets -				
Property, plant and equipment	29,565	25,793	29,565	25,793
Other Provisions -				
Employee entitlements	3,565	(2,519)	3,565	(2,519)
Rental expense – operating lease	46,318	43,648	46,318	43,648
Employees' remuneration	375,856	317,931	375,856	317,931
Consolidation adjustments	(64,452)	-	-	-
Other administration	276,529	354,849	276,529	354,839
Options issue	108,750	-	108,750	-
Total administration expenses	1,051,897	742,314	1,806,047	742,304

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

3. LOSS FROM ORDINARY ACTIVITIES (continued)

	Consolidated Entity		*Parent Entity*	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
(b) Revenue and net gains:				
Net gain on disposal of non-current assets-				
Investments	35,165	66,268	26,197	66,268
	35,165	66,268	26,197	66,268

4. INCOME TAX

(a) Income tax benefit

Current tax	-	-	-	-
Deferred tax	-	-	-	-
	-	-	-	-
Income tax benefit is attributable to:				
Loss from continuing operations	-	-	-	-
Aggregate income tax benefit	-	-	-	-
Deferred income tax (revenue) expense comprises:				
Decrease (increase) in deferred tax assets	-	-	-	-
Decrease (increase) in deferred tax liabilities	-	-	-	-
	-	-	-	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations before income tax expense	(887,562)	(615,129)	(1,693,913)	(615,119)
Tax at the Australian tax rate of 30% (2006: 30%)	(266,269)	(184,539)	(349,174)	(184,536)
Income tax benefit not recognised	266,269	184,539	349,174	184,536
Income tax benefit	-	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

4. INCOME TAX (continued)

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
(c) Tax losses				
Tax Losses	(887,562)	615,129	(1,693,913)	615,119
Potential tax benefit @ 30%	266,269	184,539	508,174	184,535
Total deferred tax assets not brought to account	4,546,811	3,124,390	-	-

5. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	137,320	143,278	91,176	143,278
Bank term deposits	1,081,194	1,080,261	1,081,194	1,080,261
	1,218,514	1,223,539	1,172,370	1,223,539

The effective interest rate on cash at bank and bank term deposits is 6.5%. These deposits have an average maturity of one year.

6. OTHER RECEIVABLES

Current				
Sundry receivables:	15,789	54,041	1,269	54,041
Interest receivable and GST refundable	56,506	26,582	56,506	26,582
Prepayment of Insurance Premium	9,458	9,924	9,458	9,924
	81,753	90,547	67,233	90,547
Amounts receivable from:				
- Controlled entities	-	-	1,742,464	1,506,175
- Provision for Impairment	-	-	(1,766,174)	(1,506,175)
Treated as non-current liability			(23,710)	
	81,753	90,547	67,233	90,547

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, leases, preference shares, and derivatives.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

Finance Risks

The main risks the group is exposed to through its financial instruments are interest rate risk, and credit risk.

(i) **Credit Risk Exposures**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The economic entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

(ii) **Interest Rate Risk Exposures**

The economic entity'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 is below and financial liabilities at note 11.

2007

	Floating interest rate	***Fixed interest maturing in 1 year or less***	***Non-interest bearing***	***Total***
Financial assets				
Cash and deposits	137,320	1,081,194	-	1,218,514
Receivables	-	-	81,753	81,753
	137,320	1,081,194	81,753	1,300,267
Weighted average interest rate	2.0%	6.55%	-	-

2006

	Floating interest rate	***Fixed interest maturing in 1 year or less***	***Non-interest bearing***	***Total***
Financial assets				
Cash and deposits	143,278	1,080,261	-	1,223,539
Receivables	-	-	90,547	90,547
	143,278	1,080,261	90,547	1,314,086
Weighted average interest rate	1.75%	6.05%	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
7. OTHER FINANCIAL ASSETS				
Non-Current				
Available for sale Financial Assets				
Shares in listed corporations at cost *	277	103,479	277	94,136
Shares in unlisted corporations at cost	1	1	-	-
Other financial assets – at cost (subsidiaries)				
Shares in controlled entities at cost	-	-	12,027,402	12,307,401
Less Impairment	-	-	(12,027,402)	(11,767,398)
	278	103,480	277	634,139

*Shares at cost are also at fair value

Shares in controlled entities are unlisted and comprise:

Place of Incorporation		Class	% Holding	2007 Amount $	% Holding	2006 Amount $
Signature Resources NL	WA	Ordinary	100	-	100	540,000
Strategic Metals Corporation Pty Ltd	NSW	Ordinary	100	141,400	100	141,400
Strategic Mineral Investments Pty Ltd	WA	Ordinary	100	4,956,000	100	4,956,000
Bayfield Mineral Sands Pty Ltd (a 100% owned controlled Entity of Strategic Mineral Investments Pty Ltd)	WA	Ordinary	100	-	100	-
Spencer Mining Pty Ltd	WA	Ordinary	100	6,670,000	100	6,670,000
Telluride Mining NL	NSW	Ordinary	100	1	100	1
Alpha Uranium Ltd	WA	Ordinary	98	260,001	-	-
				12,027,402		12,307,401

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
8. PLANT AND EQUIPMENT				
Cost	221,615	177,588	221,615	177,588
Accumulated depreciation	(90,460)	(105,415)	(90,460)	(105,415)
	131,155	72,173	131,155	72,173
MOVEMENTS:				
Owned plant & equipment				
Cost:				
Brought forward	121,043	230,154	121,043	230,154
Additions	100,572	13,326	100,572	13,326
Disposals	-	(122,437)	-	(122,437)
Closing Balance	221,615	121,043	221,615	121,043
Accumulated Depreciation:				
Brought forward	(65,135)	(170,259)	(65,135)	(170,259)
Depreciation expense	(25,325)	(17,313)	(25,325)	(17,313)
Disposals	-	122,437	-	122,437
Closing Balance	(90,460)	(65,135)	(90,460)	(65,135)
MOVEMENTS:				
Leased plant & equipment cost:				
Brought forward	56,545	56,545	56,545	56,545
Additions	-	-	-	-
Disposals	56,545	-	56,545	-
Closing Balance	-	56,545	-	56,545
Accumulated Depreciation:				
Brought forward	(40,280)	(31,800)	(40,280)	(31,800)
Depreciation expense	(4,240)	(8,480)	(4,240)	(8,480)
Disposals	44,520	-	44,520	-
Closing Balance	-	(40,280)	-	(40,280)
Assets purchased on hire purchase are secured on the assets concerned				
9. OTHER NON-CURRENT ASSETS				
Mineral Specimens	10,537	10,537	10,537	10,537

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

	Consolidated Entity		Parent Entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
10. EXPLORATION & EVALUATION ASSETS -				
Non-current				
Exploration at Cost:				
- Brought forward	12,069,713	11,820,918	11,535,180	11,286,567
- Additions	288,308	248,795	277,749	248,613
- Disposals	-	-	(200,000)	-
	12,358,021	12,069,713	11,612,927	11,535,180

As a result of the acquisition of Signature Resources NL in 2005, the Group acquired 10% interests in three mineral exploration licenses in South Australia. The net acquisition cost to the Group was $533,837 paid by the issue of 3,000,000 shares Strategic Minerals Corporation NL shares at 18 cents each.

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of the areas of interest. Capitalised cost of $282,326 (2006: $248,795) has been included in the cash flows from operating activities in the cash flow statement.

	Consolidated Entity		Parent Entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
11. PAYABLES				
Unsecured				
Current				
- Other creditors and accruals	37,328	40,349	25,010	40,347
Non-current				
- Loan from subsidiary	-	-	23,710	5,398
Short and long term borrowings				
- Current - lease liability (secured)	25,821	9,951	25,821	9,951
- Non current - lease liability (secured)	38,731	5,188	38,731	5,188
Total secured liabilities	64,552	15,139	64,552	15,139

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

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

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
The carrying amounts of non-current assets pledged as security are:				
Motor vehicle	77,723	16,265	77,723	16,265
Total assets pledged as security	77,723	16,265	77,723	16,265

(a) Interest rate exposures

The following table sets out the Group's exposure to interest rate risk, including the effective weighted average interest rates by maturity periods. Exposures arise from liabilities bearing variable interest rates.

2007

	Floating interest rate	*Fixed interest maturing in 1 year or less*	*Non-interest bearing*	*Total*
Financial liabilities				
Hire Purchase	-	64,552	-	64,552
Trade & other creditors	-	-	37,329	37,329
	-	64,552	37,329	101,881
Weighted average interest rate	-	8.8%	-	

2006

	Floating interest rate	*Fixed interest maturing in 1 year or less*	*Non-interest bearing*	*Total*
Financial liabilities				
Hire purchase	-	15,139	-	15,139
Trade & other creditors	-	-	40,349	40,349
	-	15,139	40,349	55,488
Weighted average interest rate	-	8.07%	-	

(b) 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 value.

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
12. PROVISIONS – CURRENT	$	$	$	$
Employee entitlements	84,571	81,006	84,571	81,006
Movements in provision	3,565	(2,519)	3,565	(2,519)

13. CONTRIBUTED EQUITY

Issued capital 245,487,475 (2006: 237,487,475)	31,861,471	30,861,471	31,861,471	30,861,471
Placement at 18 cents (5,555,555)	-	1,000,000	-	1,000,000
Placements at 12.6 cents (8,000,000)	1,007,994	-	1,007,994	-
Less commission paid	(50,400)	-	(50,400)	-
	32,819,065	31,861,471	32,819,065	31,861,471

During the year the Company made allotments totalling 8,000,000 (2006: 5,555,555) ordinary fully paid shares, being for minerals exploration and for working capital purposes. These allotments raised $1,007,994 (2006: $1,000,000) cash. All the shares that have been issued in past years including last year are fully paid and have the same voting rights.

Terms and Conditions

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

14. SHARE BASED PAYMENTS

There were 2,500,000 options on issue at the end of the year (2006: Nil). These were issued during the year to a director under the Company's incentive option scheme and were independently valued at $108,750.
The exercise price is 20 cents,
The exercise grant date is 6th August, 2007,
The exercise expiry date is 30th June 2010,
The market price of Company shares at issue date was 14 cents,
The volatility factor set by the independent valuer was 70%.

15. RESERVES

	Consolidated Entity		Parent Entity	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Executive options issued	108,750	-	108,750	-
Option premium reserve	2,957,921	2,957,921	2,957,921	2,957,921
	3,066,671	2,957,921	3,066,671	2,957,921

The reserves created in prior years relate to the premium paid on an options issue. The reserve created in 2007 relates to employee incentive options issued to an executive director.

16. ACCUMULATED LOSSES

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
Accumulated losses at the start of the financial year	21,385,897	20,770,768	21,395,167	20,780,048
Net loss for the financial year	887,562	615,129	1,693,913	615,119
Accumulated losses at the end of the financial year	22,273,459	21,385,897	23,089,080	21,395,167

17. CONTINGENT ASSETS AND LIABILITIES

Strategic Minerals Corporation NL has $19,300 worth of bank guarantees as at 31 December 2007.
There are no other contingent assets or liabilities at year end.

18. AUDITORS' REMUNERATION

	Consolidated 2007	Consolidated 2006	Parent 2007	Parent 2006
Amounts paid and payable to the auditors of the chief entity and the economic entity in respect of				
- auditing or reviewing the accounts	42,659	32,754	42,659	32,754
- tax related services (non-audit services)	26,150	8,730	5,900	8,730
	68,809	41,484	48,559	41,484

For the year ended 31 December 2007

19. COMMITMENTS

Exploration Tenement Leases – Queensland

In order to maintain current rights of tenure to exploration tenements, the Company and Economic 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.

	Consolidated Entity		*Parent Entity*	
	2007 **$**	**2006** **$**	**2007** **$**	**2006** **$**
Not later than one year	1,920,000	855,000	1,610,000	855,000
Later than one year but not later than two years	710,000	1,270,000	710,000	1,270,000
Later than two years but not later than five years	180,000	515,000	180,000	515,000
	2,810,000	2,640,000	2,500,000	2,640,000

Exploration Tenement Lease – South Australia

Included in the Note above

	Consolidated Entity		*Parent Entity*	
	2007 **$**	**2006** **$**	**2007** **$**	**2006** **$**
Not later than one year	310,000	180,000	-	180,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

20. RELATED PARTIES

There are no related party transactions other than those payments to directors as stated in note 21 below.

21. 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:

Parent entity directors:

Mr. C. F. Guerre	Chairman, Non-Executive, part-time representative
Mr. W A C Martin	Managing Director & Chief Executive Officer
Mr. C. Bigeard	Director, Non-Executive - part-time representative
Mr. B. Fehlberg	Director, Non-Executive
Mr. R. D. Bartsch	Director, Executive - Exploration

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

(b) Other key management personnel

Mr. G. Tonks	Company Secretary
Mr. J. Stephenson	Director of Alpha Uranium Ltd

All the above persons are key management persons during the year ended 31 December 2007.

(c) Key management personnel compensation

	Consolidated		*Parent Entity*	
	2007	***2006***	***2007***	***2006***
Short term employee benefits	336,126	488,456	336,136	488,456
Post employment benefits	156,609	-	156,609	-
Share based payments	108,750	-	108,750	-
	601,485	488,456	601,485	488,456

The group of companies also paid a total of $28,020 to Wolfstar Group Pty Ltd of which Mr J Stephenson is a director and shareholder. The company has transferred the detailed remuneration disclosures to the directors' report in accordance with the Corporations Regulations 2M.6.04. under the heading Remuneration Report.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

(d) Shareholdings:

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

	Balance at Start of the year	Other Changes During the year	Balance at End of the year
Directors:			
Mr. W A C Martin	1,943,619	633,394	2,577,013
Mr. C F Guerre	4,345,000	-	4,345,000
Mr. C Bigeard	-	-	-
Mr. B Fehlberg	1,312,500	-	1,312,500
Mr. R D Bartsch	281,690	-	281,690
Mr. J Stephenson	-	10,000	10,000

(e) Option Holdings

Only one of the key management personnel, R D Bartsch, has options over ordinary shares in the Company as at year ended 31 December 2007.
These options, 2,500,000, exercisable at 20 cents for a share, up to July in year 2010, were valued at $108,750 by an independent valuer in May, 2007.

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.

(f) Loans to/from subsidiaries

	Consolidated Entity		Parent Entity	
	2007 $	**2006** $	**2007** $	**2006** $
Loans to subsidiaries				
Beginning of the year	-	-	1,506,175	1,506,175
Loans advance			163,006	-
End of year	-	-	1,669,181	1,506,175
Loans from subsidiaries:				
Beginning of year	-	-	5,398	5,398
Loans received	-	-	18,312	-
End of year	-	-	23,710	5,398

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

22. COMMITMENTS

	Consolidated Entity		*Parent Entity*	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
(a) Operating lease commitment for premises due:				
- not later than 1 year	37,478	40,250	37,478	40,250
- not later than 2 years	-	33,550	-	33,550
	37,478	73,800	37,478	73,800

These property leases are a non-cancellable leases with a three year term, with rent 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. An option exists to renew the lease at the end of the three year term for an additional term of three years.

(b) Exploration

The Consolidated Entity has certain obligations to perform minimum exploration work and expend minimum amounts of money on such works in mineral exploration tenements. These obligations may be varied from time to time subject to approval and expected to be fulfilled in the normal course of the operations of the Consolidated Entity. Refer to Note 19 for further details.

	Consolidated Entity		*Parent Entity*	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Finance Lease & Hire Purchase Commitments				
Payable:				
not later than one year	29,430	9,951	29,430	9,951
later than one year but not later than 5 years	44,145	5,840	44,145	5,840
Minimum lease payments	73,575	15,791	73,575	15,791
Less: future finance charges	(9,023)	(652)	(9,023)	(652)
Asset value of minimum lease liability	64,552	15,139	64,552	15,139

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

23. FINANCIAL INSTRUMENTS AND DERIVATIVES

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.

(i) *Treasury Risk Management*

The board considerations include analysis of currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) *Financial Risks*

The main risks the Company is exposed to through its financial instruments are liquidity risk, credit risk and possibly foreign currency risk.

(iii) *Foreign currency risk*

The Company would be exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Company's measurement currency if it entered into such transactions.

(iv) *Liquidity risk*

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate non-utilised borrowing facilities, if any, are maintained. The Company's cash funds should not fall below a minimum of normal operating requirements for twelve months ahead. The current forecasting shows that there are enough liquid funds to operate the Company's exploration program and cover its corporate overheads for another 12 months.

(v) *Credit risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

The interest bearing deposits of the Company, $1,081,194 as at the year end, are sensitive to interest changes. A change of 1% would increase or decrease interest earned by $10,812 in a full year, a change of 2% by $21,624, but these amounts are not material enough to affect the funding of the Company's operations.

The Company is dependent for cash funds upon successful equity capital raisings and the directors make placements in most years to both overseas and local investors.

Reporting of progress in mineral exploration and evaluation is of particular interest to potential investors.

(vi) *Capital risk management*

The capital of the Company is totally at risk of devaluation by the financial and commercial markets and, as is typical of such minerals exploration companies, this risk is beyond the control or managements of the directors.

For the year ended 31 December 2007

24. SEGMENTAL REPORTING

The Consolidated Entity operates entirely in Australia and predominantly in the field of mineral exploration and exploitation with particular emphasis on gold and other minerals.

25. EARNINGS PER SHARE

	Consolidated Entity	
	2007	**2006**
Basic earnings per share (cents per share)	(0.37)	(0.26)
Earnings used in the calculation of basic EPS	(887,562)	(615,129)

The weighted average number of ordinary shares used in the calculations of basic earnings per share was 242,251,520 (2006: 234,352,010).

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

26. SUBSEQUENT EVENTS

There were no significant events between the end of the financial year and the date of signing this report other than the placement of 20,214,285 new shares in February and March 2008 at seven cents each for a total new capital subscription of $1,415,000.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

	Consolidated Entity		*Parent Entity*	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
27. NOTES TO CASH FLOW STATEMENT				
(i) **Reconciliation of cash**				
For the purposes of this cash flow statement, cash includes cash on hand and at bank and short term deposits at call and commercial bills, net of outstanding bank overdrafts				
Cash	137,320	143,278	91,176	143,278
Deposits at call	1,081,194	1,080,261	1,081,194	1,080,261
	1,218,514	1,223,539	1,172,370	1,223,539
(ii) **Reconciliation of operating loss after income tax to net cash provided by operating activities**				
Operating loss after income tax	(887,562)	(615,129)	(1,693,913)	(615,119)
Add/(less) non cash items:				
Depreciation	29,565	25,793	29,565	25,793
Loss/adjustment on sale of subsidiary	(64,452)	-	540,000	-
Provision for subsidiary	-	-	423,007	-
Loss/(profit) on disposal of non-current assets	(35,165)	(66,268)	(26,197)	(66,268)
Issue of options at valuation	108,750	-	108,750	-
Non cash changes in assets & liabilities:				
Current receivables & prepayments	(1,003)	(51,329)	(7,350)	(51,509)
Creditors	6,778	(17,988)	15,332	(17,990)
Provisions	3,565	(2,519)	3,565	(2,519)
Exploration	(282,329)	(248,795)	(277,749)	(248,613)
Net cash provided by operating activities	(1,121,853)	(976,235)	(884,990)	(976,225)

There are no non-cash financing and investing activities or credit standby arrangements with any banks as at year ended 31 December 2007.

For the year ended 31 December 2007

28. CHANGE IN ACCOUNTING POLICIES

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the economic entity for the annual reporting period ending 31 December 2007. These are outlined in the table below:

Reference	Title	Summary	Application Date of Standard	Impact of Economic Entities Financial Report
AASB 8 & AASB 7-3	Operating Segments and Amendment to Australian Accounting Standards AASB 8	Adoption of a 'management accounting,' approach to reporting on Operating segments	1 Jan-09	AASB 8 will not have impact on the Entity because it operates in only one segment
AASB 123	Amendm Amendment to Australian Accounting Standard 'Borrowing costs'	Capitalisation of borrowing costs	1 Jan-09	AASB 123 will have negligible impact on the Entity because it does not borrow money except in minor amounts for the purchase of a motor car from time to time.
AASB I 14	Defined Benefit Asset, Minimum Funding Requirements and their interaction.	Provides guidance on what may be recognised as an asset.	1 Jan-09	AASB I 14 will not have any impact on the Entity because it does not have 'Defined Benefit Plans"
AASB 101 and AASB 2007-8	Presentation of Financial Statements	Requires presentation of a statement of comprehensive income	1 Jan-09	The Entity already discloses the details of its types of income and its capital funding

DIRECTORS DECLARATION

The directors of the company declare that:

1. The financial statements comprising the income statement, balance sheet, cash flow statement, statement of changes in equity, accompanying notes, are in accordance with the Corporations Act 2001 and:

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

    (b) give a true and fair view of the financial position as at 31 December 2007 and of the performance for the year ended on that date of the company and the consolidated entity.

2. In the Directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

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 31st day of March 2008

Chartered Accountants
& Advisers

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF STRATEGIC MINERALS CORPORATION NL

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for both Strategic Minerals Corporation NL (the company) and the consolidated entity, for the year ended 31 December 2007. The consolidated entity comprises both the company and the entities it controlled during that year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the compensation of key management personnel ("compensation disclosures"), as required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration Report" in pages 7-9 of the directors' report and not in the financial report.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the preparation and presentation of the compensation disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

Audit Approach

We have conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement and that the compensation disclosures in the directors' report comply with Accounting Standard AASB 124. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows and whether the compensation disclosures in the directors' report comply with Accounting Standard AASB 124.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and the compensation disclosures in the directors' report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

The independence declaration given to the directors in accordance with section 307C would be in the same terms if it had been given at the date of this report.

Audit Opinion

In our opinion:

(1) the financial report of Strategic Minerals Corporation NL is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2006 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia; and

(2) the compensation disclosures that are contained in pages 7-9 of the directors' report comply with Accounting Standard AASB 124.

BDO
Chartered Accountants

S Andrawes
Partner

Perth, Western Australia
Dated: 30 March 2008

Chartered Accountants
& Advisers

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30 March 2008

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

Dear Sirs

DECLARATION OF INDEPENDENCE BY BDO CHARTERED ACCOUNTANTS TO THE DIRECTORS OF STRATEGIC MINERALS CORPORATION NL

To the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of this Act in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to this audit.

Yours faithfully
BDO
Chartered Accountants

Sherif Andrawes
Partner

ADDITIONAL SHAREHOLDER INFORMATION

As at 25th March 2008

1. DISTRIBUTION OF SHAREHOLDERS

			Number of Shareholders	Number of Unlisted Option Holders
1	-	1,000	629	
1,001	-	5,000	640	
5,001	-	10,000	286	
10,001	-	100,000	596	
100,001	and over		165	
			2,316	

Percentage holding of twenty largest holders 74.29%

Number of shareholders holding less than a marketable parcel 1,403

2. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders are as follows:

	Shareholder	Number of Shares	% of Issued Capital
1	ANZ Nominees Ltd	66,437,247	25.00
2	HSBC Custody Nominees Ltd	43,040,003	16.20
3	Fortis Clearing Nominees Pty Ltd	16,569,000	6.24
4	Alpenrose Investments Inc.	13,040,585	4.91
5	National Nominees Ltd	12,886,922	4.85
6	Energy World International Ltd	6,583,344	2.48
7	Oxiana Exploration Pty Ltd	5,555,555	2.09
8	Yandal Investments Pty Ltd	5,237,226	1.97
9	FH Nominees Pty Ltd	4,289,100	1.61
10	Citicorp Nominees Pty Ltd	4,243,332	1.60
11	Skabal Pty Ltd	3,491,572	1.31
12	Mayo Secretaries Ltd	2,780,464	1.05
13	M J Charles Nominees Pty Ltd	2,500,000	0.94
14	Altamarda Pty Ltd	1.900,000	0.72
15	Acezone Agents Ltd	1,648,235	0.62
16	Ramaree Pty Ltd	1,628,138	0.61
17	Carlyon Invest Services Pty Ltd	1,510,000	0.57
18	Columb Corporation Pty Ltd	1,500,000	0.56
19	Merrill Lynch Nominees	1,344,000	0.51
20	Wallin C I & F K	1,200,000	0.45
	TOTAL OF TOP 20	197,384,723	74.29
	TOTAL SHARES	265,701,760	100.00

3. SUBSTANTIAL SHAREHOLDERS

As at 25th March 2008 the substantial shareholders registered with the Company were:

Shareholder	No of Shares	% of issued capital
Alpenrose Investments Inc.	13,040,585	4.91%

4. VOTING RIGHTS

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

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

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

STRATEGIC MINERALS CORPORATION NL
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