



**STRATEGIC MINERALS**  
CORPORATION N.L.

# QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 31<sup>st</sup> March 2020

**ASX Code: SMC**

**ASX Release:**  
30 April 2020

**Issued Capital:**  
85,892,039

**Market Capitalisation:**  
\$32.6 Million

**BOARD:**

**Laif McLoughlin**

Executive Chairman

**Darren Fooks**

Non-Executive Director

**Christopher Dunks**

Non-Executive Director

**Jay Stephenson**

Non-Executive Director &  
Company Secretary

**Head Office:**

Level 23, 333 Ann Street  
Brisbane  
Queensland 4000

**Registered Office:**

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Brisbane  
Queensland 4000

**ACN:** 008 901 380

**ABN:** 35 008 901 380

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**Highlights**

Woolgar - Big Vein South (“BVS”) Prospect:

The release of all remaining results from the 2019 drilling program. Standout intercepts announced during the Quarter include:

|        |   |
|--------|---|
| LR0342 | 16 metres at 5.23 g/t gold from 102 to 118 metres         |
| LD0343 | 10.92 metres at 2.27 g/t gold from 97.91 to 108.83 metres |
| LR0347 | 17 metres at 2.03 g/t gold from 59 to 76 metres           |
| LR0349 | 37 metres at 3.35 g/t gold from 117 to 154 metres         |
| LR0350 | 26 metres at 4.3 g/t gold from 104 to 130 metres          |
| LR0354 | 9 metres at 2.85 g/t gold from 112 to 121 metres          |
| LR0359 | 48 metres at 1.12 g/t gold from 112 to 160 metres         |

For full details of drilling results, see SMC ASX Announcements *Initial Drill Results - Big Vein South* published on 13<sup>th</sup> December 2019 and *Final Results of 2019 Drill Program at Big Vein South* published on 18<sup>th</sup> February 2020.

The release of a new Resource Update for BVS. On the 10<sup>th</sup> March 2020 the Company announced a new BVS Resource estimation of 1.384 Moz. gold (at a 0.75% cut-off) including a 35% increase in Measured and Indicated (“M&I”) Resources to 64% of the contained ounces.

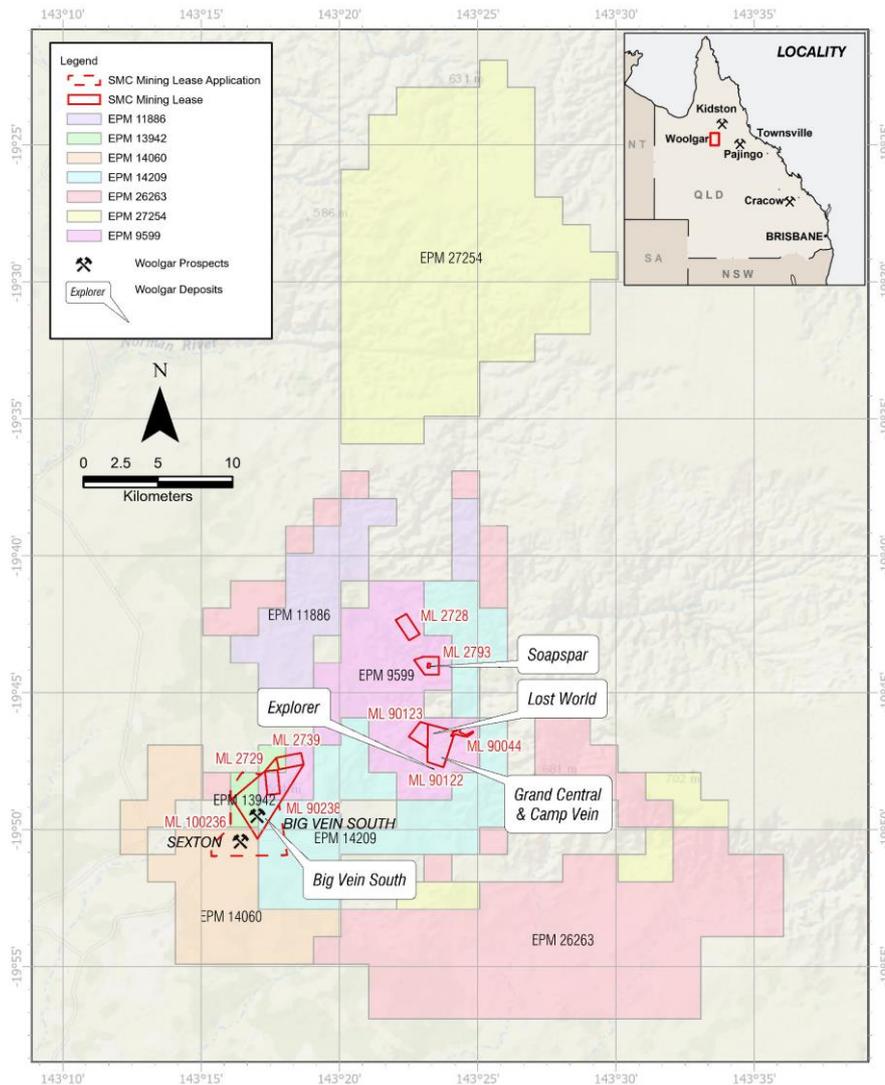
The release of the metallurgical test work results on the 2 March 2020 which indicate that gold recoveries exceeding 90% can be achieved utilising a conventional gold comminution and process flowsheet including crushing and milling, gravity separation and leaching.

Surface water monitoring points were established and a round of surface water and ground water sampling completed.

Woolgar – Sexton Prospect:

The Company released of the results from the three reverse circulation holes targeting the multielement anomaly on strike from BVS.





**Figure 1: Woolgar Project Tenements and Deposits**

## 2019 Drilling Program Overview

The company completed the following program during the 2019 field season:

- Eleven RC drill holes, infilling on the BVS resource to increase confidence levels for Resource estimation;
- One RC drill hole, testing for a near-surface extension to the BVS resource,
- Three RC drill holes, exploring for further potential mineralisation under the Sexton multielement soil anomaly; and
- Four DD core holes for geotechnical purposes.

All results have been released to market. For full details of the drilling announcement made in the Quarter, please see SMC ASX Announcements *Final Results of 2019 Drill Program at Big Vein South* published on 18<sup>th</sup> February 2020.

## BVS Resource Update

The company announced the update to the Mineral Resources for the BVS gold deposit which had been prepared by our resource consultants H&S Consultants Pty Ltd in accordance with the 2012 JORC Code and Guidelines and the ASX Listing Rules.

These results confirm the suitability of the drill holes spacings developed from the 2017 program to efficiently convert lower confidence material to M&I. Importantly, the BVS resource continues to convert to M&I in a predictable manner,

increasing confidence in the Company's modelling of the deposit. The results of this program continue to reinforce the drilling approach undertaken by the company in developing the resource base at Big Vein South ("BVS").

The new Measured and Indicated Resources include a 35% increase in gold ounces which now account for 64% of the contained ounces in the Resource. For full details of the resource update released in the Quarter, please see SMC ASX Announcements *Resource Update for Big Vein South* published on the 10 March 2020.

**Table 1: Resource Update – Big Vein South, 9th March 2020, at 0.75 g/t cut-off (minor rounding errors)**

| Category     | Mt          | Au g/t      | Au Koz       | Density t/m3 |
|--------------|-------------|-------------|--------------|--------------|
| Measured     | 1.4         | 1.91        | 87           | 2.7          |
| Indicated    | 12.9        | 1.93        | 799          | 2.7          |
| Inferred     | 9.5         | 1.64        | 498          | 2.7          |
| <b>Total</b> | <b>23.8</b> | <b>1.81</b> | <b>1,384</b> | <b>2.7</b>   |

### BVS Project – Metallurgical Testwork Program

On the 10<sup>th</sup> February 2020, Strategic announced that it had received the *Woolgar Gold Project – Gold Recovery Testwork Report* ("the Report") from its consultants, Core Metallurgy Pty Ltd.

The comprehensive first stage metallurgical testwork program evaluated key aspects including comminution, ore sorting, gravity, floatation, leaching and tails treatment etc. The Report highlights that gold recoveries exceeding 90% can be achieved utilising a conventional gold comminution and process flowsheet including crushing and milling, gravity separation, and leaching.

The results from this program of work will now be incorporated into the Process Engineering program which will provide essential information required for a Prefeasibility Assessment. There is also a smaller testwork program which can be completed in tandem with Process Engineering. The next phase will be undertaken as soon as the Company can ensure it can cover the costs of the engagement.

### BVS Project – Geotechnical Program

During the Quarter Strategic continued to work with our geotechnical consultants to advance the geotechnical program of work. This included the development of a new geotechnical model incorporating the major lithological units of the BVS deposit. The objectives of this ongoing program are the identification of geotechnical domains which will exhibit different geotechnical characteristics (defect, shear strength, orientation etc). Strategic is currently reviewing the current program to understand the importance of these separate geotechnical domains for practical mine design.

### BVS Project – Water Monitoring

The Company also completed another round of ground water modelling in the Quarter and established a series of surface water monitoring points. The data from these activities will assist in the development of environmental documentation and licensing approvals.

### Corporate

The Company announced the appointment of a new Independent Non-Executive Director, Mr Christopher Dunks, on the 24 February 2020. Mr Dunks brings a wealth of experience and skills to the Strategic Minerals Corporation Board of Directors.

The Registered Business address was relocated from Western Australia across to Queensland so that it was aligned with the Head Office of the Company.

Toward the end of the Quarter, the Company released the Annual Report for 2019 which included the Director Report and other associated Financial Statements and Accounts. The company will notify shareholders of the timing the Annual General Meeting in due course.

The Company has been notified by the Queensland Department of Natural Mines and Energy that the Exploration Permit for Minerals 27254 has been recently granted. The company will now undertake an extensive review of the previous exploration data in this area before developing a work program to be progressively rolled out over the term.

Laif Allen McLoughlin  
EXECUTIVE CHAIRMAN

#### COMPETENT PERSON STATEMENT

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

The information in the report to which this statement is attached that relates to Mineral Resources and Exploration Targets for the BVS Deposit is based on information compiled by Simon Tear, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Tear is a Director of H&SC Consultants Pty Ltd. Mr Tear has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tear consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## Appendix 1: Tenement Schedule:

| <i>Tenement</i> | <i>Holder</i>   | <i>Project</i> | <i>Status</i> | <i>State</i> |
|-----------------|---|----------------|---------------|--------------|
| EPM 9599        | Strategic Minerals Corporation NL   | Woolgar        | Granted       | QLD          |
| EPM 11886       | Strategic Minerals Corporation NL   | Woolgar        | Granted       | QLD          |
| EPM 13942       | Strategic Minerals Corporation NL   | Steam Engine   | Granted       | QLD          |
| EPM 14060       | Strategic Minerals Corporation NL   | Woolgar South  | Granted       | QLD          |
| EPM 14209       | Strategic Minerals Corporation NL   | Woolgar        | Granted       | QLD          |
| EPM 26263       | Strategic Minerals Corporation NL   | Woolgar        | Granted       | QLD          |
| EPM 27254       | Strategic Minerals Corporation NL   | Woolgar        | Granted       | QLD          |
| ML 2642         | Strategic Minerals Corporation NL   | Soapspar       | Granted       | QLD          |
| ML 2728         | Strategic Minerals Corporation NL   | Shamrock       | Granted       | QLD          |
| ML 2729         | Strategic Minerals Corporation NL   | Mowbray        | Granted       | QLD          |
| ML 2739         | Strategic Minerals Corporation NL   | Mowbray #3     | Granted       | QLD          |
| ML 2793         | Strategic Minerals Corporation NL   | New Soapspar   | Granted       | QLD          |
| ML 90044        | Strategic Minerals Corporation NL   | Sandy Dam      | Granted       | QLD          |
| ML 90122        | Strategic Minerals Corporation NL   | Sandy Creek    | Granted       | QLD          |
| ML 90123        | Strategic Minerals Corporation NL   | Flat Creek     | Granted       | QLD          |
| ML 90238        | Strategic Minerals Corporation NL   | North Star     | Granted       | QLD          |
| MLA 100236      | Strategic Minerals Corporation NL   | Southern Star  | Application   | QLD          |
| EL 5773         | Perilya Freehold Mining Pty Ltd (90%);<br>Signature Resources Pty Ltd (10%) <sup>1</sup>                | Mount Frome JV | Granted       | SA           |
| EL 6132         | Perilya Limited (85%); Paladin Energy<br>Ltd (7.5%); Signature Resources Pty<br>Ltd (7.5%) <sup>2</sup> | Reaphook JV    | Granted       | SA           |

<sup>1</sup> Signature Resources Pty Ltd is a wholly owned subsidiary of Strategic

<sup>2</sup> Signature Resources Pty Ltd is a wholly owned subsidiary of Strategic

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

**Strategic Minerals Corporation NL (ASX: SMC)**

ABN

**35 008 901 380**

Quarter ended ("current quarter")

**31 March 2020**

| <b>Consolidated statement of cash flows</b> |   | <b>Current<br/>quarter<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|---|--|--|
| <b>1.</b>                                   | <b>Cash flows from operating activities</b>           |  |  |
| 1.1   | Receipts from customers                               | -                                      | -  |
| 1.2   | Payments for  |  |  |
|   | (a) exploration & evaluation (if expensed)            | (388)                                  | (388)  |
|   | (b) development                                       | -                                      | -  |
|   | (c) production  | -                                      | -  |
|   | (d) staff costs                                       | (69)                                   | (69)   |
|   | (e) administration and corporate costs                | (157)                                  | (157)  |
| 1.3   | Dividends received (see note 3)                       | -                                      | -  |
| 1.4   | Interest received                                     | 1                                      | 1  |
| 1.5   | Interest and other costs of finance paid              | -                                      | -  |
| 1.6   | Income taxes paid                                     | -                                      | -  |
| 1.7   | Government grants and tax incentives                  | -                                      | -  |
| 1.8   | Other (provide details if material)                   | -                                      | -  |
| <b>1.9</b>                                  | <b>Net cash from / (used in) operating activities</b> | <b>(613)</b>                           | <b>(613)</b>                                   |

|           |   |   |   |
|-----------|---|---|---|
| <b>2.</b> | <b>Cash flows from investing activities</b>   |   |   |
| 2.1       | Payments to acquire:                          |   |   |
|           | (a) entities                                  | - | - |
|           | (b) tenements                                 | - | - |
|           | (c) property, plant and equipment             | - | - |
|           | (d) exploration & evaluation (if capitalised) | - | - |
|           | (e) investments                               | - | - |
|           | (f) other non-current assets                  | - | - |

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|---|------------------------------------|--|
| 2.2   | Proceeds from the disposal of:                        |                                    |  |
|   | (a) entities  | -                                  | -  |
|   | (b) tenements   | -                                  | -  |
|   | (c) property, plant and equipment                     | -                                  | -  |
|   | (d) investments                                       | -                                  | -  |
|   | (e) other non-current assets                          | -                                  | -  |
| 2.3   | Cash flows from loans to other entities               | -                                  | -  |
| 2.4   | Dividends received (see note 3)                       | -                                  | -  |
| 2.5   | Other (provide details if material)                   | -                                  | -  |
| <b>2.6</b>                                  | <b>Net cash from / (used in) investing activities</b> | <b>-</b>                           | <b>-</b>                                       |

|             |   |          |          |
|-------------|---|----------|----------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |          |          |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | -        | -        |
| 3.2         | Proceeds from issue of convertible debt securities                                      | -        | -        |
| 3.3         | Proceeds from exercise of options   | -        | -        |
| 3.4         | Transaction costs related to issues of equity securities or convertible debt securities | -        | -        |
| 3.5         | Proceeds from borrowings  | -        | -        |
| 3.6         | Repayment of borrowings   | -        | -        |
| 3.7         | Transaction costs related to loans and borrowings                                       | -        | -        |
| 3.8         | Dividends paid  | -        | -        |
| 3.9         | Other (provide details if material)   | -        | -        |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                                   | <b>-</b> | <b>-</b> |

|           |  |       |       |
|-----------|--|-------|-------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |       |       |
| 4.1       | Cash and cash equivalents at beginning of period                             | 324   | 937   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (613) | (613) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | -     | -     |
| 4.4       | Net cash from / (used in) financing activities (item 3.10 above)             | -     | -     |

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|---|------------------------------------|--|
| 4.5   | Effect of movement in exchange rates on cash held | -                                  | -  |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b> | <b>324</b>                         | <b>324</b>                                     |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 324                                | 937                                 |
| 5.2        | Call deposits   | -                                  | -                                   |
| 5.3        | Bank overdrafts   | -                                  | -                                   |
| 5.4        | Other (provide details)   | -                                  | -                                   |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  |                                    |                                     |

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

67<sup>1</sup>

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

<sup>1</sup>Amounts show at 6.1 relate to salary/fees and superannuation paid to directors during the quarter

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| <b>7. Financing facilities</b>  | <b>Total facility<br/>amount at quarter<br/>end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
|---|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.<br/>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>   |   |  |
| 7.1 Loan facilities   | -   | -  |
| 7.2 Credit standby arrangements   | -   | -  |
| 7.3 Other (please specify)  | -   | -  |
| 7.4 <b>Total financing facilities</b>   | -   | -  |
| 7.5 <b>Unused financing facilities available at quarter end</b>   | [ ]   |  |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | [ ]   |  |
| Nil   |   |  |

| <b>8. Estimated cash available for future operating activities</b>  | <b>\$A'000</b> |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9)   | (613)          |
| 8.2 Capitalised exploration & evaluation (Item 2.1(d))  | -              |
| 8.3 Total relevant outgoings (Item 8.1 + Item 8.2)  | (613)          |
| 8.4 Cash and cash equivalents at quarter end (Item 4.6)   | 324            |
| 8.5 Unused finance facilities available at quarter end (Item 7.5)   | -              |
| 8.6 Total available funding (Item 8.4 + Item 8.5)   | 324            |
| 8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>   | 0.53           |
| 8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:   |                |
| 1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?  |                |
| Answer: Yes, the Company is still in its advanced exploration phase and will continue the current level of net operating cash flows.  |                |
| 2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?     |                |
| Answer: Yes, the Company has released a rights issue prospectus to the market to raise the required capital.  |                |
| 3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?  |                |
| Answer: Yes, so long as the rights issue prospectus currently in the market is successfully completed in the nominated timeframe. The Company will be able to continue its operations and meet the business objectives. |                |

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2020

Authorised by: The Board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.