

17 July 2014

June 2014 Quarterly Report

Highlights for the June quarter are as follows:

- Mining Licence MIN4921 successfully renewed for additional 5 years.
- Work commenced to assess the viability of production at Glen Wills.
- Exploration Licences EL4717 and EL3916 each renewed for further 2 years.
- EL4717 reduced in area to 146km².
- Geophysical survey of Comstock Prospect in EL4717 identifies multiple follow-up anomalies.
- Geochemical stream sampling results on EL5300 disappointing.
- Exploration Licence EL5300 to be surrendered.

SML Corporation Limited (ASX code "SOP", the Company) is a major tenement holder in eastern Victoria, with four Exploration Licences and one Mining Lease covering a total of 334 square kilometres (Figure 1, Table 1).

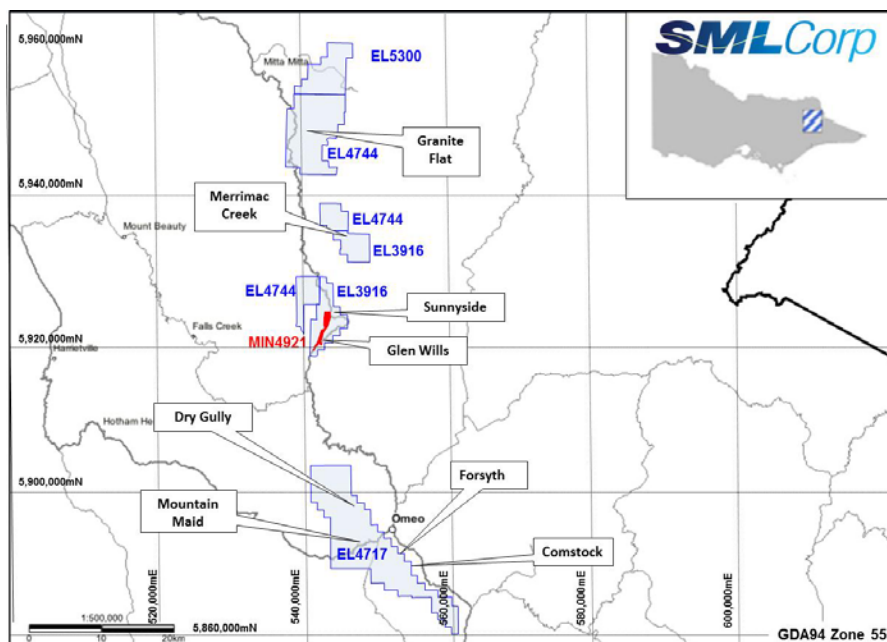


Figure 1: Project and Prospect Location – Eastern Victoria

TENEMENT	PROJECTS	AREA (km ²)	GRANTED	EXPIRY
MIN4921	Glen Wills - Sunnyside	2.4	18/01/1990	13/05/2019
EL3916	Merrimac	47	13/05/1996	13/05/2016
EL4717	Omeo Shear Zone	146	28/01/2009	27/01/2016
EL4744	Granite Flat	99.8	29/11/2006	28/11/2014
EL5300	Banimboola	39.0	20/04/2011	19/04/2016
TOTAL AREA		334.2		

Table 1: SML Corporation Limited Tenements

EXPLORATION ACTIVITIES

Glen Wills Goldfield Project (MIN 4921)

The Company received notifications from the government regulators that MIN4921 had been renewed for a further five (5) years. This will allow the Company to continue its proven successful approach of exploration within the licence area.

As a result of the renewal of the Licence, the Company commenced discussions with several consultancy companies toward preparation of a Work Plan submission to the government. The intent of the Work Plan is to allow the Company to assess the viability of a proposal to commence processing of existing surface material on site as a prelude to committing to full production.

Merrimac (EL 3916)

During the quarter, formal approval for the renewal of EL3916 for a further 2 years was received from the government. During the application for renewal, no field work was undertaken.

Granite Flat (EL4744)

During the quarter no activity was undertaken on this tenement area, with exploration focused on the stream sediment sampling program on EL5300 immediately to the north.

Omeo (EL4717)

During the quarter, formal approval for the renewal of EL4717 for a further 2 years was received from the government. As part of the renewal process undertaken by the Company, the licence was reduced in total area from 420km² to 146km², allowing the Company to further focus on the more prospective area immediately south of the town of Omeo that hosts the majority of the prospects.

During a four week period between 14 April and 11 May a Dipole – Dipole Multi-Polar Distance IP survey was completed over the central portion of the Comstock Prospect. A total of 7.22 line kilometres were completed with 257 IP points recorded. Three (3) anomalous areas were identified

with the strongest two (Anomalies I & II) correlating to areas of known surface mineralisation (Figure 2.).

Testing of the targets will not be able to occur until more favourable weather conditions return to the area. Should the future drilling confirm the presence of gold/silver sulphide mineralisation the survey method could become a useful tool to further test additional targets not only at Comstock Prospect but also at the Forsyth Prospect where high grade gold and silver mineralisation has been previously detected in drilling.

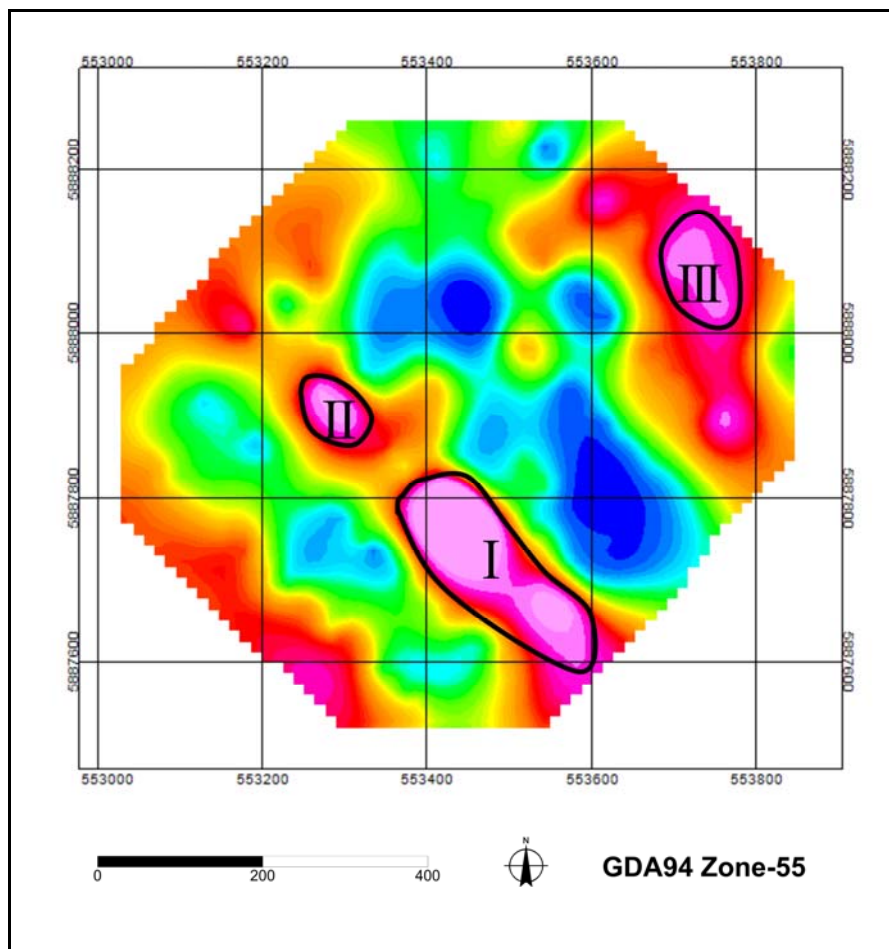


Figure 2. Inference and Interpretation Plan of Dual-Frequency IP Apparent Frequency Dispersivity Abnormity – Comstock Prospect Showing Anomalous Areas I, II & III.

EL5300 (Banimboola)

Results of the infill stream sediment sampling undertaken last quarter were received and analysed.

Whilst there appears to be a congregation of higher gold values in the northeast corner, with possibly a source from outside of the EL the anomalism is not high relative to background levels and cannot be discounted as being within background levels (Figure 3). Copper highs are clustered in the south of the EL, within the Banimboola pluton. (Figure 4) and once again do not exceed background levels.

Due to the disappointing results of the geochemical survey conducted over the tenement and the discounting of the presence of an outcropping or near sub-surface mineralised porphyry system it was decided that the Company would seek to surrender the licence and minimise future expenditure requirements.

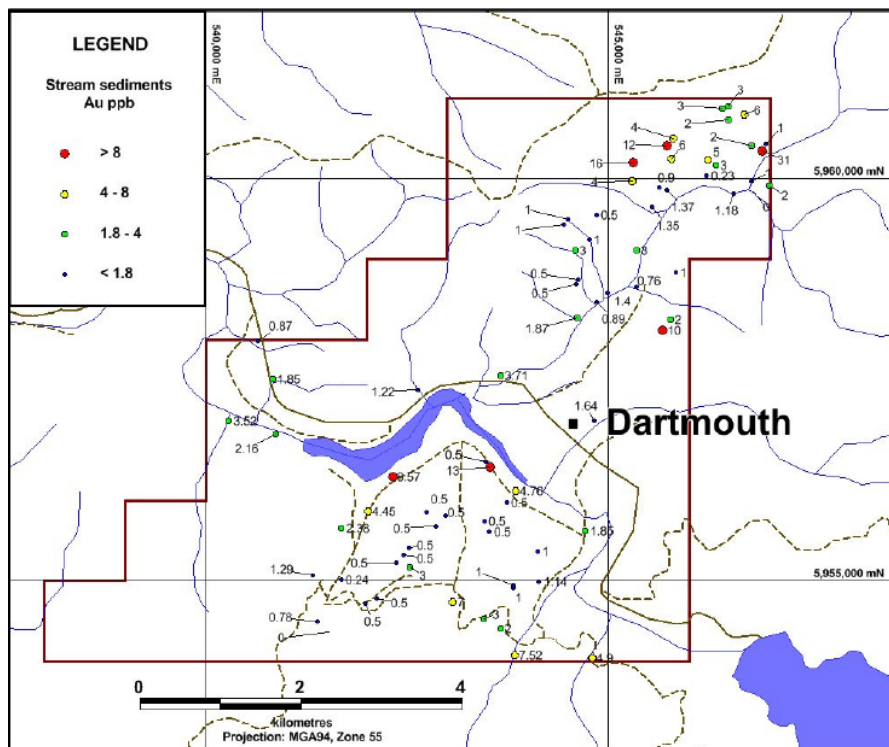


Figure 3. EL5300 Stream Sediment Results – Gold

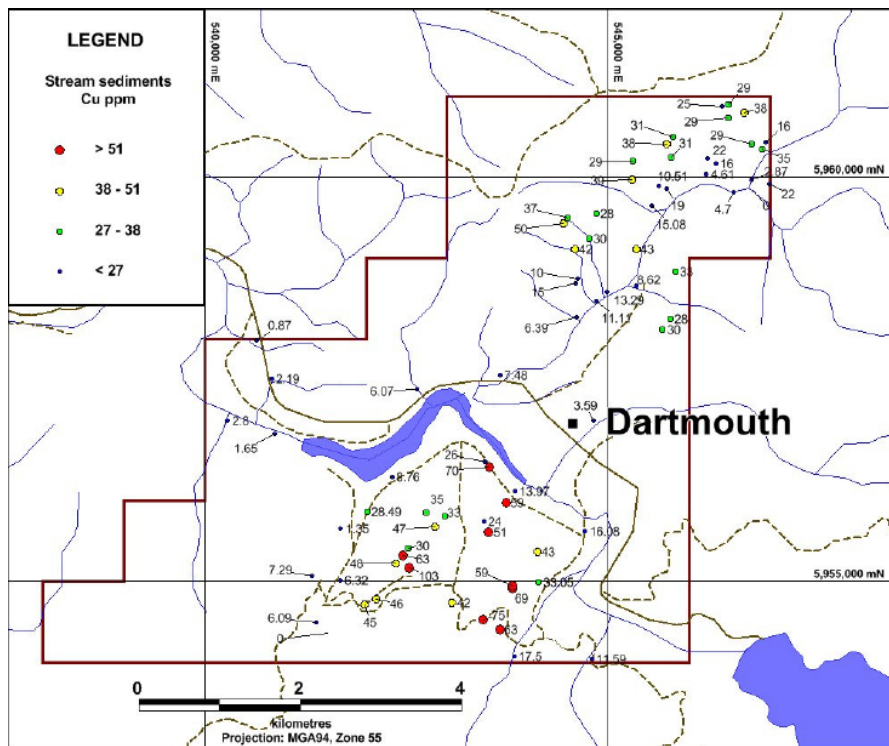


Figure 4. EL5300 Stream Sediment Results – Copper

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on geological information compiled by Mr Peter de Vries, a consulting geologist, on behalf of SML Corporation Ltd. Mr de Vries is a member of the Australasian Institute of Mining and Metallurgy and is a Competent Person as defined by the 2012 JORC Code, having more than five years experience which is relevant to the style of mineralisation and type of deposit described in this report, and to the activity for which he is accepting responsibility. Mr de Vries consents to the publishing of the information in this report in the form and context in which it appears.

FINANCIAL POSITION

As at 30 June 2014, the Group has \$5,566,000 in available cash reserves.

The Company intends to manage its cash reserves in a manner that aims to maximise shareholder value from exploration activities that it undertakes during the 2014 - 15 calendar year.

For further information, please contact:

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About SML Corporation Limited

SML Corporation is specialising on gold and base metals exploration in the East Gippsland region of Victoria. SMLC's granted tenements cover an area of approximately 334km² in some of Victoria's most prospective areas and include the historic goldfields at Glen Wills and Sunnyside.

Although the East Gippsland region has hosted many minerals in the past, the region has been significantly under-explored and SMLC is now using modern geological techniques to explore for gold, silver, copper, zinc and lead.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

SML Corporation Limited

ARBN

161 803 032

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	22	78
1.2	Payments for (a) exploration & evaluation	(165)	(967)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(96)	(665)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	85	247
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	13	114
Net Operating Cash Flows		(141)	(1,193)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(1)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(141)	(1,194)

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(141)	(1,194)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(141)	(1,194)
1.20	Cash at beginning of quarter/year to date	5,706	6,766
1.21	Exchange rate adjustments to item 1.20	1	(6)
1.22	Cash at end of quarter	5,566	5,566

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	23
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions Represent directors fees paid during the quarter.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	120
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	270

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	558	729
5.2 Security Deposits for tenement holders (interest bearing)	130	130
5.3 Bank overdraft	-	-
5.4 Other (Term Deposits)	4,878	4,847
Total: cash at end of quarter (item 1.22)	5,566	5,706

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	None			
6.2 Interests in mining tenements and petroleum tenements acquired or increased	None			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)	NIL	NIL	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	107,839,799	107,839,799	-	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities (description)	NIL	NIL	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options SOPO	36,891,338	36,891,338	Exercise price 20 cents	Expiry date 23/11/2015
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	52,500,000	Unquoted	Exercise price 32 cents	Expiry date 20/06/2014
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 

Date: 17 July 2014

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(Director)

Print name: KIM CHUAN FREDDIE HENG

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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