

23 October 2014

## September 2014 Quarterly Report

Highlights for the September quarter are as follows:

- Work continues to assess the viability of production at Glen Wills.
- Submission for reduction in land holdings on EL4744 commenced.

SML Corporation Limited (ASX code "SOP", the Company) is a major tenement holder in eastern Victoria, with three Exploration Licences and one Mining Lease covering a total of 295 square kilometres (Figure 1, Table 1).

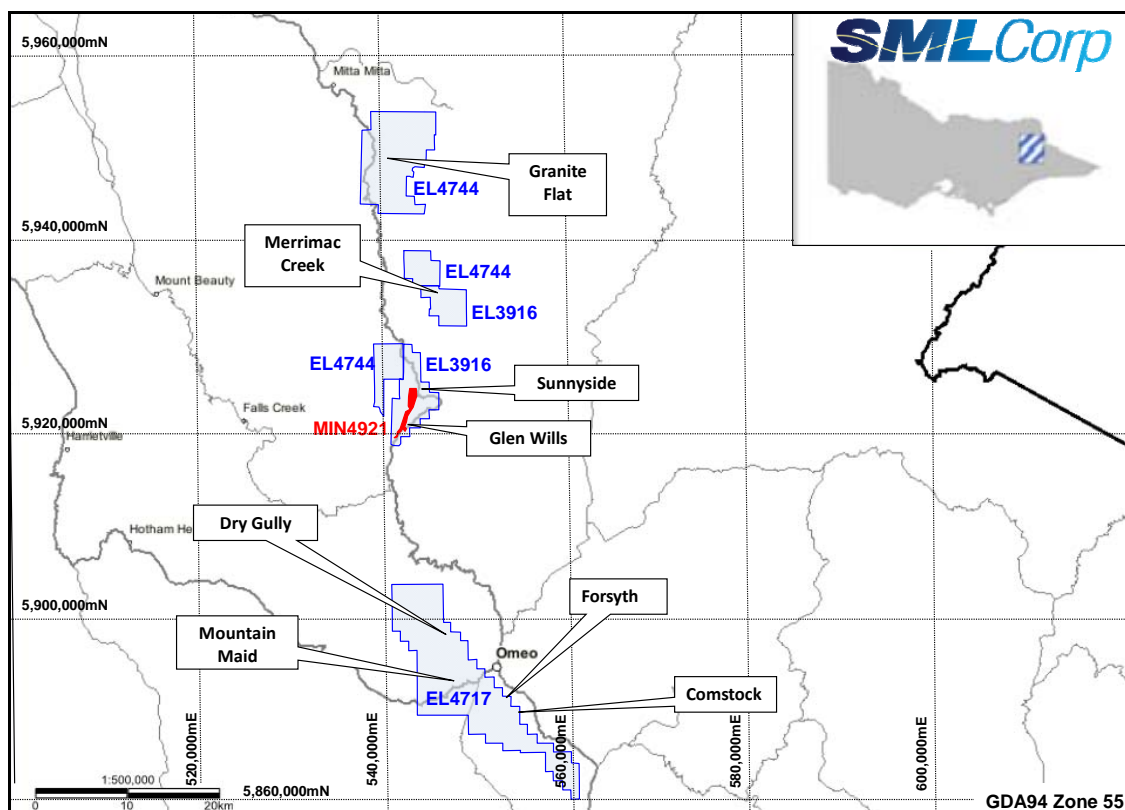


Figure 1: Project and Prospect Location – Eastern Victoria

TENEMENT	PROJECTS	AREA (km <sup>2</sup> )	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	28/01/2019
EL4744	Granite Flat	99.8	29/11/2006	28/11/2014
TOTAL AREA		295.2		

**Table 1: SML Corporation Limited Tenements**

## EXPLORATION ACTIVITIES

### Glen Wills Goldfield Project (MIN 4921)

As a result of the renewal of the Licence, the Company has continued discussions with several consultancy companies toward preparation and submission of a Work Plan to the government. The intent of the Work Plan will 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. Discussions were ongoing with one lead consultancy to finalise costs and timing of the Work Plan application.

### Merrimac (EL 3916)

During the quarter no activity was undertaken on this tenement area due to the onset of winter conditions.

### Granite Flat (EL4744)

During the quarter no activity was undertaken on this tenement area, work is progressing for a reduction application on the licence and then a renewal submission due in the December quarter.

### Omeo (EL4717)

During the quarter, no activity occurred on the licence as the results of the earlier geophysical survey continued to be analysed. The onset of winter conditions precluded any attempts to undertake field work on the licence.

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*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based 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.*

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## **FINANCIAL POSITION**

As at 30 September 2014, the Group has \$5,344,000 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.

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### **For further information, please contact:**

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SML Corporation Limited

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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 295km<sup>2</sup> 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, and copper.

# 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 September 2014

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	19	19
1.2	Payments for (a) exploration & evaluation	(150)	(150)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(137)	(137)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	24	24
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	20	20
<b>Net Operating Cash Flows</b>		(224)	(224)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
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)	-	-
<b>Net investing cash flows</b>		-	-
1.13	Total operating and investing cash flows (carried forward)	(224)	(224)

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+ 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)	(224)	(224)
	<b>Cash flows related to financing activities</b>		
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)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(224)	(224)
1.20	Cash at beginning of quarter/year to date	5,566	5,566
1.21	Exchange rate adjustments to item 1.20	2	2
1.22	<b>Cash at end of quarter</b>	5,344	5,344

**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	150
4.2 Development	-
4.3 Production	-
4.4 Administration	150
<b>Total</b>	<b>300</b>

### **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	315	558
5.2 Security Deposits for tenement holders (interest bearing)	130	130
5.3 Bank overdraft	-	-
5.4 Other (Term Deposits)	4,899	4,878
<b>Total: cash at end of quarter (item 1.22)</b>	<b>5,344</b>	<b>5,566</b>

### **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	EL5300	Banimboola	100%	NIL
6.2 Interests in mining tenements and petroleum tenements acquired or increased	None			

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+ 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 <b>Preference +securities</b> (description)	NIL	NIL	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	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 <b>+Convertible debt securities</b> (description)	NIL	NIL	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options SOPO</b>	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	-	-	-	-
7.11 <b>Debentures</b> (totals only)				
7.12 <b>Unsecured notes</b> (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: 23/10/2014

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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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