

18 January 2016

### December 2015 Quarterly Report

Highlight for the December quarter is as follows:

- Work Plan for MIN4921 submitted.
- To surrender EL4717 and EL4744

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 246 square kilometres (Figure 1, Table 1).

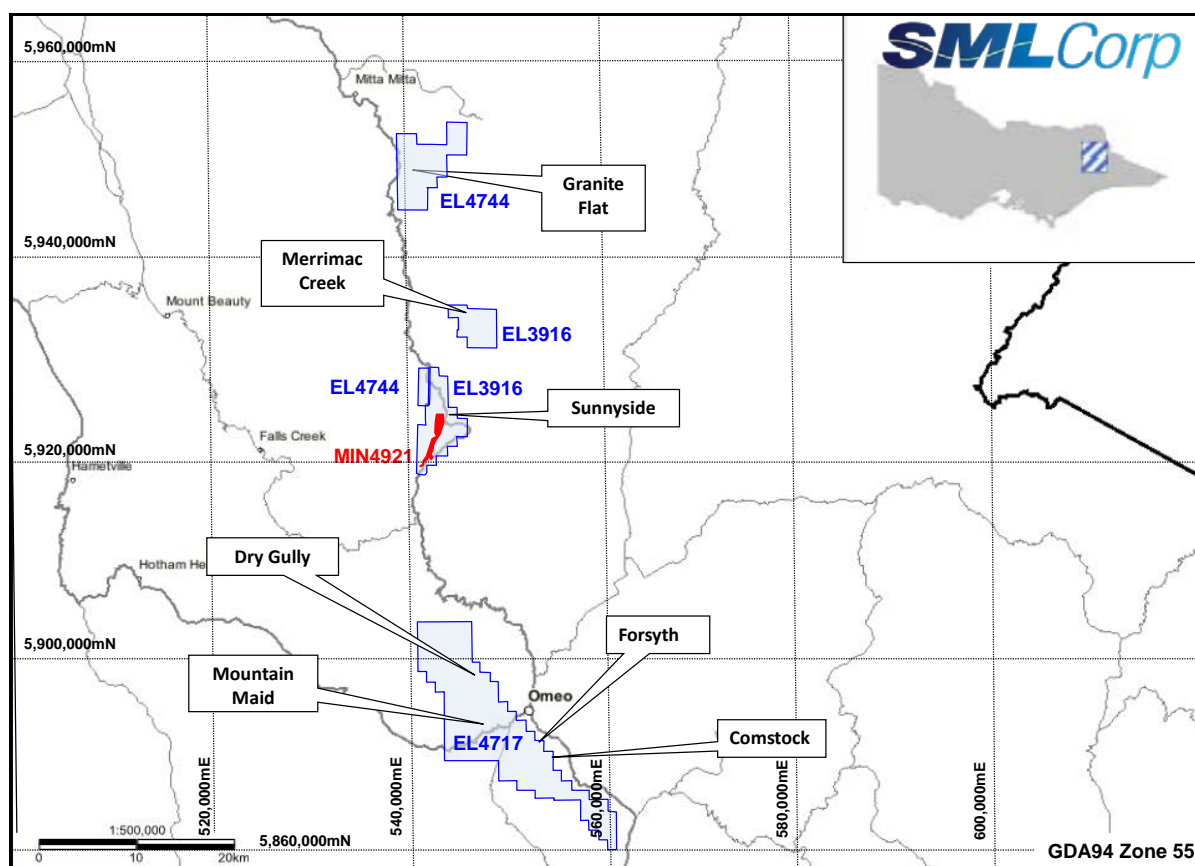


Figure 1: Project and Prospect Location – Eastern Victoria

| 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           | 51                      | 29/11/2006 | 28/11/2016 |
| TOTAL AREA |                        | 246.4                   |            |            |

**Table 1: SML Corporation Limited Tenements**

## EXPLORATION ACTIVITIES

### Glen Wills Goldfield Project (MIN 4921)

#### WORK PLANS

The company has submitted the Work Plan application for the Glen Wills Gold Project. The application was submitted to the relevant government authorities and a reply requesting some clarification on a number of issues related to the application have been received back from the Department.

Work commenced late in the quarter to reply and supply additional information to the Department. This work will be continued into the next quarter.

### Merrimac (EL 3916)

During the quarter, no activity occurred on the licence.

### Granite Flat (EL4744) and Omeo (EL4717)

In order to reduce expenditure and maximise shareholder value it has been decided that these Exploration Licences will be surrendered. Final surrender reports will be filed with the Department early in the next quarter.

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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 the Australian Institute of Geoscientists 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 31 December 2015, the Group has \$4,660,000 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 2016 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 246km<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")

31 December 2015

### Consolidated statement of cash flows

|   |  | Current quarter<br>\$A'000 | Year to date<br>\$A'000 |
|---|--|----------------------------|-------------------------|
| <b>Cash flows related to operating activities</b> |  |                            |                         |
| 1.1   | Receipts from product sales and related debtors            | 20                         | 38                      |
| 1.2   | Payments for (a) exploration & evaluation                  | (71)                       | (103)                   |
|   | (b) development  | -                          | -                       |
|   | (c) production   | -                          | -                       |
|   | (d) administration   | (108)                      | (248)                   |
| 1.3   | Dividends received   | -                          | -                       |
| 1.4   | Interest and other items of a similar nature received      | 7                          | 19                      |
| 1.5   | Interest and other costs of finance paid                   | -                          | -                       |
| 1.6   | Income taxes paid  | -                          | -                       |
| 1.7   | Other (provide details if material)                        | 3                          | 19                      |
| <b>Net Operating Cash Flows</b>                   |  | (149)                      | (275)                   |
| <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) | (149)                      | (275)                   |

+ 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) | (149) | (275) |
| <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>                | (149) | (275) |
| 1.20  | Cash at beginning of quarter/year to date                  | 4,809 | 4,932 |
| 1.21  | Exchange rate adjustments to item 1.20                     | -     | 3     |
| 1.22  | <b>Cash at end of quarter</b>                              | 4,660 | 4,660 |

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

|      |  | Current quarter<br>\$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<br>\$A'000 | Amount used<br>\$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 | 50         |
| 4.2 Development                | -          |
| 4.3 Production                 | -          |
| 4.4 Administration             | 100        |
| <b>Total</b>                   | <b>150</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<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank  | 726                        | 880                         |
| 5.2 Security Deposits for tenement holders (interest bearing)   | 125                        | 125                         |
| 5.3 Bank overdraft  | -                          | -                           |
| 5.4 Other (Term Deposits)   | 3,809                      | 3,804                       |
| <b>Total: cash at end of quarter (item 1.22)</b>  | <b>4,660</b>               | <b>4,809</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 | 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 <b>Preference +securities</b><br>(description)   | NIL          | NIL           | -   | -  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(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<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |              |               |   |  |
| 7.5 <b>+Convertible debt securities</b><br>(description)   | NIL          | NIL           | -   | -  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |              |               |   |  |
| 7.7 <b>Options</b>   | -            | -             | -   | -  |
| 7.8 Issued during quarter  | -            | -             | -   | -  |
| 7.9 Exercised during quarter   | -            | -             | -   | -  |
| 7.10 Expired during quarter  | 36,891,338   | 36,891,338    | Exercise price<br>20 cents                    | Expiry date<br>23/11/2015                        |
| 7.11 <b>Debentures</b><br>(totals only)  |              |               |   |  |
| 7.12 <b>Unsecured notes</b><br>(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:   
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(Director)

Date: 18/01/2016

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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