STRATEGIC MINERALS

Corporation N.L.

QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 30 June 2017

ASX Code: SMC

ASX Release:

28 July 2017

Issued Capital:

69,061,647

Market Capitalisation:

$25.067 Million

BOARD:

Laif McLoughlin
Executive Chairman

Christopher Wallin
Non-Executive Director

Jay Stephenson
Non-Executive Director & Company Secretary

Head Office:

Level 29, Waterfront Place
1 Eagle Street
Brisbane
Queensland 4000

Registered Office:

Suite 12, Level 1
11 Ventnor Avenue
West Perth
Western Australia 6005

ACN: 008 901 380

ABN: 35 008 901 380

Email:
admin@stratmin.com.au

www.stratmin.com.au

Highlights

- Successful placement and rights issue completed to raise over $1.9 Million
- Exploration underway, including follow-up mapping of targets identified across the project, and soil and outcrop sampling
- Continued target definition on additional targets proximal to the BVS resource
- Field preparations underway for the drilling program, to include reverse circulation and diamond drill phases with drilling underway
- Commencing technical feasibility studies:
  - LiDAR radar topographic survey for resource and feasibility studies
  - Accurate aerial photography to assist development planning and ongoing exploration
  - Defining scopes and tendering of initial geotechnical, hydrological and further metallurgical studies

Share Entitlement Prospectus

Post the release of the Big Vein South Resource Update of 18.4Mt at 2 g/t, containing 1,173,000 oz. gold at a 0.75g/t cut-off on the 1st March 2017 (for full details of these results, please refer to *"Resource Update for Big Vein South"* issued on 1st March 2017, available at www.stratmin.com.au), the Company via placements and a renounceable entitlement issue successfully raised over $2 Million (before costs) to commission the exploration program and additional technical studies for 2017.

Planned Exploration

In line with the on-going strategy of both advancing the BVS deposit and continuing to explore for further mineralisation, the company intends to conduct an extensive program that will be both more varied, intensive and advanced than previous years. This reflects the significant advances made in the deposit over the preceding years and the requirement to conduct numerous additional studies to continue to progress the deposit towards possible production.

At BVS, this includes both drilling and technical studies on the resource itself, and advancing additional studies to both better define its economic viability and commence baseline studies for potential environmental impact assessments.

In addition to this, target definition and testing will continue across the project.

2017 Exploration Program

The field activities component of the 2017 exploration program commenced during the quarter.

Soil Sampling

Traditional soil sampling has covered several high-priority targets in the Lower and Upper Camp.

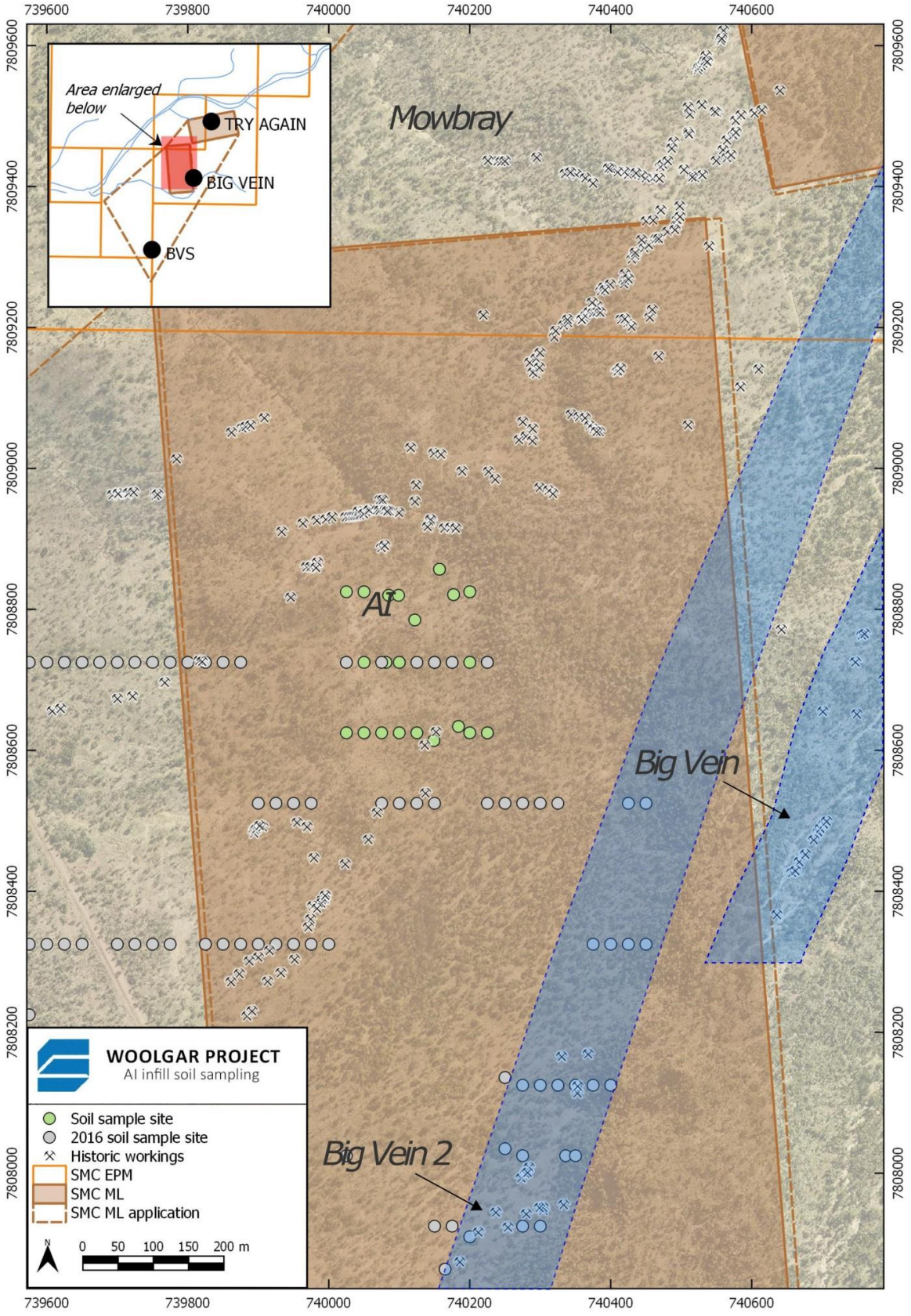

Figure 1: **Infill soil sampling around a strong anomaly in the original survey at AI. This target is both proximal to BVS and located close to significant historic working and known mineralisation at Mowbray, Big Vein and Big Vein 2.**

The primary aim of this program was to complete the orientation program in 2016 over the central Lower Camp. This had proven that Niton sampling of a relatively coarse soil fraction was as precise as time consuming fine sieving. Laboratory analysis of a selection of samples is currently underway to compare the accuracy of the Niton versus traditional methods. If successful, these would constitute significant savings in both time and analytical expenses.

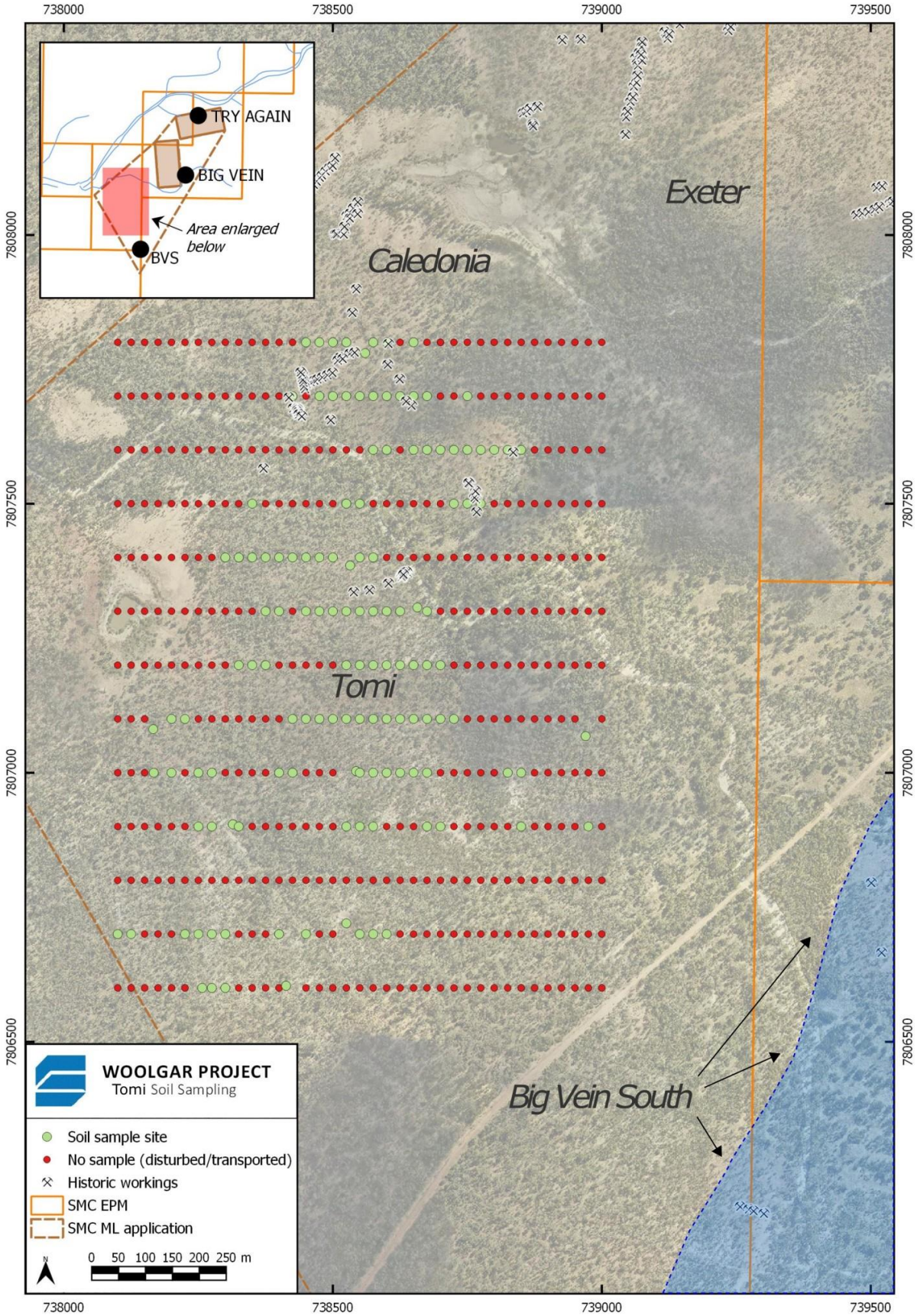

Figure 2: The completed Tomi soil grid, 500 metres west of the BVS resource.

The initial results had also proven that the technique was effective at generating anomalies where only partial grids could be sampled. Follow-up sampling around a small, but strong anomaly at AI has been conducted to confirm whether the anomaly is reliably part of a larger potential target, or only a local minor variation, see Figure 1.

Based on the apparent success of the orientation, a new soil grid was sampled over the Tomi prospect 800 metres west of BVS, for which results are still pending, see Figure 2.

The secondary aim was to continue to develop targets further afield in the project. A soil grid has been partially sampled over the Union sector of the Upper Camp in the north of the project. This area was drilled historically in 2008 and 2012 to shallow depths, with anomalous, but inconclusive results. The recent data review and a subsequent reconnaissance mapping survey in 2015 identified it as a high potential, but poorly understood prospect.

An initial soil sampling grid is underway as a fast, effective and economic method to quantify targets over this area of extensive historic diggings.

Soil sampling over both the Lower and Upper Camps can be undertaken in a cost effective and efficient manner with the employment of the company's Niton device whenever personnel are available throughout the season, thus mitigating lost time in the event of drill-rig breakdown or maintenance.

Niton is a handheld analytical tool that can provide fast and reliable analysis of many elements when used in conjunction with a systematic procedure. It is a mature and accepted tool and is used widely for soil analysis. Although it is not capable of measuring gold to the low levels usually encountered in soils, it is effective on the indicator elements, such as lead, zinc and arsenic which correlate strongly with gold at Woolgar. Strategic has developed and tested their methodology specifically to suit the Woolgar Project.

Ultra-low Detection Soil Sampling (MMI)

This is an established technique for exploring for mineralisation beneath significant overburden. It relies on detection of very low levels of anomalous metals deposited through electrolysis in the soils over a deposit that is slowly oxidising at depth. It has been used successfully within north Queensland to identify deposits on the unconformity of basement rocks beneath moderate thicknesses of sediment, such as occurs around the peripheries of the Woolgar project.

An orientation line over the southern sector of the BVS deposit has been conducted. This is intended to ensure that the sampling technique is effective and to compare analytical procedures from competing laboratories.

Reconnaissance Mapping and Sampling

Reconnaissance mapping and sampling has been completed in several high priority areas, defined by both their proximity to the BVS deposit for planning purposes or purely due to recognised potential. This has included reconnaissance scale mapping and follow-up sampling across parts of Union West in EPM 11886, and following-up on anomalous outcrops identified by soil sampling crews in Union and Tomi.

Initial observations from Karuka, see Figure 3, identified a style of rhyolite intrusions and apparent epithermal mineralisation similar to the Agate Creek deposit, north of Woolgar, but there is only limited exposure available and results to date have not been encouraging, thus the prospect is being reassessed.

Follow-up reconnaissance mapping and rock-chip sampling of initial targets identified by the field team on the Union soils grid was also undertaken, see Figure 3.

Most samples are still pending.

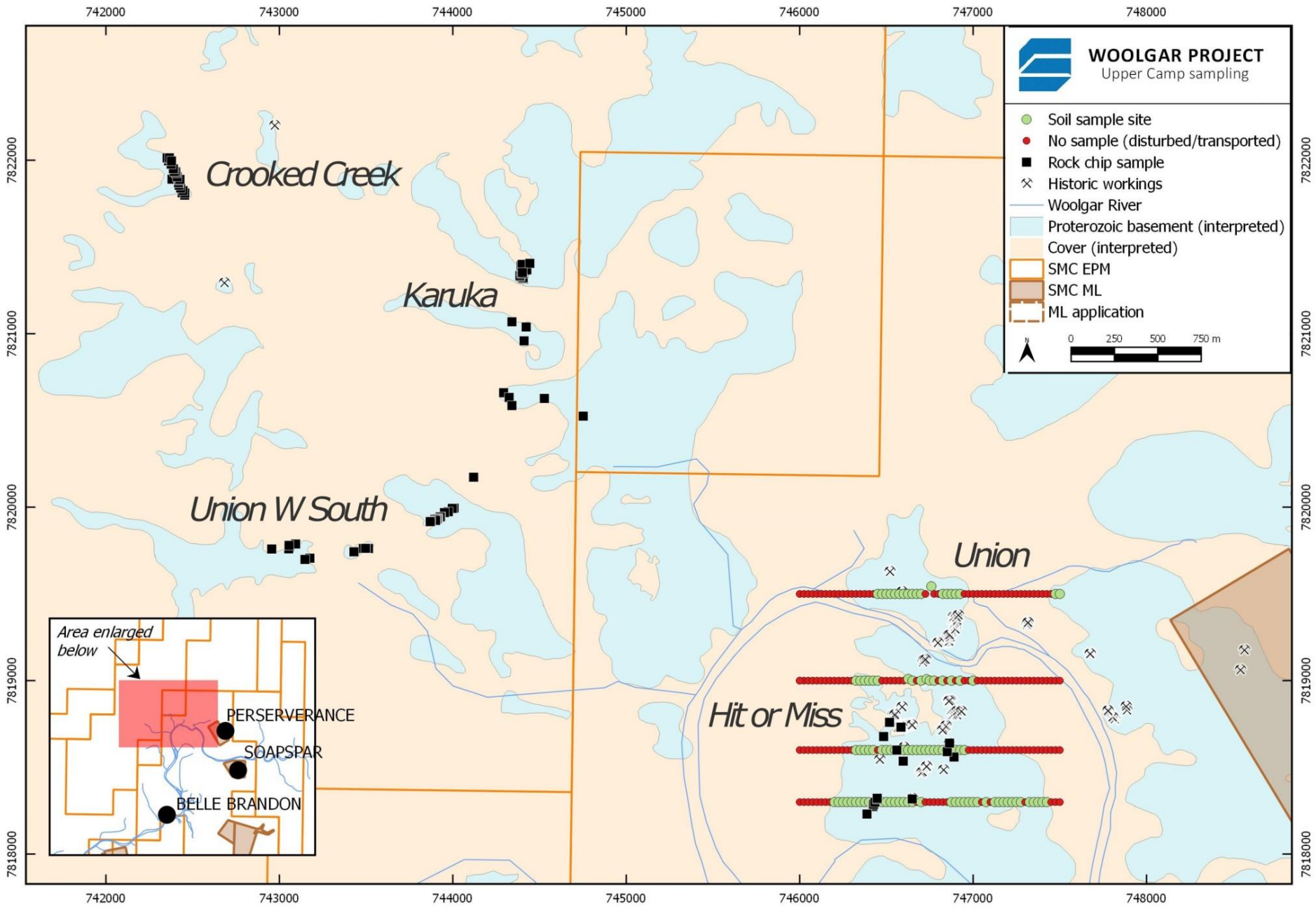

Figure 3: Map of Union and Union West district showing rock chip sample locations and the soil grid currently in progress.

Lidar Survey

During the quarter, Strategic commissioned an aerial survey of part of the Woolgar Project. This produced highly accurate digital terrain information essential for resource estimation, hydrological and mine-planning studies. It was combined with a high-resolution aerial photography survey for similar usage and to assist on-going exploration, see Figure 4.

Figure 4: Comparative images of buildings to demonstrate the difference between the historic and new aerial imagery.

Drill Program Preparation

Preparations were made for the 2017 drill program, which will include both reverse circulation (RC) and diamond drilling (DD). This will focus mainly on the BVS deposit, including both resource definition and additional technical studies aimed at improving the definition of commercial viability and commencing further base-line environmental programs.

BVS currently hosts a global resource of over 1Moz. In order for the project to advance into studies at a Pre-feasibility level, Strategic needs to evaluate both how easily and predictably the deposit converts from Inferred to Indicated or Measured, and whether Exploration Potential (predicted mineralisation) at shallow levels in the Crossover sector can be converted into actual resources. This program concentrates on infill drilling the Crossover sector, a separate resource between two faults to increase the confidence in the resource, and improve the definition of the confidence levels.

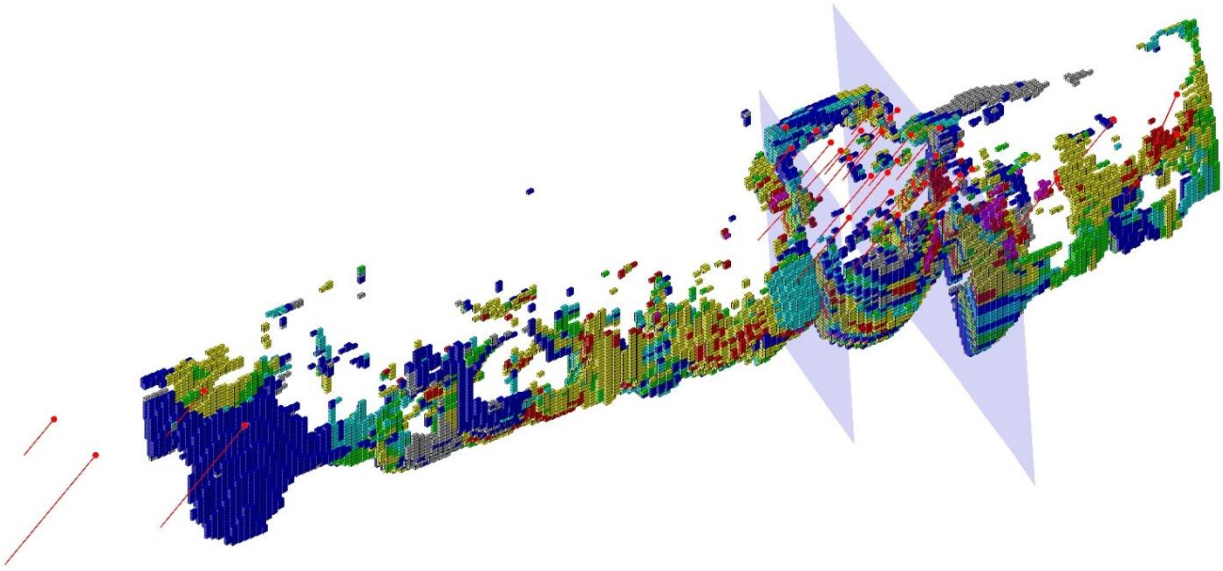

Figure 5: Oblique view of the BVS deposit looking northwest, showing the proposed drilling relative to the exploration potential block model. Most drillholes are concentrated in the Crossover zone between the two faults in grey, with limited infill drilling to the north and four holes to test the southern extension for mine-planning requirements.

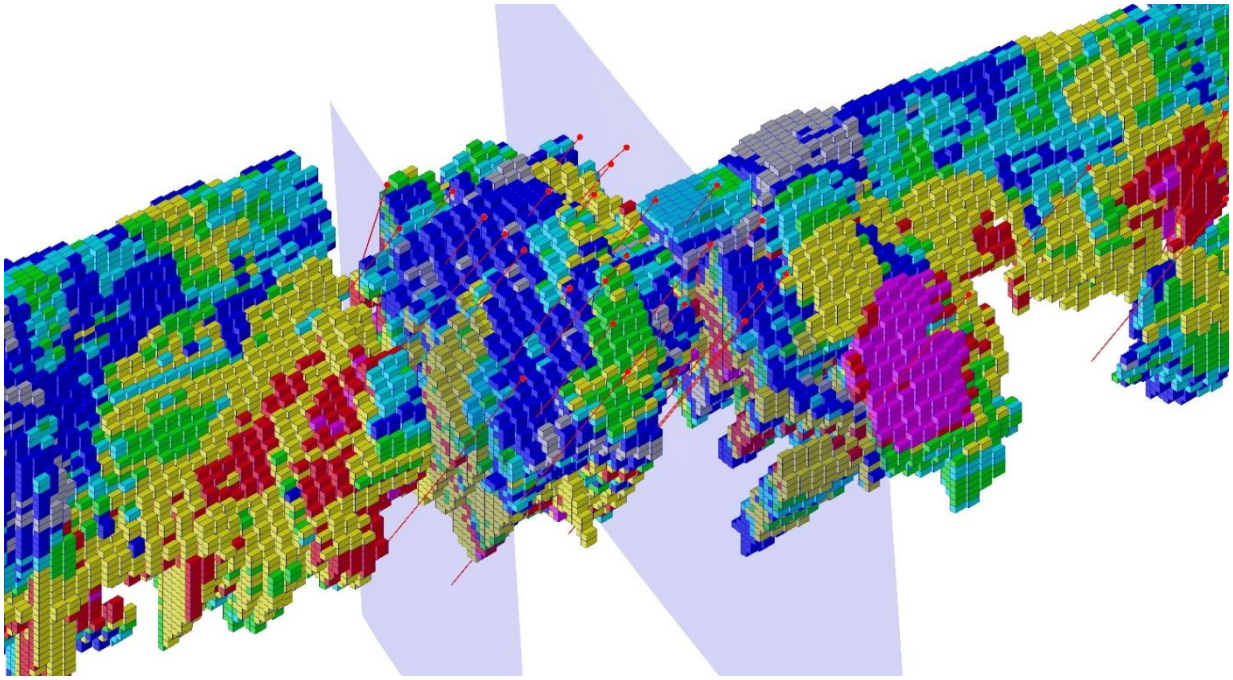

Figure 6: Detailed oblique view to northwest showing the proposed drilling at Crossover in red relative to the current inferred resource. The intention is to refine the definition within a constrained zone to increase confidence in the resource.

Concurrent with drilling activities, Strategic has commissioned a number of baseline studies to improve the Company's understanding of the modifying factors for project advancement. Some of these include:

- Geotechnical drilling and data review to assist in mine and waste planning and pit design;
- Hydrological studies to enable assessments of potential water inflow or environmental impacts;
- Continued metallurgical studies to improve the understanding of the recoveries and processing requirements through the production life;

The additional activities are required to both more fully assess the viability of the BVS prospect and to enable the company to complete the mandatory prerequisites entailed in regulatory approval.

Target Definition and drill testing of prospects in the Lower Camp sector proximal to BVS

This is the continuation of the systematic target generation that commenced three years ago, and builds on the increasing understanding gained from the surface mapping, geophysical and soil programs. 2016 saw the initial drill testing of three prospects, which provided essential technical information regarding the interpretation of the IP, and there remain numerous prospective targets in and around the Lower Camp.

Recent soil sampling across parts of the Lower Camp has contributed to the overall targeting process.

Highest priority targets include Belle Brandon, Try Again and the Ironclad.

Target Generation and Definition across high priority areas of the Woolgar project.

This program aims to continue applying the systematic methodology that successfully identified the BVS deposit to the remainder of the Woolgar Project. This will include extensive geological mapping, outcrop and soil geochemistry and the systematic analysis of all the available data.

Priority areas include Union, interpreted as the intersection of multiple district scale mineralised structures, and the historic resource areas at Sandy Creek and Soapspar. As stated in the Annual Report, Strategic has commissioned an independent consultant to reassess these historic resources and recalculate their estimates based on all the available information, and report these to JORC 2012 guidelines. Based on the outcomes of this, additional information and activities, such as twinned-holes and reanalysis of existing pulps, may be necessary to fully support the historic resource data.

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.

+Rule 5.5

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, 01/05/13, 01/09/16

Name of entity

STRATEGIC MINERALS CORPORATION NL (ASX:SMC)

ABN	Quarter ended (**Current quarter**)
35 008 901 380	**30 June 2017**

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (6 Months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for:	-	-
	(a) exploration and evaluation	(238)	(396)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(45)	(88)
	(e) administration and corporate costs	(150)	(183)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	(433)	(667)
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:	-	-
	(a) property, plant and equipment		
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from disposal of:	-	-
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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)	-	-
2.6	**Net cash from / (used in) investing activities**	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 Months) $A'000
3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	2,001	2,231
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(44)	(44)
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)	-	-
3.10	**Net cash from / (used in) financing activities**	1,957	2,187
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	260	264
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(433)	(667)
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)	1,957	2,187
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of quarter**	1,784	1,784

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	1,784	260
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter** (should equal item 4.6 above)	1,784	260

6.	**Payments to directors of the entity and their associates**	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	39
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors payments (fees and salaries)

7.	**Payments to related entities of the entity and their associates**	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	39
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** Add notes as necessary for an understanding of the position	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	710
9.2	Development	-
9.3	Production	-
9.4	Staff costs	50
9.5	Administration and corporate costs	26
9.6	Other (provide details if material):	-
9.7	**Total estimated cash outflows**	786

10.	**Changes in tenements** (items 2.1(b) and 2.2(b) above)	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter %**	**Interest at end of quarter %**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		N/A		
10.2	Interests in mining tenements and petroleum tenements acquired or increased		N/A		

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.

Signed:  Dated: Friday, 28 July 2017

Company Secretary

Print name: Jay Stephenson

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies 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.