

ASX Code: SMC

ASX Release:

23 October 2018

Issued Capital:

78,209,207

Market Capitalisation:

\$24.24 Million

BOARD:

Laif McLoughlin

Executive Chairman

Darren Fooks

Non-Executive Director

Jay Stephenson

Non-Executive Director &
Company Secretary

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QUARTERLY ACTIVITY REPORT

FOR THE PERIOD ENDED

30th September 2018

Highlights

- Exploration commences at Woolgar
- Renounceable rights issue raises approx. \$2.793 Million
- Director Loan repaid in full

Woolgar Exploration

As previously announced to the market, this year's exploration program has been designed to meet our statutory and financial commitments within our portfolio of Woolgar tenements as well as to advance our understanding of Big Vein South (BVS). Shareholders would be aware that the Board over the last few years has heavily focused on the successful delineation of the BVS deposit which has resulted in considerable resource upgrades on the back of moderate exploration budgets. Given the severe interruption arising from the Takeover Panel application and the resulting suspension earlier in the year, the Board is taking an opportunity to appropriately evaluate prospective targets on tenements outside the BVS area and specifically to drill test the Belle Brandon and Ada targets.

Soil Chemistry and Reconnaissance Mapping Program

Following on from the successful work completed last year and released on the 13th March 2018¹, Strategic is once again planning multiple geochemistry and mapping programs over several prospects and tenements including EPMs: 9599, 11886, 14060, 14209 and 26263. In addition, Strategic will undertake geochemistry programs for the possible southern extension to BVS (which lies under-cover) and possible areas to be considered for future infrastructure.

As at end of September, Strategic has completed 597 MMI samples, taken 90 rock chips and completed mapping on previously unvisited basement exposure in EPM 11886 as seen in Figure 1 and 2. Results will be released once all information has been obtained, processed and analysed post the completion of the 2018 field season.

Belle Brandon/Ada RC Program

A 1,600m drill program consisting of approx. 6 to 10 holes has been designed to test the potential of the Belle Brandon structure to host a potential BVS-style mineralised system. This is in accordance with the Company's stated intention to progressively test known prospective deposits throughout the Woolgar Goldfield in light of the technical advances gained from the highly successful BVS discovery.

¹ See ASX Release dated 13 March – **Soil Chemistry and Exploration Results at Woolgar**

Belle Brandon is located approximately six kilometres north of the BVS resource and is considered one of the most prospective of the numerous targets in the southern portion of the project. Belle Brandon is located at the northern end of a large zone of deflection in the north-trending Woolgar Fault Zone (WFZ) through its intersection with the northeast trending Mowbray structure. Such deflections, or jogs, are considered highly prospective in themselves and this location is also considered highly analogous to that of the BVS resource, which is located at the southern limit of this jog.

Historically, Belle Brandon was one of the larger historic workings and was tested with a four shallow drillholes in the seventies and eighties. Eight shallow holes were drilled in 2011 and 2012, which intersected structure with anomalous grades, but follow-up work was suspended in order to concentrate on the BVS discovery and drill-out (see Figure 3).

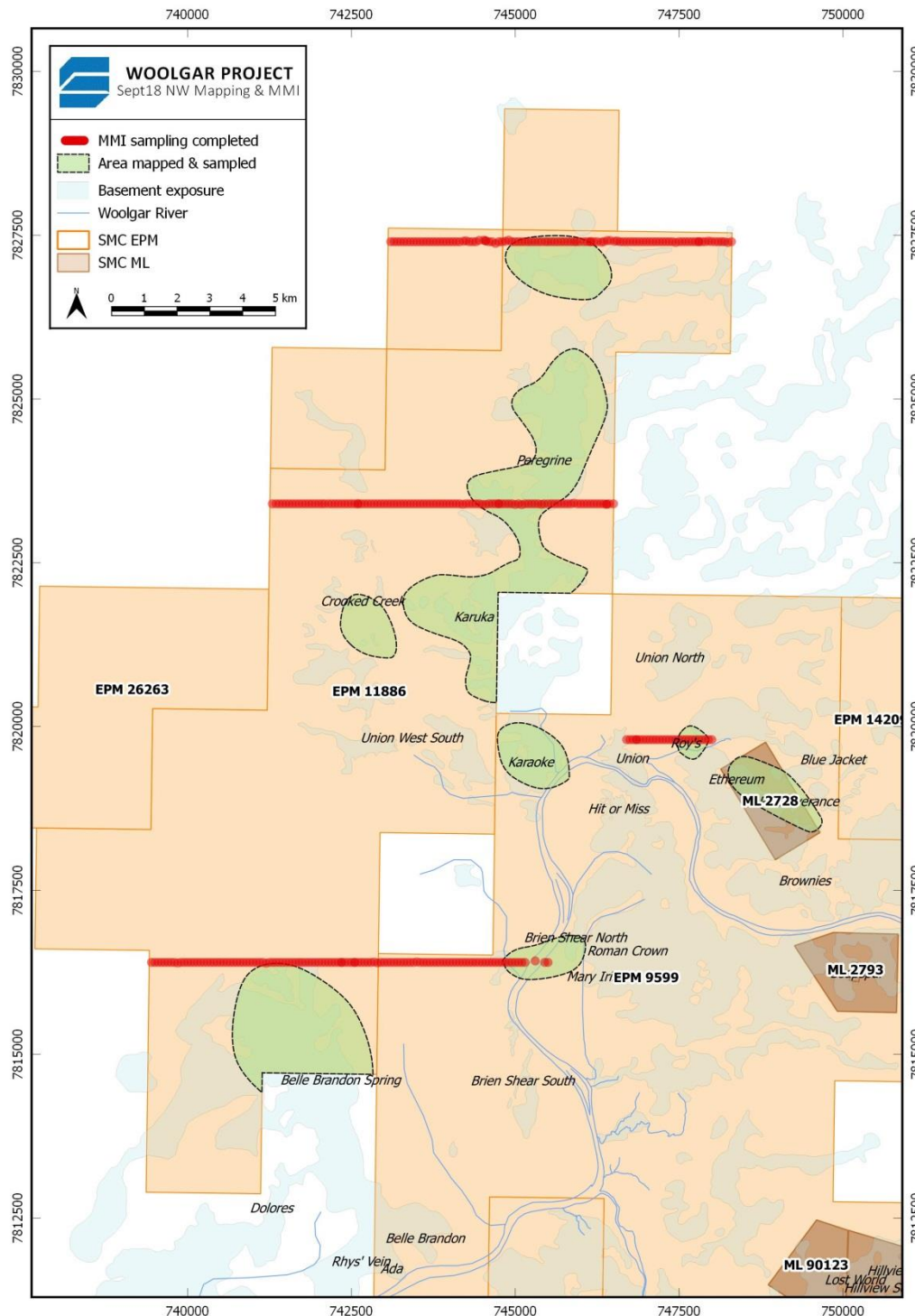


Figure 1: MMI sampling and mapping of northern tenements, as at 30th September 2018

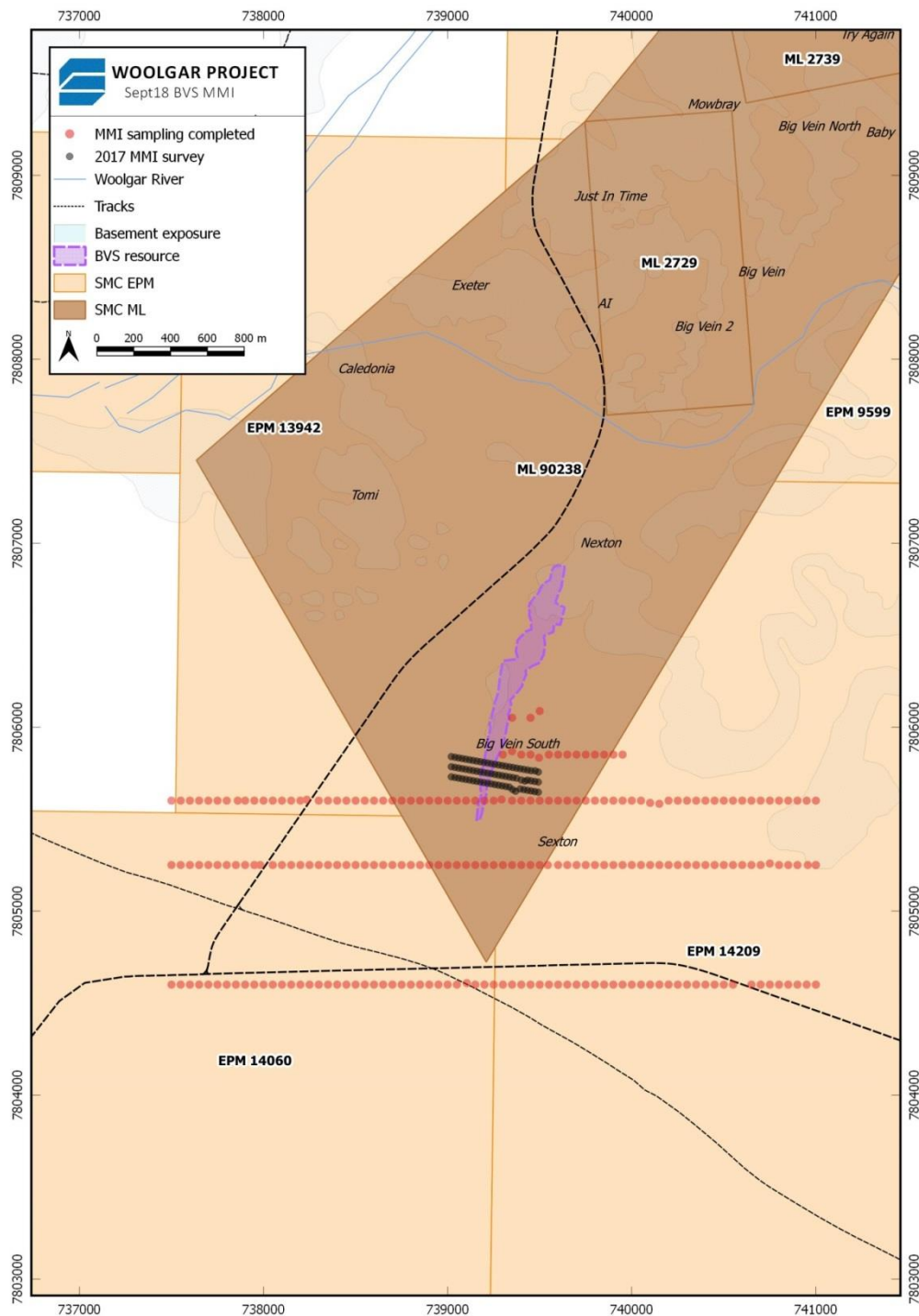


Figure 2: MMI sampling completed over BVS and to the south, as at 30th September 2018

The previous work has been extensively reviewed and reinterpreted in light of experience gained at BVS, and this has led to renewed interest in Belle Brandon as a potential BVS analogy. This is based on:

- Identification of prospective rock-types that strongly correlate to gold at BVS and which are relatively uncommon elsewhere;
- Identification of geochemical zoning of surface material within the prospect, typical of a hydrothermal system;
- Prospective previous drilling: Although sparse and shallow, the grade and alteration envelope improve to the south;
- Prospective structural location – antithetical to BVS on WFZ flexure;

- Similar alteration to BVS. Although a more limited distribution, this is interpreted as being due to less permeable host rocks;
- The distribution of the Belle Brandon and Ada workings on low hillocks is highly analogous to the that of Big Vein South and Big Vein Central within BVS;
- High grades on surface with favourable geochemical signatures.

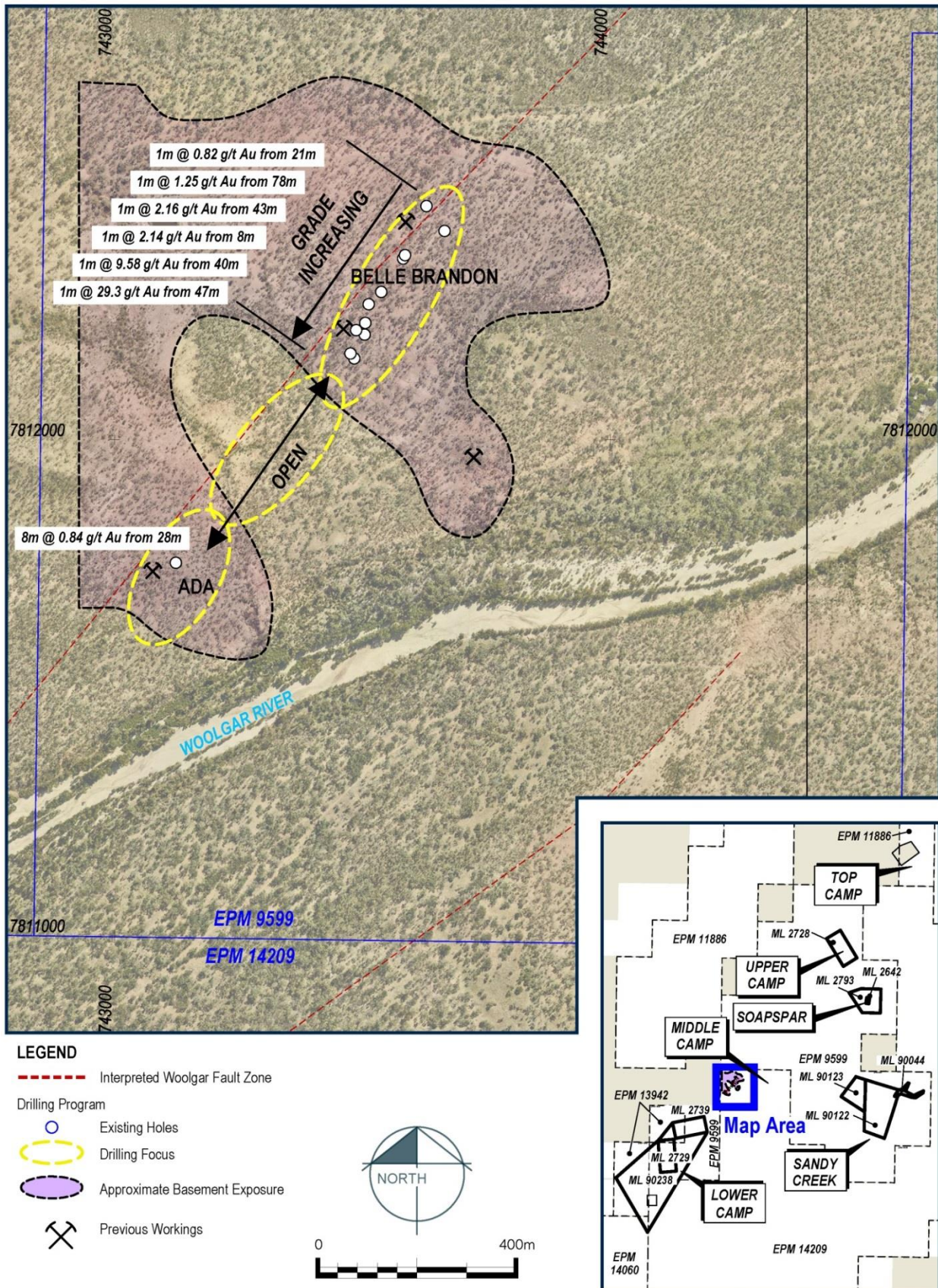


Figure 3: Plan of the Belle Brandon and Ada.

Corporate

During the Quarter, the Board welcomed a new non-executive Director, Mr Darren Fooks, and on the same day announced the resignation of Mr Christopher Wallin².

Strategic had signalled in various announcements, including the Quarterly Report for the period ended 30th June 2018, an urgent requirement to raise funds and on the 1 August 2018 the Company released a renounceable right issue which raised approx. \$2.794 Million. Part of the proceeds from the rights issue went toward the repayment in full of the \$1 Million-dollar Director Loan³.

Strategic also held a General Meeting on the 28 August 2018 for the re-election of Directors and for the election of a new director. All incumbent directors were re-elected as announced on the 28 August 2018.

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
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
EL 5773	Perilya Freehold Mining Pty Ltd (90%); Signature Resources Pty Ltd (10%) ⁴	Mount Frome JV	Granted	SA
EL 6132	Perilya Limited (85%); Paladin Energy Ltd (7.5%); Signature Resources Pty Ltd (7.5%) ⁵	Reaphook JV	Granted	SA

² See ASX Release dated 27 July 2018 – **Appointment/Resignation of Director**

³ See AX Release dated 5 September 2018 – **Repayment of \$1 Million Loan**

⁴ Signature Resources Pty Ltd is a wholly owned subsidiary of Strategic

⁵ Signature Resources Pty Ltd is a wholly owned subsidiary of Strategic

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.

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

35 008 901 380

Quarter ended (Current quarter)

30 September 2018

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 Months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for:	-	-
(a) exploration and evaluation ¹	(303)	(1,054)
(b) development	-	-
(c) production	-	-
(d) staff costs	(54)	(138)
(e) administration and corporate costs ¹	(183)	(381)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(8)	(8)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material): takeover expenses	(12)	(173)
1.9 Net cash from / (used in) operating activities	(559)	(1,752)
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	-	-

¹ Year to date balances have been adjusted to match the auditor reviewed 2018 June Interim Financial Statements

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 Months) \$A'000
3. Cash flows from financing activities			
3.1 Proceeds from issues of shares		2,793	2,793
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		(2)	(2)
3.5 Proceeds from borrowings		-	1,000
3.6 Repayment of borrowings ^{2,3}		(992)	(1,000)
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		1,799	2,791
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		204	405
4.2 Net cash from / (used in) operating activities (item 1.9 above)		(559)	(1,752)
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)		1,799	2,791
4.5 Effect of movement in exchange rates on cash held		-	-
4.6 Cash and cash equivalents at end of quarter		1,444	1,444
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 ²		1,444	204
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)		1,444	204
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		42	
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 salary, fees, superannuation			
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		-	
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			
Nil			

² Year to date and previous period balances have been adjusted to match the auditor reviewed 2018 June Interim Financial Statements

³ Repayment of borrowings is to a related party

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.		

Nil

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	700
9.2 Development	-
9.3 Production	-
9.4 Staff costs	55
9.5 Administration and corporate costs	105
9.6 Other (provide details if material):	-
9.7 Total estimated cash outflows	860

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

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



Signed: _____ Dated: Tuesday, 23 October 2018

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.