

STRATEGIC MINERALS CORPORATION N.L.
ACN 008 901 380

ENTITLEMENT ISSUE PROSPECTUS

For a renounceable entitlement issue of two (2) Shares for every fifteen (15) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.36 per Share to raise up to \$4,122,818 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Mr Laif McLoughlin
Executive Chairman

Mr Darren Fooks
Non-Executive Director

Mr Jay Stephenson
Non-Executive Director

Mr Christopher Dunks
Non-Executive Director

Company Secretary

Jay Stephenson

Share Registry*

Automic Pty Ltd
5, 126 Phillip Street
SYDNEY NSW 2000

Telephone: 1300 288 664 (within Australia)
Email: hello@automicgroup.com.au

Registered Office

C/- Hall Chadwick QLD
Level 4, 240 Queen Street
BRISBANE QLD 4000

Telephone: + 61 7 3212 2500
Facsimile: +61 7 3212 2699

Auditor*

Hall Chadwick QLD
Level 4, 240 Queen Street
BRISBANE QLD 4000

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6 000

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with the ASIC	Friday, 3 April 2020
Lodgement of Prospectus & Appendix 3B with ASX	Friday, 3 April 2020
Ex-date	Wednesday, 8 April 2020
Rights start trading	Wednesday, 8 April 2020
Record Date for determining Entitlements	Thursday, 9 April 2020
Prospectus sent out to Shareholders & Company announces this has been completed	Thursday, 16 April 2020
Rights stop trading	Monday, 20 April 2020
Shares quoted on a deferred settlement basis	Tuesday, 21 April 2020
Last day to extend the Closing Date	Wednesday, 22 April 2020
Closing Date*	Monday, 27 April 2020
Announcement of results of Offer	Thursday, 30 April 2020
Issue date and lodgement of Appendix 2A with ASX	Monday, 4 May 2020
Quotation of Shares issued under the Offer*	Tuesday, 5 May 2020

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 3 April 2020 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

3.2 Control effects of the Offer

It is likely that, immediately after the Offer, QGold will have a beneficial interest in 90% or more of all SMC Shares. If QGold reaches the 90% threshold, it will have the right (but not the obligation) to compulsorily acquire all of the remaining SMC Shares in accordance with the statutory procedure set out in Part 6A.2 of the Corporations Act, otherwise known as the "general compulsory acquisition procedure".

SMC has been informed by QGold that it will exercise its right of compulsory acquisition if it is entitled to do so.

The potential effect that the issue of new Shares under the Offer will have on the control of the Company, including the consequences of that effect and QGold's intentions in relation to the Company, are set out further in Sections 4.15 to 4.18.

3.3 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7 of this Prospectus.

4. DETAILS OF THE OFFER

4.1 Background to the Offer

The Company does not have sufficient existing cash resources to further its Woolgar project. In order to address this funding shortfall, the Company has undertaken an extensive and rigorous review process to explore a number of alternative funding options. These have included an assessment of the availability of alternative sources of debt and equity, potential corporate transactions (including corporate restructuring), and other potential third party sources of funding support such as independent third-party underwriters. Following this assessment, the Company has concluded that an entitlement offer is the most commercially viable funding solution available in the circumstances.

Proceeds from the Offer, together with the Company's existing cash resources, will be used primarily for the furtherment of exploration, analysis and the development of a pre-feasibility study on the Company's Woolgar project.

4.2 The Offer

The Offer is being made as a renounceable entitlement issue of two (2) Shares for every fifteen (15) Shares held by Shareholders registered at the Record Date at an issue price of \$0.36 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus and assuming all Entitlements are accepted, a maximum of 11,452,272 Shares will be issued pursuant to this Offer to raise up to \$4,122,818.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

4.3 Minimum subscription

There is no minimum subscription.

4.4 What Eligible Shareholders may do

The number of Shares to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up all of their Entitlement (refer to Section 4.5);
- (b) sell all of their Entitlement on ASX (refer to Section 4.6);
- (c) take up a proportion of their Entitlement and sell the balance on ASX (refer to Section 4.7);
- (d) take up a proportion of their Entitlement and allow the balance to lapse (refer to Section 4.8);
- (e) sell all or a proportion of their Entitlement other than on ASX (refer to Section 4.9); or

- (f) allow all or part of their Entitlement lapse (refer to Section 4.10).

4.5 Taking up all of your Entitlement

Should you wish to accept all of your Entitlement, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Strategic Minerals Corporation N.L. — Entitlement Issue Account" and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Share Registry (by delivery or by post) at:

By delivery Strategic Minerals Corporation NL
 Level 5, 126 Phillip Street
 SYDNEY NSW 2000

By Post Strategic Minerals Corporation NL
 GPO Box 5193
 SYDNEY NSW 2001

If you wish to pay via BPAY® you must follow the personalised instructions in your Entitlement and Acceptance Form. Make sure that you use the specific Biller Code and unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. You do not need to return a completed Entitlement and Acceptance Form but are taken to have made the declarations in the Entitlement and Acceptance Form and the representations outlined below in Section 4.11. If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 4:00 pm (WST) on the Closing Date.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

4.6 Selling all your Entitlement on ASX

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Shares under the Offer may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions

to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 8 April 2020 and will cease on 20 April 2020.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

4.7 Taking up a proportion of your Entitlement and selling the balance on ASX

If you wish to take up only part of your Entitlement, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in Section 4.5, or make a payment by BPAY in accordance with Section 4.13.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX.

4.8 Taking up a proportion of your Entitlement and allowing the balance to lapse

If you wish to take up only part of your Entitlement and allow the balance to lapse, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in Section 4.5. If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

4.9 Selling all or a proportion of your Entitlement other than on ASX

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a Shareholder on the issuer sponsored subregister and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque for the Shares they wish to subscribe for payable to "Strategic Minerals Corporation N.L. – Entitlement Issue Account" and crossed "Not Negotiable" to the Share Registry (by delivery or by post at any time after the issue of this Prospectus and on or before the Closing Date) at the following address:

By delivery Strategic Minerals Corporation NL
 Level 5, Phillip Street
 SYDNEY NSW 2000

By Post Strategic Minerals Corporation NL
 GPO Box 5193
 SYDNEY NSW 2001

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS subregister you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by Share Registry in accordance with Section 4.5.

4.10 Allow all or part of your Entitlement to lapse

Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enable Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX.

If you do not wish to accept or trade any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

4.11 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law.

4.12 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Strategic Minerals Corporation N.L. – Entitlement Issue Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Share Registry no later than 5:00 pm (WST) on the Closing Date.

4.13 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 4:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement either cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any Application Monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

4.14 Underwriting

The Offer is not underwritten.

4.15 Effect on control of the Company

As at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out in the table below. The table also shows each substantial Shareholder's relevant interest in Shares and potential maximum voting power (assuming they take up their full Entitlement, no other Shareholders take up their Entitlements, and no other Shareholders sell their rights):

Shareholder	Current Shares	Current voting power	Share Entitlement	Post Offer Shares	Post Offer maximum voting power
QGold Pty Ltd (QGold)	76,950,848	89.59%	10,260,113	87,210,961	90.70%

QGold intends to take up its full Entitlement under the Offer. In the event all shareholder's Entitlements are accepted there will be no change to the voting power of the Substantial Holders on completion of the Offer.

To the extent that QGold's voting power increases as a result of the Offer, the Company intends to rely on the '3% creep' exception pursuant to item 8 of section 611 of the Corporations Act.

4.16 General Compulsory Acquisition Procedure

If, immediately after completion of the Offer, QGold has full beneficial interests in 90% or more of all SMC Shares, it will have the right (but not the obligation) to compulsorily acquire all of the remaining SMC Shares in accordance with the statutory procedure set out in Part 6A.2 of the Corporations Act (otherwise known as the "general compulsory acquisition procedure").

If this procedure is enlivened, QGold will have six months from the date it becomes entitled to compulsorily acquire the remaining SMC Shares (being the date that Shares are issued under the Offer) to lodge a notice with ASIC exercising this right (**Compulsory Acquisition Notice**). The Company has been informed by QGold that it intends to exercise its right of compulsory acquisition if it is entitled to do so.

If QGold elects to exercise the right of compulsory acquisition, it must:

- (a) offer a cash amount for the acquisition of the remaining SMC Shares, which must be the same amount for each Share;
- (b) engage an independent expert nominated by ASIC to prepare a report which states whether, in the expert's opinion, the proposed price gives fair value for the SMC Shares being acquired; and
- (c) provide shareholders with a copy of the Compulsory Acquisition Notice, the expert's report and an objection form.

SMC's shareholders will have a right to object to the compulsory acquisition of their SMC Shares by QGold by returning the objection form to the Company within the

objection period specified in the Compulsory Acquisition Notice (which must be at least one month).

If shareholders holding at least 10% of the shares covered by the Compulsory Acquisition Notice object to compulsory acquisition by the relevant deadline, QGold will need to apply for Court approval if it wishes to proceed with the compulsory acquisition, and the costs of such court proceedings will be borne by QGold unless the court finds that the objector(s) have acted improperly, vexatiously or otherwise unreasonably.

If QGold establishes that the compulsory acquisition terms represent fair value, the Court will be required to approve the compulsory acquisition on those terms. Otherwise, the court must confirm that the acquisition will not take place.

4.17 Possible increase in QGold's voting power

As set out above, QGold's maximum voting power resulting from it taking up its Entitlement, and assuming that no other Shareholders take up their Entitlements or sell their rights, would be 90.70%. This figure does not take into account any additional Shares that may be acquired by QGold as a result of buying rights on market during the rights trading period (if available). If QGold did purchase 100% of all available rights on market, its maximum voting power upon completion of the Offer would be 90.81%.

Any acquisition of additional Shares (and resulting increase in voting power) by QGold may only be undertaken to the extent that it complies with the ASX Listing Rules and Corporations Act.

The Company currently has 85,892,039 Shares on issue. Subject to rounding, the total number of Shares expected to be issued pursuant to the Offer will be 11,452,272. Accordingly, 97,344,311 Shares are expected to be on issue immediately after the conclusion of the Offer.

QGold intends to take up its full Entitlement under the Offer. The following table sets out the possible increase in QGold's voting power as a result of the Offer under different scenarios of take up under the Offer, assuming QGold does not purchase additional rights on market during the rights trading period.

% of available entitlement non-QGold holders take up ¹	Shares to be issued to non-QGold shareholders	Shares to be issued to QGold	Total Shares held by QGold after Offer	Voting power of QGold immediately after Offer (%)
100%	1,192,159	10,260,113	87,210,961	89.59
75%	894,119	10,260,113	87,210,961	89.87
50%	596,080	10,260,113	87,210,961	90.14
25%	298,040	10,260,113	87,210,961	90.42
0%	0	10,260,113	87,210,961	90.70

Note:

1. Excluding QGold entitlements.

4.18 QGold's Intentions

QGold's present intentions with respect to the Company's operations in the event that it increases its voting power to be greater than 90% are set out below:

(a) **Compulsory acquisition**

In the event that QGold acquires Shares under the Offer which, when aggregated with existing holding, result in it beneficially owning 90% or more of the shares in the Company, QGold intends to proceed with compulsory acquisition of all remaining Shares under Part 6A.2 of the Corporations Act. If QGold does proceed to compulsory acquisition, it intends to propose a compulsory acquisition price of \$0.36 per Share (being an amount equal to the offer price under the Offer).

These intentions are subject to, in QGold's opinion, there being no material adverse change to the business, assets, liabilities, financial position or prospects of the Company during the period from the date of this disclosure up until the date of the compulsory acquisition.

Note that in order to proceed with compulsory acquisition under the Corporations Act, QGold will be required to obtain an independent experts report, prepared by an expert nominated by ASIC on whether the proposed compulsory acquisition price represents fair value for the Shares. If the independent expert concludes that the proposed price of \$0.36 does not represent fair value for the securities, QGold could either (i) elect to proceed with compulsory acquisition at the proposed price, (ii) elect to increase its proposed compulsory acquisition price, or (iii) elect not to proceed with compulsory acquisition.

If QGold does proceed to compulsory acquisition, and persons holding at least 10% of Shares covered by the compulsory acquisition notice object to the acquisition before the end of the relevant objection period, the compulsory acquisition can only occur if it is approved by the Court. If the 90% holder (QGold) establishes that the terms set out in the compulsory acquisition notice give a 'fair value' for the Shares, the Court must approve the acquisition of the Shares on those terms. Otherwise, it must confirm that the acquisition will not take place. Further detail about the general compulsory acquisition procedure is set out in Section 4.16 of this Prospectus.

(b) **ASX Listing**

At the conclusion of the compulsory acquisition process, QGold intends to arrange for SMC to be removed from the official list of ASX (subject to any required approvals on the part of ASX), thereby eliminating the corporate administration costs associated with maintaining SMC as a listed company.

(c) **Directors**

If SMC becomes wholly owned by QGold, QGold intends (subject to the Corporations Act and SMC's Constitution) to seek to re-constitute the Board of Directors of SMC such that it is comprised of nominees of QGold.

No decision has been made as to the composition of the Board or who QGold's nominees would be, as their identity would depend on the size of QGold's stake in SMC and the relevant circumstances at the time.

(d) **SMC's businesses, assets and employees**

If QGold is entitled to acquire 100% of SMC, QGold intends to conduct a review of the operations, assets, structure and employees of SMC in light of that information to identify:

- (i) business opportunities and areas of revenue generation which may provide overall strategic operational benefit;
- (ii) areas of cost saving which may provide overall strategic and operational benefit; and
- (iii) any business or businesses which do not fit into the strategic plan for SMC and then evaluate the best and most appropriate way of organising such business or businesses.

Final decisions will only be reached after that review and in light of all material facts and circumstances.

While QGold does not currently have any specific intentions in relation to this review or its outcomes, its current expectation is that the review will focus on identifying the most effective means of utilising SMC's assets and maximising the investment QGold has made in SMC.

The status of SMC's existing employee and contracted service providers, if any, will be considered as part of the review outlined above.

4.19 Dilution of existing Shareholders

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 11.76% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	Approximate % at Record Date¹	Entitlements under the Offer	Holdings if Offer not taken Up	Approximate % post Offer²
Shareholder 1	10,000,000	11.64%	1,333,333	10,000,000	10.27%
Shareholder 2	7,500,000	8.73%	1,000,000	7,500,000	7.70%
Shareholder 3	5,000,000	5.82%	666,667	5,000,000	5.14%
Shareholder 4	1,000,000	1.16%	133,333	1,000,000	1.03%
Shareholder 5	50,000	0.06%	6,667	50,000	0.05%

Notes:

1. This is based on a share capital of 85,892,039 Shares at the date of this Prospectus.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that all Entitlements are accepted.

4.20 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to 3 months following the Closing Date.

Eligible Shareholders may apply for Shortfall Shares under the Shortfall Offer, subject to such Applications being received prior to the Closing Date and Shareholders taking up their full entitlement. The issue price for each Share to be issued under the Shortfall Offer will be \$0.36, being the price at which Shares have been offered under the Offer.

The allocation of the Shortfall Shares will be at the discretion of the Board. The Board will use its discretion in a manner not to exacerbate a potential unacceptable control effect. In this regard, the Shortfall Shares will not be placed to QGold, or to any other Shareholder who would acquire a voting power in excess of 20% as a result of placement of the shortfall. Shortfall Shares will be allocated in priority to Eligible Shareholders who take up their full entitlement, who are not related parties, on a pro rata basis in accordance with Eligible Shareholders' Entitlements under the Offer, with any remaining Shortfall Shares to be allowed to lapse or placed to unrelated third parties.

Notwithstanding the above, the Directors maintain complete discretion as to how the shortfall is placed or otherwise offered.

4.21 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.22 Issue

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

4.23 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly,

the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

New Zealand

The Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Appointment of Nominee

Pursuant to ASX Listing Rule 7.7, the Company has appointed a nominee, Canaccord Genuity (Australia) Limited (ACN 075 071 466) (**Canaccord**), to sell the Entitlements to which Ineligible Shareholders are entitled. The nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds. In this regard, Canaccord will not be required to sell Ineligible Shareholders' Entitlement at a particular price. Neither the Company nor the nominee will be subject to any liability for failure to sell the Entitlements at a particular price. If, in the reasonable opinion of Canaccord, there is no viable market for the Entitlements of the Ineligible Shareholders, or a surplus over the expenses of the sale cannot be obtained the Entitlements that would have been offered to the Ineligible Shareholders, then those Entitlements will be allowed to lapse.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.24 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary, Jay Stephenson, on +61 8 9426 0666.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$4,122,818.

The funds raised from this Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Advancing appropriate environmental and technical studies and project approvals	1,100,000	26.7%
2.	Pre-feasibility study and Probable Ore Reserve Statement	350,000	8.5%
3.	Process and tailings engineering studies	300,000	7.3%
4.	Infrastructure studies	140,000	3.4%
5.	Woolgar Exploration	900,000	21.8%
6.	Statutory payments and expense with respect to tenure of tenements	500,000	12.1%
7.	Administration and Working Capital	782,818	19.0%
8.	Expenses of the Offer ¹	50,000	1.2%
	Total	4,122,818	100%

Notes:

1. Refer to Section 8.7 of this Prospectus for further details relating to the estimated expenses of the Offer.

If less than the full subscription is raised, funds will be allocated firstly towards expenses of the Offer, statutory payments and expense with respect to tenure of tenements, and administration and working capital, and then allocated first to the Woolgar exploration and then to the studies in numbers 1 – 4 in the table above. If less than \$2 million is raised, studies may be deferred to a date when funds are available.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis and otherwise having regard to their fiduciary duties.

The Board is also of the opinion that the control effect of the Offer does not exceed what is reasonably necessary given the Company's financial position and its need for funds. The size of the Offer is, in the opinion of the Board, consistent with and does not exceed the Company's funding requirement and is necessary in order to support the further exploration, analysis and the development of a pre-feasibility study on the Company's Woolgar project.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted, and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$4,072,818 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 85,892,039 as at the date of this Prospectus to 97,344,311 Shares.

5.3 Pro-forma balance sheet

The audited balance sheet as at 31 December 2019 and the unaudited pro-forma balance sheet as at 31 December 2019 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	AUDITED 31 December 2019	PROFORMA 31 December 2019
CURRENT ASSETS		
Cash ¹	937,387	5,010,205
Receivables	94,372	94,372
Other current assets	63,682	63,682
TOTAL CURRENT ASSETS	1,095,441	5,168,259
NON-CURRENT ASSETS		
Financial Assets	68,291	68,291
Plant and Equipment	12,688	12,688
Exploration and Evaluation	27,548,647	27,548,647
Other non-current assets	3,147	3,147
TOTAL NON-CURRENT ASSETS	27,632,773	27,632,773
TOTAL ASSETS	28,728,214	32,801,032
CURRENT LIABILITIES		
Trade and other payables	227,861	227,861

	AUDITED 31 December 2019	PROFORMA 31 December 2019
Borrowings	-	-
Provisions	60,794	60,794
TOTAL CURRENT LIABILITIES	288,655	288,655
NON-CURRENT LIABILITIES		
Provisions	36,067	36,067
TOTAL CURRENT LIABILITIES	36,067	36,067
TOTAL LIABILITIES	324,722	324,722
NET ASSETS	28,403,492	32,476,310
EQUITY		
Contributed Equity	57,637,097	61,709,915
Reserves	10,876	10,876
Accumulated losses	(29,238,471)	(29,238,471)
Non-controlling interest	(6,010)	(6,010)
TOTAL EQUITY	28,403,492	32,476,310

Notes:

1. Proforma cash and cash equivalents includes cash received from the Offer of \$4,122,818 less estimated expenses of the Offer of \$50,000.

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, and no Options are exercised, is set out below.

Shares

	Number
Shares currently on issue	85,892,039
Shares offered pursuant to the Offer	11,452,272
Total Shares on issue after completion of the Offer	97,344,311

Options

	Number
Options currently on issue: Unquoted exercisable at \$0.66 each on or before 28 May 2022	300,000
Options offered pursuant to the Offer	Nil
Total Options on issue after completion of the Offer	300,000

The Company has no other securities on issue.

No Shares on issue are subject to escrow restrictions, either voluntary or ASX imposed.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 86,192,039 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 97,644,311 Shares.

6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

6.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

6.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

6.3 Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

6.4 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

6.5 Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

6.6 Transfer of shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

6.7 Future increase in capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

6.8 Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

6.9 Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Going concern risk

The Company's Annual Report for the year ended 30 December 2019 (**Annual Report**) includes a note from the Company's auditor on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern:

"We draw attention to Note 21.3.3 in the financial report which indicates the group incurred a net loss of \$784,126 (2018: loss of \$851,072) and a net cash outflow from operating and investing activities of \$2,499,392 (2018: outflow of \$2,360,490) during the year ended 31 December 2019. As stated in Note 21.3.3 these events or conditions, along with other matters as set forth in Note 21.3.3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

Notwithstanding the 'going concern' qualification included in the Annual Report, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short term working capital requirements.

In the event that the Offer is not completed successfully, there exists material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Annual Report.

(b) Control risk

QGold is currently the largest Shareholder of the Company and has a relevant interest in approximately 89.59% of the voting Shares in the Company. Assuming QGold takes up its full Entitlement and no other Shareholders accept their entitlements, QGold's voting power in the

Company could be as high as 90.70% (assuming it does not purchase additional rights on market during the rights trading period).

QGold's significant interest in the capital of the Company means that it is in a position to potentially influence the financial decisions of the Company, and its interests may not align with those of all other Shareholders.

QGold holds a relevant interest in more than 25% of the Company which means that it has the potential to prevent a special resolution from being passed by the Company (such resolution requiring at least 75% of the votes cast by members entitled to vote on the resolution). Special resolutions are required in relation to approve certain Company matters including potentially seeking the delisting of the Company, amending the Constitution, approving the voluntary winding up of the Company and, if at any time the share capital of the Company is divided into different classes of Shares, approving the variation of the rights attached to any such class.

QGold's present intentions with respect to the Company in the event that it acquires a voting power in the Company in excess of 90% are set out in section 4.15 of this Prospectus.

(c) **Compulsory acquisition**

The Offer is likely to result in greater control passing to QGold (and its related bodies corporate) that could be materially adverse to SMC shareholders. If, immediately after the Offer, QGold has beneficial interests in 90% or more of all SMC Shares, it will have the right (but not the obligation) to compulsorily acquire all of the remaining SMC Shares in accordance with the statutory procedure set out in Part 6A.2 of the Corporations Act 2001 (Cth) (otherwise known as the "general compulsory acquisition procedure").

SMC has been informed by QGold that it will exercise its right of compulsory acquisition if it is entitled to do so. If QGold elects to exercise the right of compulsory acquisition, it must:

- (i) offer a cash amount for the acquisition of the remaining SMC Shares, which must be the same amount for each Share;
- (ii) engage an independent expert nominated by ASIC to prepare a report which states whether, in the expert's opinion, the proposed price gives fair value for the SMC Shares being acquired; and
- (iii) provide shareholders with a copy of the compulsory acquisition notice, the expert's report and an objection form.

If QGold does proceed to compulsory acquisition, it intends to propose a compulsory acquisition price of \$0.36 per Share (being an amount equal to the offer price under the Offer) (subject to an Independent Expert determining that such a price represents fair value for Shareholders).

These intentions are subject to, in QGold's opinion, there being no material adverse change to the business, assets, liabilities, financial position or prospects of the Company during the period from the date of this disclosure up until the date of the compulsory acquisition.

(d) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

The Directors recognise that the ability of the Company to continue as a going concern is dependent on its ability to secure additional funding through equity, successful exploration and subsequent exploitation of the Company's tenements and/or sale of its non-core assets, which would be difficult to complete with the Company retaining a significant interest in its assets given the concentration of the Company's assets around the Woolgar Project area. Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

(e) **Exploration costs**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(f) **Gold price volatility and exchange rate risk**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks (in particular, the risk of changes in the market price of gold, which in the past have fluctuated widely). Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(g) **Uranium**

The Company's subsidiary Alpha Uranium Pty Ltd, has the exploration rights over the uranium prospects within the Woolgar project area located in Queensland.

Uranium mining in Australia is subject to extensive regulation by state and federal governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Compliance with such laws and regulations will increase the costs of exploration, drilling, developing, constructing, operating and closing mines and other production facilities. There is also a risk that new rules and regulations will be enacted or existing rules and regulation are applied in a manner which could limit or curtail future production or development.

The Federal Government currently permits the mining and export of uranium under strict international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries which undertake to use it for peaceful purposes. The Federal Government cannot override State Government policy on this issue.

In Queensland, uranium mining ceased in 1982, and had been prohibited between 1989 and 2012. Although exploration for uranium was not prohibited, little exploration was undertaken after 1989 despite highly favourable geological settings for uranium mineralisation. In March 2015, the Queensland Government announced that Uranium mining would once again be banned, however resource companies can continue to apply for a generic exploration permit for minerals which allows them to explore for all minerals other than coal. There can be no assurance that the uranium mining in Queensland will be permitted in the future, and this may adversely affect the long term prospects for the Company's interests in the Queensland tenements.

The Commonwealth Government maintains tight controls over the export of uranium through its licensing process. Uranium may only be sold and exported in accordance with the *Customs (Prohibited Exports) Regulations 1958* (Cth) and the *Nuclear Non-Proliferation (Safeguards) Act 1987* (Cth). Australian uranium can only be exported to countries that undertake to use it for peaceful purposes. Uranium mining itself is also extensively regulated. Complying with these laws and regulations increases the cost of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. The approvals required are more rigorous than those for the mining of other metals. There is a risk that should economic deposits of uranium be discovered, the requisite government approvals may not be granted or may be significantly delayed, thereby rendering the deposits uneconomic.

(h) **Other energy sources**

Nuclear energy is in direct competition with other more conventional sources of energy, which include gas, coal and hydro-electricity.

Furthermore, any potential growth of the nuclear power industry (with any potential attendant increase in the demand for uranium) beyond its current level will depend on continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is currently subject to some negative public opinion owing to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

One of the arguments in favour of nuclear energy is its lower emissions of carbon dioxide per unit of power generated compared to coal and gas. Alternative energy systems such as wind or solar also have no or very low carbon emissions. However, to date these have not been cost-effective enough to be used for large scale base load power. Technology changes may occur that make alternative energy systems more efficient, reliable or cost-effective.

7.3 Industry specific

(a) **Exploration and Development Success**

Exploration is a high-risk activity that requires large amounts of expenditure over extended periods of time. There can be no guarantee that planned exploration and evaluation programs will lead to positive exploration and evaluation results and the delineation of a commercial deposit or further, a commercial mining operation.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its mining tenements, and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of its mining tenements, a reduction in the potential size of the deposits of the Company and possible relinquishment of its mining tenements.

(b) **Operating risks**

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (i) adverse geological conditions;
- (ii) limitations on activities due to seasonal weather patterns and cyclone activity;

- (iii) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- (iv) mechanical failure of operating plant and equipment;
- (v) industrial and environmental accidents, industrial disputes and other force majeure events;
- (vi) unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- (vii) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; and
- (viii) inability to obtain necessary consents or approvals.

(c) **Mine development**

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable ore bodies, access to suitable and reliable infrastructure, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risks with third parties providing essential services.

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents. No assurance can be given that the Company will achieve commercial viability through the development and/or mining of its projects.

(d) **Title Risks and Native Title**

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the

development and mining phases of operations may be adversely affected.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(e) **Tenure and Access**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved.

The Company's tenements are subject to numerous State-specific legislation conditions. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

7.4 General risks

(a) **Coronavirus (COVID-19) risk**

The outbreak of the coronavirus disease (**COVID-19**) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to the impact of the coronavirus on its revenue channels and adverse impact on the Company. If any of these impacts appear material prior to close of the Offer, the Company will notify investors under a supplementary prospectus.

(b) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(c) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;

- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(d) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(e) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(f) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
31/03/2020	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	(\$)	Date
Highest	\$0.46	2 Jan 2020 – 24 Feb 2020
Lowest	\$0.38	20 March, 23 – 24 March, 27 March, 30 - 31 March 2020, 1 – 2 April 2020
Last	\$0.38	2 April 2020

8.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

(d) as an inducement to become, or to qualify as, a Director; or

(e) for services provided in connection with:

(i) the formation or promotion of the Company; or

(ii) the Offer.

Security holdings

Each Director's interest in the securities of the Company at the date of this Prospectus and their Entitlement is set out in the table below.

Director	Shares	Options	Performance Rights	Entitlement (Shares)
Mr Laif McLoughlin	256,380 ¹	300,000 ²	Nil	34,184
Mr Darren Fooks	Nil	Nil	Nil	Nil
Mr Jay Stephenson	Nil	Nil	Nil	Nil
Mr Christopher Dunks	Nil	Nil	Nil	Nil

Notes:

1. 256,380 Shares held directly by Mr McLoughlin.
2. 300,000 Options exercisable at \$0.66 on or before 28 May 2022 held by Periodic Pty Ltd as trustee for The McLoughlin Family A/C an entity controlled by Mr McLoughlin.

Mr Laif McLoughlin (being the only Director who holds Shares in the Company) intends to take up his full Entitlement under the Offer. The Board recommends all Shareholders take up their Entitlement.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Year ending 31 December 2018	Year ending 31 December 2019	Year ending 31 December 2020
Laif McLoughlin	\$218,389	\$254,341	\$261,705
Darren Fooks	\$18,250	\$43,800	\$43,800
Jay Stephenson	\$11,407	\$27,375	\$27,375
Christopher Dunks	Nil ¹	Nil ¹	\$43,800

Notes:

1. Christopher Dunks was appointed as a director on 24 February 2020.

8.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with:
 - its formation or promotion; or
 - the Offer; or
- the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- the formation or promotion of the Company; or
- the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$147,995.40 (excluding GST and disbursements) for legal services provided to the Company.

Canaccord has been appointed as the nominee under ASX Listing Rule 7.7. Canaccord will be paid for this service on standard industry terms and conditions.

8.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Canaccord has given its written consent to be named as the Company's nominee under ASX Listing Rule 7.7. Canaccord has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Hall Chadwick QLD has given its written consent to being named as the auditors to the Company in this Prospectus and to the inclusion of the audited financial statements of the Company in Section 5.3. Hall Chadwick QLD has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

QGold Pty Ltd has given its written consent to the inclusion of the statements contained in Sections 3.2, 4.15, 4.17, 4.18 and 7.2(c) of this Prospectus, in the form and context in which they are included. QGold has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.7 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$50,000(excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	13,102
Legal fees	15,000
Nominee Fees	5,000
Share Registry costs	5,000
Printing and distribution	5,000
Other costs	3,692
Total	<u>50,000</u>

8.8 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 9426 0666 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.stratmin.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.9 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.11 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988 (Cth)* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



**Non-Executive Director
Jay Stephenson
For and on behalf of
STRATEGIC MINERALS CORPORATION N.L.**

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder.

Application means an application to subscribe for Shares under this Prospectus.

Application Form means an Entitlement and Acceptance Form.

Application Monies means money submitted by Applicants in respect of Applications.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company or **SMC** means Strategic Minerals Corporation N.L. (ACN 008 901 380).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

Offer means the renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means the share registry of the Company as specified in the corporate directory in this Prospectus.

Shareholder means a holder of a Share.

Shortfall Offer means the offer of the Shortfall Shares on the terms and conditions set out in Section 4.20.

Shortfall Shares means those Shares not applied for under the Offer (if any).

Substantial Holders has the meaning set out in Section 4.15 of this Prospectus.

WST means Western Standard Time as observed in Perth, Western Australia.