

ASX Code: SMC

ASX Release:
31 July 2020

Issued Capital:
96,509,796

Market Capitalisation:
\$42.4 Million

BOARD:

Laif McLoughlin

Executive Chairman

Darren Fooks

Non-Executive Director

Christopher Dunks

Non-Executive Director

Jay Stephenson

Non-Executive Director &
Company Secretary

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QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 30th June 2020

Woolgar Project Highlights

- ✓ Completion of drone geophysical survey over parts of the Woolgar Project area
- ✓ Commencement of Big Vein South (“BVS”) metallurgical testwork program and process engineering

Corporate Highlights

- ✓ Successful rights issue completed after unsuccessful Takeover Panel application

Drone geophysical survey

In preparation for the upcoming field season and potential drill testing of anomalies proximal to BVS including the potential southern strike extension of BVS, Strategic completed a drone-magnetometry geophysical survey over a number of areas within the Woolgar project area.

This was a trial survey to test the ability of this technique to provide higher resolution imaging, especially near-surface detail over targets compared to the existing district-scale aeromagnetic survey.

The final report on the survey has yet to be received.

Three areas were chosen for this trial: BVS and environs, Brien Shear North and Crooked Creek South, see Figure 1.

☰ The BVS survey encompassed the resource itself as a point of reference, the potential northern and southern extensions, and the Mayday prospect. The southern extension area is the highest priority drill target for 2020 to define whether there is a potential extension or repetition of the current resource immediately adjacent to it. This is of considerable importance both for economic assessment, but also to facilitate planning of infrastructure for any future mine.

☰ The Brien Shear North (BSN) sector is considered of high potential to discover an economic resource. This survey was chosen to test the extent and distribution of the hydrothermal breccia under cover and its relation to the apparent blind dyke seen to intercept proximally to the south in the existing aeromagnetic imaging.

☰ Crooked Creek South was chosen as it is the site of a further hydrothermal breccia on the same trend as BSN and is also associated to several intersecting lineament. This area was chosen as a geophysical survey is the necessary next step due to the limited exposed basement and lying beyond the limit of the previous aeromagnetic data.

In addition to the drone magnetometry, the geophysical contractors offered a trial of their proprietary drone-ground penetrating radar system (DGPR). This is a new technique producing 2-D sectional data that they recommended as having the capability to identify the depth to basement, major structures and distinctive lithological changes, including breccias. Seven short trial lines were surveyed over the BSN and BVS areas, see Figure 1. Preliminary images have been received and are being assessed for their potential to improve targeting and modelling.

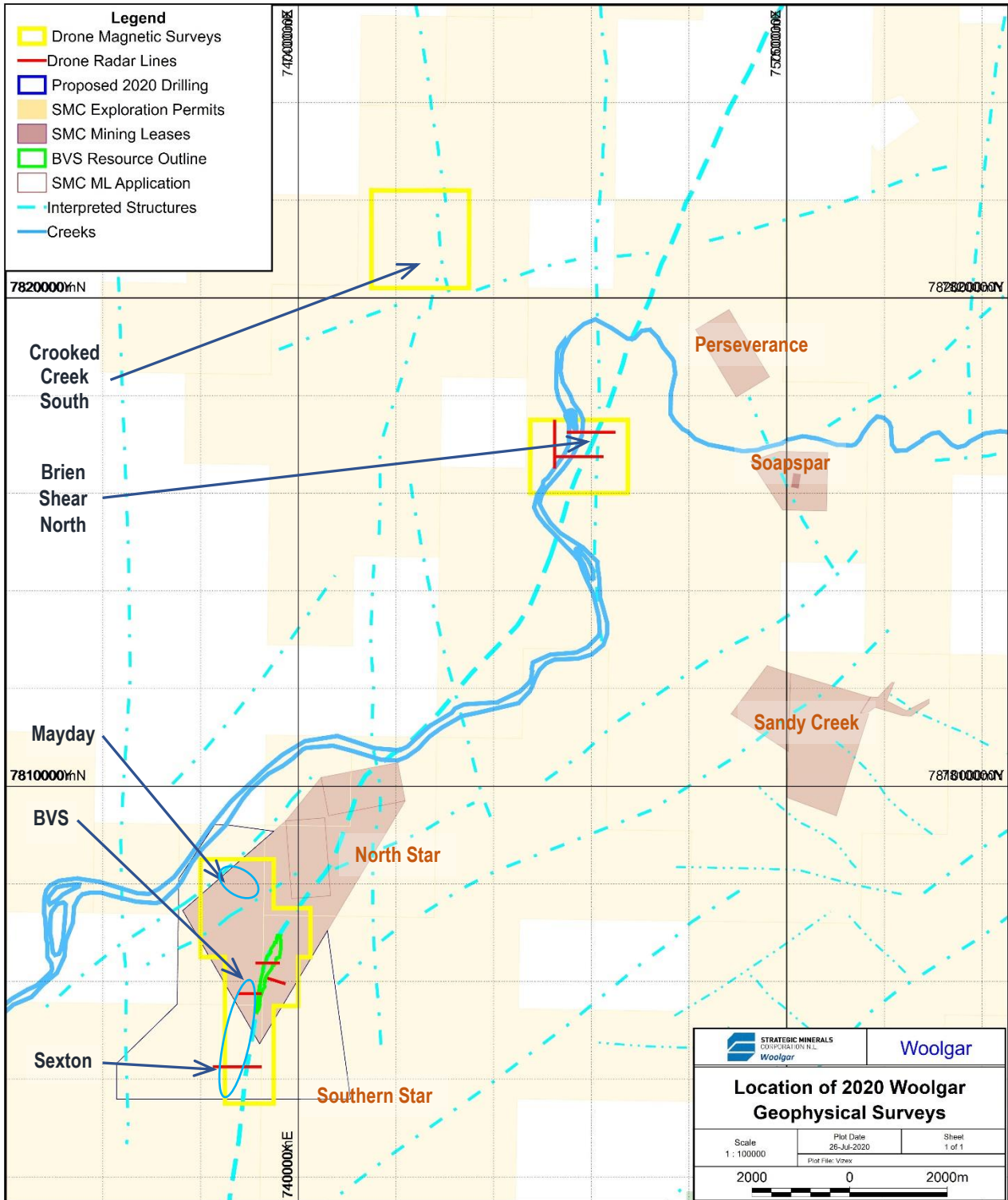


Figure 1: Woolgar Project Drone Geophysical Survey

BVS Metallurgical Testwork Program and Process Engineering

After the completion of the Entitlement Offer Prospectus, the company commenced the additional testwork program and process engineering required to inform the PFS. Both programs will be run in parallel utilising the drill core obtained and stored from previous drilling campaigns.

The immediate testwork program and past testwork results will assist in determining the key process options that will have major implications on capital expenditure and environmental licensing. Specifically, the additional testwork will provide data in support of optimal grinding and crushing circuits, tailings handling, cyanide destruction, water balance and assessing the relative importance of gravity and oxygen in gold recovery. These results will then be incorporated into the PFS process engineering to design the optimal flowsheet and enable appropriate cost estimation commensurate with the level of study.

BVS Various Project Wide Studies

In addition to the process engineering and testwork, Strategic are continuing to progress a range of studies which will feed into the PFS and/or environmental licencing documentation including: ground water monitoring and modelling, site water requirements and modelling, waste rock characterisation and management, infrastructure and accommodation requirements. As part of the review process and in discussions with the regulator, there may be additional site-based studies that may need to be completed as part of the 2020 field season.

Corporate

After the release of the Resource Update for the Big Vein South deposit¹ and Metallurgical Report², the Company moved to raise approx. \$4.1 Million via a renounceable rights issue³. Regrettably, the company received notice on the 20th April 2020 that the same shareholder that lodged a Takeover Panel application in 2018 had again lodged another application in response to the rights issue⁴. Based on the previous experience where the Company was suspended from trading for 6 months, Strategic suspended all activities until the Takeover Panel had decided upon the application. After responding to the Takeover Panels' interim orders, the Company was notified on the 27th April 2020 that the Panel elected not to conduct proceedings⁵. The company did incur unforeseen legal costs because of the Takeover Panel application.

The company notified the market on the 7 May that the Entitlement Offer resulted in the raising of approx. \$3.8 Million⁶. Based on the small number of shortfall shares validly applied for, the Board elected not to allocate the shortfall.

On the 12th May 2020, QGold informed the market via the Notice of change of interests of substantial holder (Form 604) that it had a voting power of 90.73%⁷. On the 5th June 2020, QGold advised Strategic of its intention to compulsory acquire the outstanding ordinary shares which it does not already own⁸.

Lastly, the Company successfully held its Annual General Meeting via online means given the present travel and Covid19 restrictions in place across Australia. All resolutions were passed⁹.

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.

¹ See ASX Announcement dated 10 March 2020 – **Resource Update for Big Vein South**

² See ASX Announcement dated 10 February 2020 – **Metallurgical Testwork Report Received**

³ See ASX Announcement dated 6 April 2020 – **Renounceable Entitlement Issue Prospectus**

⁴ See ASX Announcement dated 20 April 2020 – **TOV: Strategic Minerals Corporation NL 06 Panel Receives**

⁵ See ASX Announcement dated 27 April 2020 – **TOV: SMC 06 – Panel Declines to Conduct Proceedings**

⁶ See ASX Announcement dated 7 May 2020 – **Entitlement Offer Closure and Notice of Shortfall**

⁷ See ASX Announcement dated 12 May 2020 – **Change of substantial holding**

⁸ See ASX Announcement dated 5 June 2020 – **QGold Intends to Commence Compulsory Acquisition Process**

⁹ See ASX Announcement dated 29 June 2020 – **Results of Meeting**

Forward Looking and Cautionary Statements

Some statements in this announcement regarding estimates or future events are forward-looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Forward-looking statements include, but are not limited to, statements preceded by words such as “planned”, “expected”, “projected”, “estimated”, “may”, “scheduled”, “intends”, “anticipates”, “believes”, “potential”, “predict”, “foresee”, “proposed”, “aim”, “target”, “opportunity”, “could”, “nominal”, “conceptual” and similar expressions. Forward-looking statements, opinions and estimates included in this report are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward-looking statements may be affected by a range of variables which could cause actual results to differ from estimated results and may cause the Company's actual performance and financial results in future periods to materially differ from any projections of future performance or results expressed or implied by such forward-looking statements. So, there can be no assurance that actual outcomes will not materially differ from these forward-looking statements.

Appendix 1: ASX Additional Information:

1. ASX Listing Rule 5.3.1: Exploration and Evaluation expenditure during the Quarter was \$185,313. Full details of exploration activity during the June 2020 Quarter are set out in his report.
2. ASX Listing Rule 5.3.2: There was no substantive mining production and development activities during the Quarter.
3. ASX Listing Rule 5.3.3: Details of the Company’s Tenements and Farm-in Agreements as at 30 June 2020 are contained in Appendix 2 to this report.
4. ASX Listing Rule 5.3.4: Not applicable
5. ASX Listing Rule 5.3.5: Payments to related parties of the Company and their associates during the Quarter (as detailed in Section 6 of the accompanying Appendix 5B) totalling \$60,293 was paid to Directors and Associates for salaries, superannuation, and Director fees.

Appendix 2: 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
EPM 27254	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
MLA 100236	Strategic Minerals Corporation NL	Southern Star	Application	QLD
EL 5773	Perilya Freehold Mining Pty Ltd (90%); Signature Resources Pty Ltd (10%) ¹⁰	Mount Frome JV	Granted	SA
EL 6132	Perilya Limited (85%); Paladin Energy Ltd (7.5%); Signature Resources Pty Ltd (7.5%) ¹¹	Reaphook JV	Granted	SA

¹⁰ Signature Resources Pty Ltd is a wholly owned subsidiary of Strategic

¹¹ Signature Resources Pty Ltd is a wholly owned subsidiary of Strategic

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Strategic Minerals Corporation NL (ASX: SMC)

ABN

35 008 901 380

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(185)	(573)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(46)	(115)
	(e) administration and corporate costs	(116)	(274)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(347)	(961)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,826	3,826
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,826	3,826

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	324	937
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(347)	(961)
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)	3,826	3,826

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,802	3,802

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	3,802	324
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)	3,802	3,802

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
60 ¹
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

¹Amounts show at 6.1 relate to salary/fees and superannuation paid to directors during the quarter

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end	[]	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
Nil		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(347)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(347)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	3,802
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	3,802
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	10.96
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:
1.	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
Not applicable	
2.	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
Not applicable	
3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Not applicable	

Compliance statement

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

Date: 31 July 2020

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.