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QUARTERLY ACTIVITY REPORT

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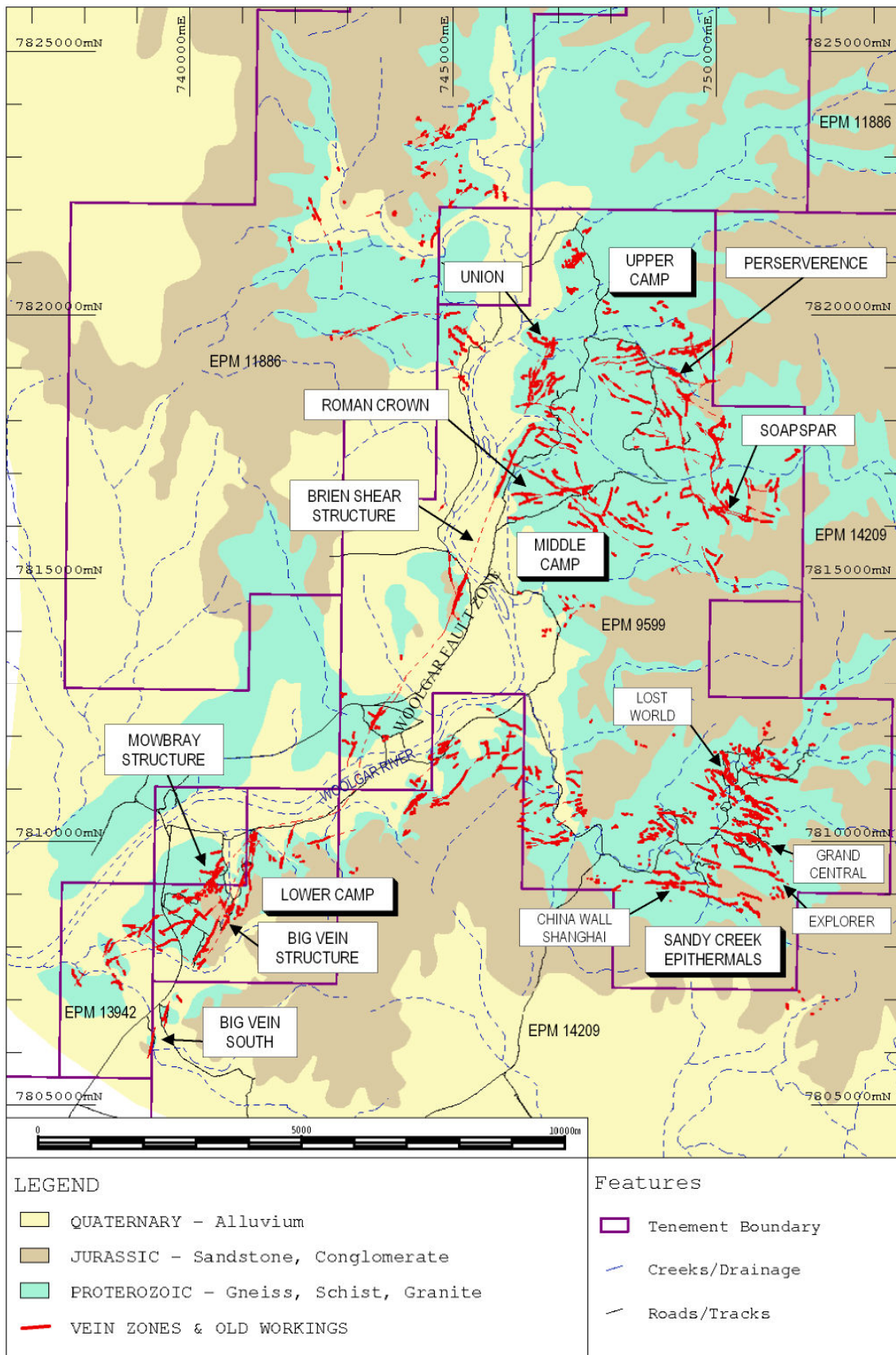
WOOLGAR GOLD PROJECT QUEENSLAND

OVERVIEW

The company is currently targeting areas within the historic Woolgar mine workings in the mesothermal gold mineralisation, along and adjacent to the Woolgar fault zone. The drilling program for 2012 is expected to total around 10,000 metres of drilling and will target existing and new prospect areas all along or adjacent to the Woolgar fault zone. These areas include;

1. The Mowbray / Big vein structures, located within the historic Woolgar goldfield, approx 8 kms to the west of the Sandy Creek epithermal vein system, which hosts the majority of the projects' published 802,000 oz gold resource at an overall grade of 0.98g/t gold (total for all categories measured, indicated and inferred; as per Table 1).
2. The Brien Shear structure located further to the northeast along the Woolgar fault zone, is located approx 6 kms to the northwest of the Sandy Creek epithermal vein system. Initial drilling has intersected a number of gold mineralised vein zones along the structure.
3. The Union Prospects (Union South, Union, and Union North) located north of the Brien Shear structure, are located approx 9 kms to the north-northwest of the Sandy Creek epithermal system. Recent drilling in 2011 has so far only targeted the Union South prospect.
4. Cross Vein zones to the Woolgar Fault zone, including the Perseverance and Roman Crown prospects, are also to be targeted by exploration drilling during 2012.

FIGURE 1 - Summary plan of the gold mineralised veins mapped in 2010 and 2011 and including the earlier mapped Sandy Creek epithermal veins.



THE 2012 DRILLING PROGRAM

During the June 2012 quarter, the Company focussed on reviewing of the results of the 2010 and 2011 drilling programs conducted at its Woolgar Gold project, with a view to outlining and designing drilling targets for its forthcoming 2012 program.

The 2012 exploration drilling program will be aimed at further delineation of gold mineralisation in prospect areas with identified gold mineralisation containing economic gold grades. The 2012 drilling is expected to provide the delineation of further gold mineralisation at a number of areas including at the Big Vein South and Big Vein deposits. Also the gold mineralisation previously located at Mowbray NE, Big Vein 2, Big Vein North, Union South and the Brien Shear structure is promising for the delineation of further gold mineralisation. These areas all look to be promising for the development of further mineral resources in 2012.

Additional to this would be the exploration of a number of new prospects including Union, Union North, Roman Crown and the Perseverance prospects (see figure 2). These prospects would need some additional on site evaluation as well as a review of the existing past exploration data before deciding the best locations for the drill holes.

The overall objective of this year's drilling program is to delineate sufficient near surface resource potential within the mesothermal zones, to proceed to conducting a scoping study for mine development. The drill program will consist of infill and extension drilling in the prospect areas drilled in 2010/2011, as well as the targeting of new areas for exploration drilling.

With the successful drilling campaigns carried out over the identified targets along the mesothermal Woolgar fault zone since 2008, the Company is confident that significant gold mineralisation will be delineated in this year's program. The infill and extension drilling to be conducted this year should add significantly to the Woolgar gold mineralisation inventory base. The infill drilling in resource areas, where successful, is designed to be enough to allow the delineation of existing resources to at least an indicated resource level.

The drilling program for 2012 is expected to total around 10,000 metres of drilling. Drilling preparations are currently underway, including Camp rehabilitation, drill pads, and field personnel for the planned drill program, which is scheduled to start in early August. Key prospect areas for the planned drilling include the following.

1. Big Vein South Prospect

Previous drilling in 2010/2011 has located gold resources in the Big Vein South prospect area (see table 1), with significant further along strike and hangingwall potential. The 2012 drilling program for this prospect will concentrate on the infill of the current resource as well as the considerable along strike, down dip and hangingwall resource potential. It is likely that around a third of the drilling for 2012 will be carried out on this prospect, if follow up holes continue to intersect significant mineralisation.

2. Big Vein Prospect

Previous drilling in 2008/2011 has located gold resources in the Big Vein prospect area (see table 1), with further along strike potential. The 2012 drill program for this prospect concentrates on the infill of the current resource as well as the along strike and some dip extension resource potential. The planned along strike drilling at the southern end of the Big Vein will attempt to follow this gold mineralised vein zone under the thin Jurassic sandstone capping.

TABLE 1 - Woolgar Project Global Resource Summary

Classification	Resources Estimated At Higher Cut-off Grades				Resources Estimated At Lower Cut-off Grades			
	Cut-off Grade	Tonnage T x 1000	Gold Grade g/t	Gold Metal oz's	Cut-off Grade	Tonnage T x 1000	Gold Grade g/t	Gold Metal oz's
BIG VEIN SOUTH DEPOSIT								
Indicated	0.5	209	1.48	9,900	0.5	209	1.48	9,900
Inferred	0.5	145	1.75	8,200	0.5	145	1.75	8,200
SUBTOTAL		354	1.59	18,100		354	1.59	18,100
BIG VEIN DEPOSIT								
Inferred	0.5	64	4.85	10,000	0.5	64	4.85	10,000
SUBTOTAL		64	4.85	10,000		64	4.85	10,000
SOAPSPAR DEPOSIT								
Measured	0.4	1,667	0.91	48,800	0.4	1667	0.91	48,800
Indicated	0.4	1,175	0.9	34,000	0.4	1175	0.9	34,000
Inferred	0.4	472	0.82	12,400	0.4	472	0.82	12,400
SUBTOTAL		3,314	0.89	95,200		3314	0.89	95,200
SANDY CREEK EPITHERMAL VEIN DEPOSITS								
Measured	0.8 - 1.0*	4,752	1.62	247,100	0.4 - 0.8**	12066	0.98	381,700
Indicated	0.8 - 1.0*	953	1.38	42,370	0.4 - 0.8**	5113	1.04	171,100
Inferred	0.8 - 1.0*	989	1.95	62,130	0.4 - 0.8**	4672	0.84	126,100
SUBTOTAL		7,117	1.63	351,600		21,850	0.97	678,900
TOTAL		10,849	1.42	474,900		25,582	0.98	802,200

* The majority of resources estimated at a 0.8 g/t gold cut-off grade; Explorer estimated at a 1.0 g/t cut-off grade.

** The majority of resources estimated at a 0.4 or 0.5 g/t gold cut-off grade; Shanghai & Finn estimated at a 0.8 g/t cut-off grade.

3. The Big Vein 2, Big Vein North and Mowbray NE prospects

Previous drilling in 2009/2011 has located gold mineralisation in the Big Vein 2, Big Vein North and Mowbray NE prospect areas. The 2012 drilling program for these prospects will concentrate on the infill and extension of the currently identified gold mineralisation.

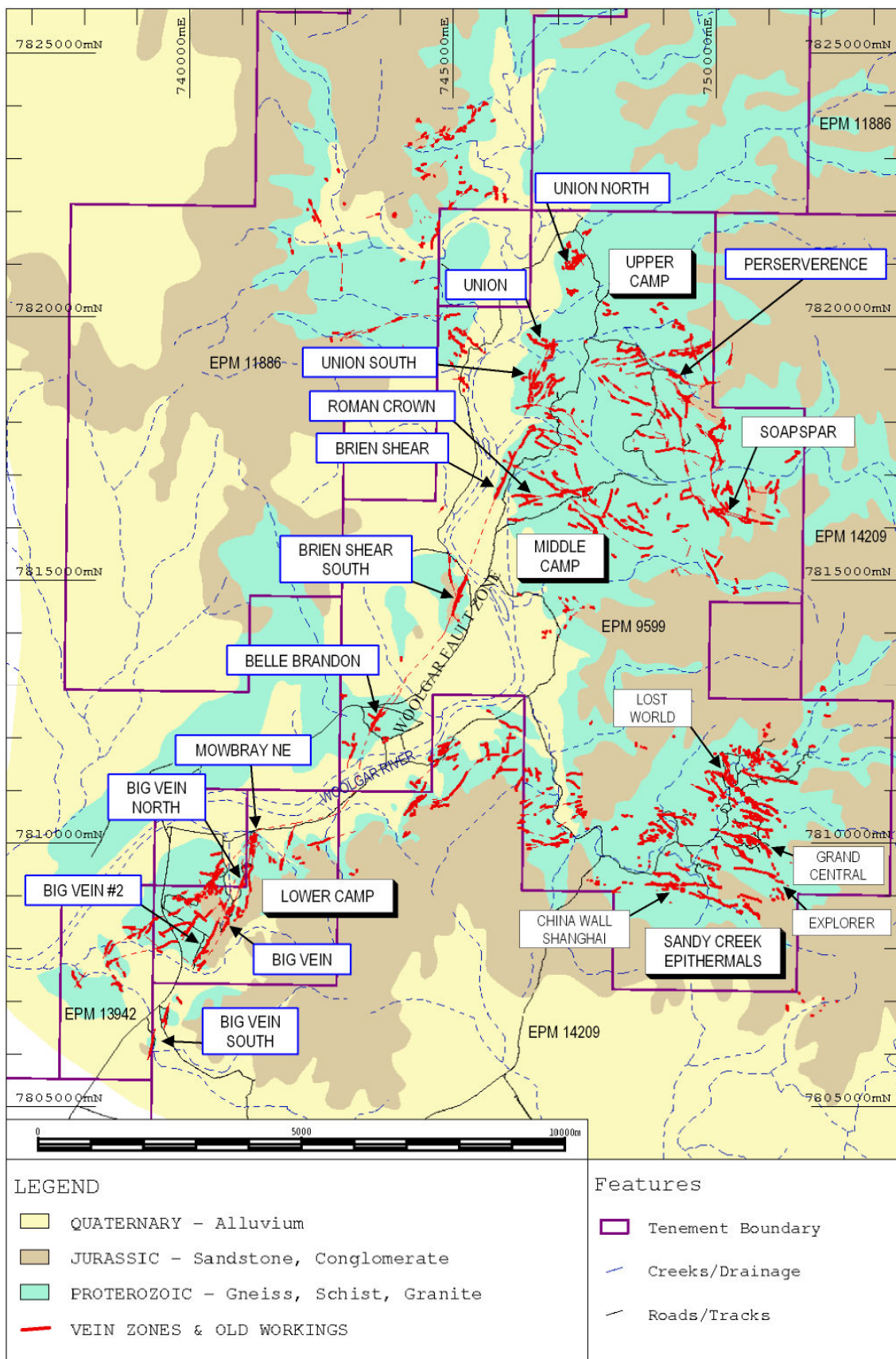
Big Vein #2 Prospect

The 2011 drilling at the Big Vein 2 prospect produced a best result of 5m @ 1.41 g/t gold, located in drill hole LCRC0055 from 17 to 22 metres down hole. This together with the previous best result of 9m @ 2.59 g/t gold from MBRC0059 (drilled in 2010) indicates that this prospect deserves additional follow up exploration work. Proposed additional exploration drilling on the Big Vein 2 prospect includes infill and dip extension drilling. The drilling for 2012 will be designed to help link the gold mineralisation occurrences at several of the previous drill hole locations. The Big Vein 2 prospect looks to be promising for the development of mineral resources in 2012.

Big Vein North Prospect

The 2011 drilling at the Big Vein North prospect produced a best result of 12m @ 3.8 g/t gold (Including 2m @ 18.6 g/t) located in drill hole LCRC0048 from 22 to 34 metres. This result indicates that this prospect deserves additional follow up exploration work. The 2012 proposed exploration drilling in the Big Vein North prospect includes infill, dip extension and strike extension drilling. This drilling should determine if the mineralisation has enough width and/or grade to be suitable for the type of shallow open-pit resources currently being sort by SMC.

FIGURE 2 - Proposed prospects for drilling 2012 (outlined in blue)



Mowbray NE Prospect

The 2011 drilling at the Mowbray NE prospect produced a best result of 17m @ 2.28 g/t gold (Including 5m @ 4.29 g/t) located in drill hole LCRC0042 from 32 to 49 metres down hole. This together with the previous best result of 17m @ 1.34 g/t gold from MBRC0021 (drilled in 2009) indicates that this prospect deserves additional exploration work. The proposed exploration drilling for 2012 in the Mowbray NE prospect includes infill, dip extension and strike extension drilling. The Mowbray NE prospect looks to be promising for the development of mineral resources in 2012.

4. Northern Woolgar Fault Zone prospects

The Northern Woolgar Fault zone prospects include the Brien Shear prospects, the Union prospects and the northern cross vein zones, including the Perseverance and Roman Crown prospects. The 2011 Middle Camp MCRC drilling located a number of significant gold intersections at the Brien Shear South, Brien Shear and at the Union South Prospects. These prospects are again to be targeted for further drilling in 2012 along with the extension of drilling into other northern Woolgar fault zone areas. The 2012 proposed drill program for these prospects concentrates on the infill and extension of the currently identified gold mineralisation at these prospects.

Belle Brandon Prospect

Of the two holes drilled at the Belle Brandon prospect (south of the Brien Shear structure) in 2011, only one returned a significant result. This was 3m @ 1.24 g/t gold, located in drill hole MCRC0009 from 26 to 29 metres down hole. While the intersection was small and low in grade it is felt that the prospect still deserves further attention. Proposed additional exploration drilling in 2012 for the Belle Brandon includes completion of the rest of the proposed holes from the 2011 drilling proposal. It also included two holes down dip of the 2011 drilled holes. It remains to be seen if this gold mineralisation has enough width and/or grade to be suitable for the type of resources sought by SMC. While not currently being one of the highest priority targets, the high gold soil anomalism over the prospect combined with the close proximity to granite intrusive means that this prospect warrants further exploration drilling.

Brien Shear South prospect

The 2011 drilling at the Brien Shear South prospect produced a best result of 8 m @ 1.52 g/t gold (Including 4m @ 2.42 g/t), located in drill hole MCRC0003 from 11 to 19 metres down hole. A number of other significant intersections were also encountered. These results indicate that this prospect deserves additional follow up exploration work. Proposed 2012 exploration drilling in the Brien Shear South prospect includes infill and strike extension drilling. Strike extension drilling includes a couple of holes drilled further to the south, where the gold mineralised zone is shallowly covered by Jurassic sandstone. The gold mineralisation of the Brien Shear is located in a wide zone of alteration giving the possibility to locate larger widths of gold mineralisation than those currently encountered.

Brien Shear prospect

The 2011 drilling at the Brien Shear prospect produced a best result of 10m @ 1.41 g/t gold (Including 3m @ 3.49 g/t), located in drill hole MCRC0014 from 24 to 34 metres down hole. A number of other significant intersections were also encountered. These results indicate that this prospect deserves additional follow up exploration work. Proposed 2012 exploration drilling in the Brien Shear prospect includes infill and strike extension drilling. The proposed 2012 drilling is designed to infill and extend on the gold mineralisation occurrences at the previous drill hole locations. The gold mineralisation of the Brien Shear is located in a wide zone of alteration giving the possibility to locate larger widths of gold mineralisation than those currently encountered.

Brien Shear North prospect

Results in the 2011 drilling at the Brien Shear North prospect were probably the most disappointing, in terms of gold mineralised intersections, of any prospect in the 2011 drilling program. However a significant width of lead anomalism in hole MCRC0026 together with associated low level gold anomalism (10m @ 0.30g/t gold and 0.09 % lead) appears to warrant some additional follow-up work. Proposed 2012 exploration drilling in the Brien Shear North prospect includes dip extension and strike extension drilling. The proposal is primarily to examine if a gold mineralised shoot zone may be located below or along strike from the anomalous intersection of the previous drill hole at MCRC0026. The gold mineralisation of the Brien Shear is located in a wide zone of alteration giving the possibility to locate larger widths of gold mineralisation than those currently encountered.

Union South prospect

The 2011 drilling at the Union South prospect produced a best result of 2m @ 4.88 g/t gold, located in drill hole MCRC0033 from 24 to 26 metres down hole. A number of other significant intersections were also encountered. Despite only narrow intersections so far, these results together with the good widths of altered granite logged indicate the possibility to locate larger widths of gold mineralisation than those encountered to date. Proposed 2012 exploration drilling in the Union South prospect includes infill dip extension and strike extension drilling. Also included in the 2012 drilling is a 2011 proposed hole, which was not drilled.

Union, Union North, Perseverance and Roman Crown prospects

New prospects that may be included in the drilling for 2012 are the Union, Union North and Perseverance prospects (See figure 2). These prospects will need additional on site geological inspection before drill targeting can be finalised. In the case of the Union, Roman Crown and Perseverance prospects the past drilling where possible needs to be located using DGPS, and any other drill hole locations can then be converted to MGA grid. Past drilling result data also needs to be collated and verified.

(Note: For further details of the 2009, 2010 and 2011 drilling refer to the 2009, 2010 and 2011 annual reports)

Wally Martin

MANAGING DIRECTOR

Note: The information in this report that relates to exploration results is based on information compiled by Strategic Mineral Corporation NL's Project Manager Mr Kevin Richter BSc. who is a member of the Australian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration, and to the activity undertaken. He is qualified as a competent person as defined in the 2004 Edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". He has consented to the inclusion of this information in the form and context in which it appears. The Australian Stock Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

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