



ASX Code: SMC

ASX Release:

28 April 2017

Issued Capital:

63,299,980

Market Capitalisation:

\$22.2 Million

BOARD:

Laif McLoughlin

Executive Chairman

Christopher Wallin

Non-Executive Director

Jay Stephenson

Non-Executive Director &
Company Secretary

Head Office:

Level 29, Waterfront Place
1 Eagle Street
Brisbane
Queensland 4000

Registered Office:

283 Rokeby Road
Subiaco
Western Australia 6008

ACN: 008 901 380

ABN: 35 008 901 380

Email:

admin@stratmin.com.au

www.stratmin.com.au

QUARTERLY ACTIVITY REPORT

FOR THE PERIOD ENDED

31 March 2017

Highlights

Resource update for the Big Vein South (BVS) deposit:

The Recently reported resource incorporated both the 2016 drill program and the conversion of part of the previous Exploration Target into Inferred Resources. This was due to increased confidence in the gold grade continuity based on the outcomes from the 2015 and 2016 drilling and data quality.

Updated global resource for Big Vein South of 18.4Mt at 2 g/t, containing 1,173,000 oz. gold at a 0.75g/t cut-off. For full details of these results, please refer to "Resource Update for Big Vein South" issued on 1st March 2017, available at www.stratmin.com.au.

A 78% increase in Tonnes and a 76% increase in contained gold with a 2% decrease in grade.

Table 1 Resource Update – Big Vein South, 1st March 2017 (minor difference due to rounding errors).

Category	Mt	Au g/t	Au kozs	Density t/m ³
Measured	0.2	2.3	11	2.59
Indicated	4.8	2.1	324	2.69
Inferred	13.4	2.0	839	2.70
Total	18.4	2.0	1,173	2.70

2017 Exploration Program

Continued interpretation and assessment of the 2016 results.

Planning for the 2017 exploration program:

- On-going resource definition and upgrading;
- Feasibility studies, including a geotechnical program;
- Proposed drill testing of additional exploration targets

LIDAR topographic survey and aerial imagery has been planned for the next Quarter.

Resource Update for the Big Vein South (BVS) Deposit

In February 2017, H&S Consultants Pty Ltd (“H&SC”) were requested to complete updated resource estimates for the BVS deposit incorporating the 2016 drilling results. H&SC had completed two previous resource estimates for the deposit: new resource estimates in May 2015 and updated resource estimates in November 2015. The updated resource estimates have been reported according to the 2012 JORC Code & Guidelines.

Highlights from the publication of 1st March 2017 include:

- Updated global resource for Big Vein South of 18.4Mt at 2 g/t, containing 1,173,000 oz. gold at a 0.75g/t cut-off. For full details of these results, please refer to “Resource Update for Big Vein South” issued on 1st March 2017, available at www.stratmin.com.au.
- The resource estimate update incorporated the 2016 drill program that tested several areas of the previously announced Exploration Target, principally in and around the Central zone, see Figure 1.
- The update also incorporated the conversion of a substantial part of the previous Exploration Target into Inferred Resources. This was due to increased confidence in the gold grade continuity based on the outcomes from the 2015 and 2016 drilling and good quality control data.

Table 2 Resource Update – Big Vein South, 1st March 2017 (minor difference due to rounding errors)

Category	Mt	Au g/t	Au Kozs	Density t/m ³
Measured	0.2	2.3	11	2.59
Indicated	4.8	2.1	324	2.69
Inferred	13.4	2.0	839	2.70
Total	18.4	2.0	1,173	2.70

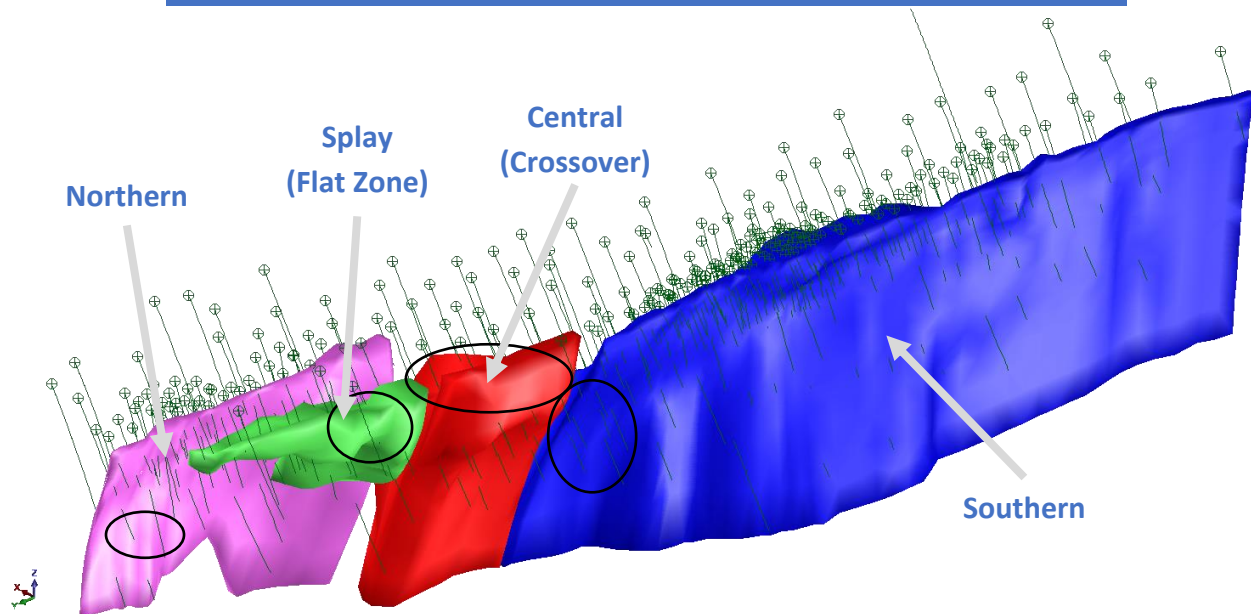


Figure 1: Mineral Lode Interpretation looking southeast. Foci of recent drilling in black.

Geological Background

The BVS mineralisation comprises deformed, auriferous, quartz-sulphide veins with pervasive silica alteration. Host rocks consist of Proterozoic-aged, amphibolite grade quartz-feldspar-biotite-mica schists within a ductile deformation zone. The type of mineralisation is a mesothermal vein style. Structurally the deposit appears to be controlled by an upright sigmoidal development during ductile deformation with

subsequent orthogonal brittle offset faulting producing three main zones. A fourth zone, previously known as the Flat zone, appears as a splay structure to the Northern zone of the main sigmoidal structure.

Resource Categorisation

Resource classification is based primarily on the drillhole spacing (and hence the data point density), grade continuity (variography), the geological model and the good quality QAQC data. Comparison with the November 2015 estimate shows a very minor reduction in the resource estimates if the Passes 1 to 4 are used. This is due to minor reductions to the across strike search radius for Passes 3 and 4 and a change to the orientation of the search axes for the Central zone. This is offset by the infill drilling which has added material at the northern end of the Southern zone and the upper part of the Central zone.

Upgrade of Resource Material

A review of the recent drilling outcomes, the interpolated grades for the new resource, a check model and comparison with the previous models, which were considered conservative at the time, has allowed for the inclusion of the Pass 5 block grades into the Inferred category. The new drilling has shown, with the inclusion of Pass 5 material, a <10% difference with the previously defined Exploration Target. This was a similar result to the upgrading classification of the Central Lode with the 2015 drilling. It should be noted that the peripheral Inferred Resources are derived from a maximum search ellipse radii of 12m by 60m by 60m for a minimum of 6 data (2m composites from 1m samples) and 2 octants i.e. one drillhole. H&SC consider these search parameters entirely reasonable for the classification of Inferred Resources for this type of gold deposit bearing in mind the resource outcomes from the last two drilling campaigns.

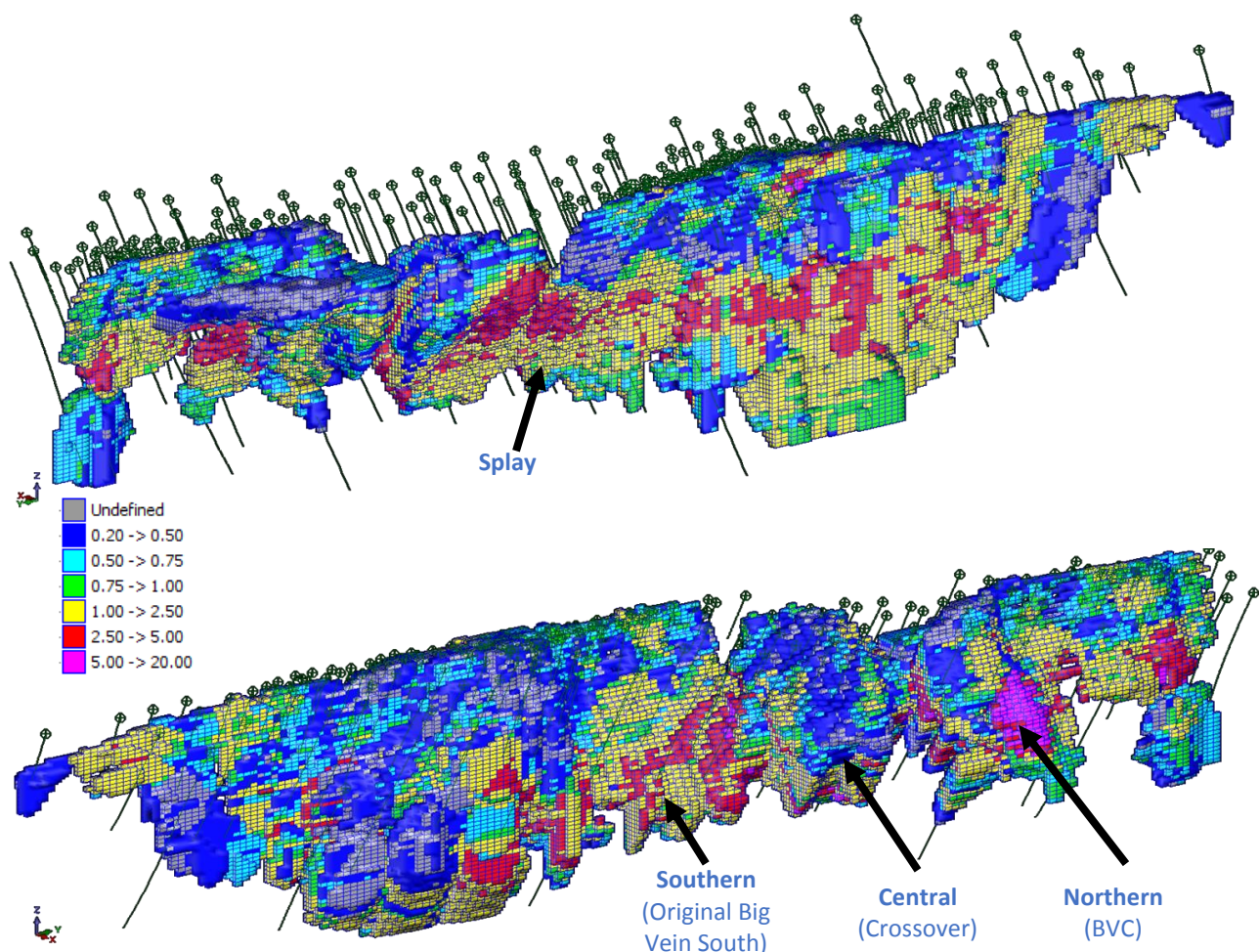


Figure 2: BVS Global Gold Block Grade Distribution. Alternate names in parenthesis. Upper view looking down to grid south east. Lower view looking down to grid north west. The majority of the BVS resource seems to occur as a flattish east dipping zone at depths of 100 to 150m below surface. Compare with Figure 3 for the June 2015 resource.

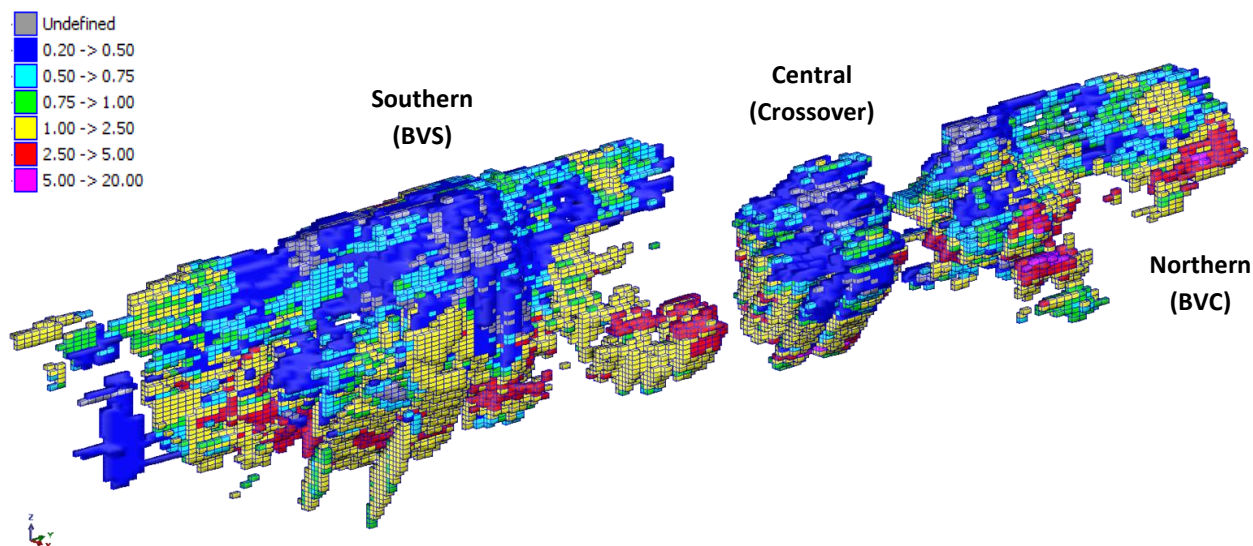


Figure 3: December 2015 BVS Resource Estimate: - Gold Block Grade Distribution, for comparison with Figure 2. Looking down to grid northwest.

The new resources estimates represent a 79% increase in tonnes from the November 2015 estimate with a 2% drop in grade and a 76% increase in the number of ounces. The majority of the additional material has come from the inclusion of the Pass 5 material.

Much of this new material is located around the footwall part of the Central zone and the adjacent northern end of the Southern zone and the southern end of the Northern zone. The new material at the northern end of the Northern zone is the product of a re-design of the of the lode geometry based on the two northernmost drillholes completed recently.

Exploration Potential

Substantial exploration potential exists in the immediate vicinity of the mineral zones within the interpreted mineral wireframes but generally at depth i.e. down dip. An Exploration Target, at a 0.75g/t Au cut-off, of 8 to 12Mt at 1.8 to 2.1g/t for 0.45 to 0.65Moz is defined by using the estimation results from Passes 6 to 8 and blocks with no interpolated grades within the mineral wireframes. The potential quantity and grade of the Exploration Target is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Exploration Activities

The March quarter has been dedicated to the incorporation and assessment of the results from 2016 leading to planning of the 2017 field programme.

Medium and long-term planning is strongly constrained by the commercial and statutory requirements around advancing the BVS deposit towards feasibility assessment and development , and continuing to explore for further deposits exploration throughout the project.

Thus, Strategic will continue its focussed three-fold approach of:

1. Advancing BVS towards development;
2. Exploring intensively for further mineralisation in the Lower Camp, close to BVS: and
3. Progressively exploring the remainder of the Woolgar Project area.

Advancement of Big Vein South towards Development

To date, the Company has been highly successful in delineating a large mineral resource. Although the first and most important stage in exploration, it is now increasingly necessary to determine whether the Resource is sufficiently viable to justify developing a mine. A Feasibility Study requires several specialised programmes on the technical and commercial aspects of the deposit, including geotechnical, engineering, hydrological, metallurgical, commercialisation, environmental, cultural heritage, and social impacts.

Some, such as environmental, metallurgical and cultural heritage have already commenced to varying levels. Now that the overall parameters of the resource are reasonably well defined, Strategic are expanding the technical studies to better constrain those aspects that have significant potential impact on the overall economics.

Geotechnical Study

First amongst these is a geotechnical study to constrain the pit design since this will indicate the potential area and volume of a pit, production strip-ratios, and the amount of waste material to be transported and disposed of.

A geotechnical investigation of BVS is likely to include up to 1,000 metres of diamond-drilling in multiple drillholes.

Lidar Survey

The topographic model produced is essential to future feasibility studies such as upgraded resources and reserves, engineering design, hydrology and flood management. A survey will be commissioned in the next quarter which includes a high-resolution aerial image that will greatly assist with baseline studies and on-going exploration activities.

Exploration Planning

Continued exploration is required to satisfy both commercial and statutory responsibilities.

- The Woolgar remains highly prospective for further mineralisation. The presence of further mineralisation would have significant impacts on any mine design at BVS.
- Additional mineralisation nearby would be of great benefit to ensure the commercial viability of the BVS deposit, pending results of the Feasibility Study.
- The Company remains under statutory work programme and expenditure obligations to the State of Queensland to continue to explore its remaining tenement holding.

Strategic will continue to build on its recent improvements in technical knowledge and the roll-out of the exploration programmes across the project. Currently, the Company is running two parallel exploration strategies outside of BVS:

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

This is the continuation of the target generation, drilling and testing that has been on-going for three years and resulted in the initial drill testing of three prospects in 2016. The drilling provided essential technical information regarding the deployment of IP and there remain numerous prospective targets in and around the Lower Camp.

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

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

Multi-element Geochemistry

Additionally, Strategic is evaluating a program of selecting samples from historical drilling to be re-analysed for multi-element geochemistry to gain the full advantage of the previous work programs. Several interpretive techniques have demonstrated the effectiveness of this data at BVS and elsewhere.

Lost World, Sandy Creek and Soapspar Resources.

As part of Strategic's review of the project, the Company is commencing a program of reassessment of the existing historic resources in the Lost World, Sandy Creek and Soapspar. This will involve a complete reassessment by an independent expert and will be reported in accordance with the JORC 2012. Due to improvements in quality control methods over the thirty years of historic drilling, additional information (i.e. twinned-holes) may be necessary to fully support the historic resource data.

Laif Allen McLoughlin

EXECUTIVE CHAIRMAN

COMPETENT PERSON STATEMENT

The information in the report to which this statement is attached that relates to Exploration Results is based on information compiled by Alistair Grahame, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr Grahame is a full-time employee of Strategic Mineral Corporation NL. Mr Grahame has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Grahame consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

STRATEGIC MINERALS CORPORATION NL (ASX:SMC)

ABN

35 008 901 380

Quarter ended (Current quarter)

31 March 2017

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 Months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for:	-	-
(a) exploration and evaluation	(157)	(157)
(b) development	-	-
(c) production	-	-
(d) staff costs	(43)	(43)
(e) administration and corporate costs	(34)	(34)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(234)	(234)
2. Cash flows from investing activities		
2.1 Payments to acquire:	-	-
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from disposal of:	-	-
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 Months) \$A'000
3. Cash flows from financing activities			
3.1 Proceeds from issues of shares	230	230	
3.2 Proceeds from issue of convertible notes	-	-	
3.3 Proceeds from exercise of share options	-	-	
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-	
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	230	230	
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1 Cash and cash equivalents at beginning of quarter/year to date	264	264	
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(234)	(234)	
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)	230	230	
4.5 Effect of movement in exchange rates on cash held	-	-	
4.6 Cash and cash equivalents at end of quarter	260	260	
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	260	315	
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)	260	315	
6. Payments to directors of the entity and their associates		Current quarter \$A'000	
6.1 Aggregate amount of payments to these parties included in item 1.2		39	
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3		-	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2			
Directors payments (fees and salaries)			
7. Payments to related entities of the entity and their associates		Current quarter \$A'000	
7.1 Aggregate amount of payments to these parties included in item 1.2		39	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3		-	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2			

8. Financing facilities available

Add notes as necessary for an understanding of the position

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

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

--

9. Estimated cash outflows for next quarter

\$A'000

9.1 Exploration and evaluation

381

9.2 Development

-

9.3 Production

-

9.4 Staff costs

50

9.5 Administration and corporate costs

26

9.6 Other (provide details if material):

-

9.7 **Total estimated cash outflows**

457

10. Changes in tenements
(items 2.1(b) and 2.2(b) above)

	Tenement reference and location	Nature of interest	Interest at beginning of quarter %	Interest at end of quarter %
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A		
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A		

Compliance statement

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



Signed:

Dated: Friday, 28 April 2017

Company Secretary

Print name: Jay Stephenson

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.