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**24<sup>th</sup> April 2015**

**ASX RELEASE**

# QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 31st March 2015

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## *WOOLGAR GOLD PROJECT QUEENSLAND*

During the first quarter 2015, Strategic released the results of the initial metallurgical testwork on the Big Vein South (BVS) and Big Vein Central (BVC) prospects, advanced the resource update, conducted a comprehensive review of exploration activities and potential in the district, and commenced planning for the 2015 field season.

Metallurgical testwork indicated gold recoveries averaging 96%<sup>1</sup> with generally favourable, non-refractory processing characteristics compatible with a CIL plant.

The Company is currently focussing on finalising the resource update over the recent drilling in the Lower Camp prospects and planning the 2015 exploration program. The program is aimed at testing further prospects, principally within the Lower Camp, in order to build on the recent advances in Big Vein South and Central zones.

Following the continued encouraging results from the 2012 to 2014 drilling campaigns, the company has been conducting a detailed review of all exploration results and available data in the district in order to improve the overall understanding of mineralisation in the district with the aim of improving future targeting strategies.

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<sup>1</sup> Summary results only presented herein. For full details of these results, please refer to "Testwork Indicates 96% Gold Recovery in Lower Camp" issued on 27<sup>th</sup> February 2015, available at [www.stratmin.com.au](http://www.stratmin.com.au)



## External Data Review

An independent consultant has recently been commissioned to conduct a thorough review of historic exploration activities conducted over the Woolgar project by Strategic and its various joint venture partners since the 1970's, aimed at:

- Consolidating all historic data from disparate sources and formats, and reviewing in a combined format;
- Reprocessing all historic geophysical data with modern techniques for improved analysis;
- Reinterpreting the historic geological and geochemical data in light of improved technical understanding;
- Synthesising the results in one overall review of historic and ongoing activities;
- Identifying any potential targets for exploration that require further investigation; and
- Helping focus the current exploration strategy in order to build on the recent successes in the Lower Camp in particular.

## 2014 Highlights

No drilling activity was conducted by the Company during the March 2015 quarter. Significant highlights from the preceding year include:

### EXPLORATION HIGHLIGHTS

- 352 line-km of ground magnetometry over the Lower Camp, in addition to the 178 line-km in 2013;
- Detailed prospect-level mapping, along the trends of the WFZ and the Mowbray structures in the Lower Camp; and
- Continued reconnaissance mapping of significant structures across the western sector, west and northwest of the Perseverance and Union prospects for target generation purposes.

### DRILLING HIGHLIGHTS -BIG VEIN SOUTH AND CENTRAL SYSTEM

- 7,867 metres of Reverse Circulation drilling in 29 drillholes<sup>2</sup>;
- Drilling focused on the mesothermal Big Vein South and Big Vein Central prospects in the Lower Camp;
- Successful delineation of significant mesothermal mineralisation beneath low-grade, near-surface intersections;
- Successful infill drilling linking broad-spaced deeper intersections from 2013;
- Greater widths, grades and continuity in the mid and deeper levels; and
- System is partially closed off along strike, however remains open to depth.

Overall, the 2014 drilling is considered to have been very successful and the results are being incorporated into an updated JORC 2012-compliant resource statement.

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<sup>2</sup> Summary results only presented herein. For full details of the 2014 results, please refer to "First phase of drilling successfully completed at Woolgar" issued on 13<sup>th</sup> August 2014; "Further results from 2014 phase 1 drill program" issued 21st August 2014; "Final results from 2014 phase 1 drill program" issued on 4<sup>th</sup> September 2014; "Quarterly Activities Report and Quarterly Cashflow Report - Sept 2014" issued 28<sup>th</sup> October 2014; and "Final results from 2014 phase 2 drill program – Woolgar" issued on 18<sup>th</sup> November 2014, available at [www.stratmin.com.au](http://www.stratmin.com.au)

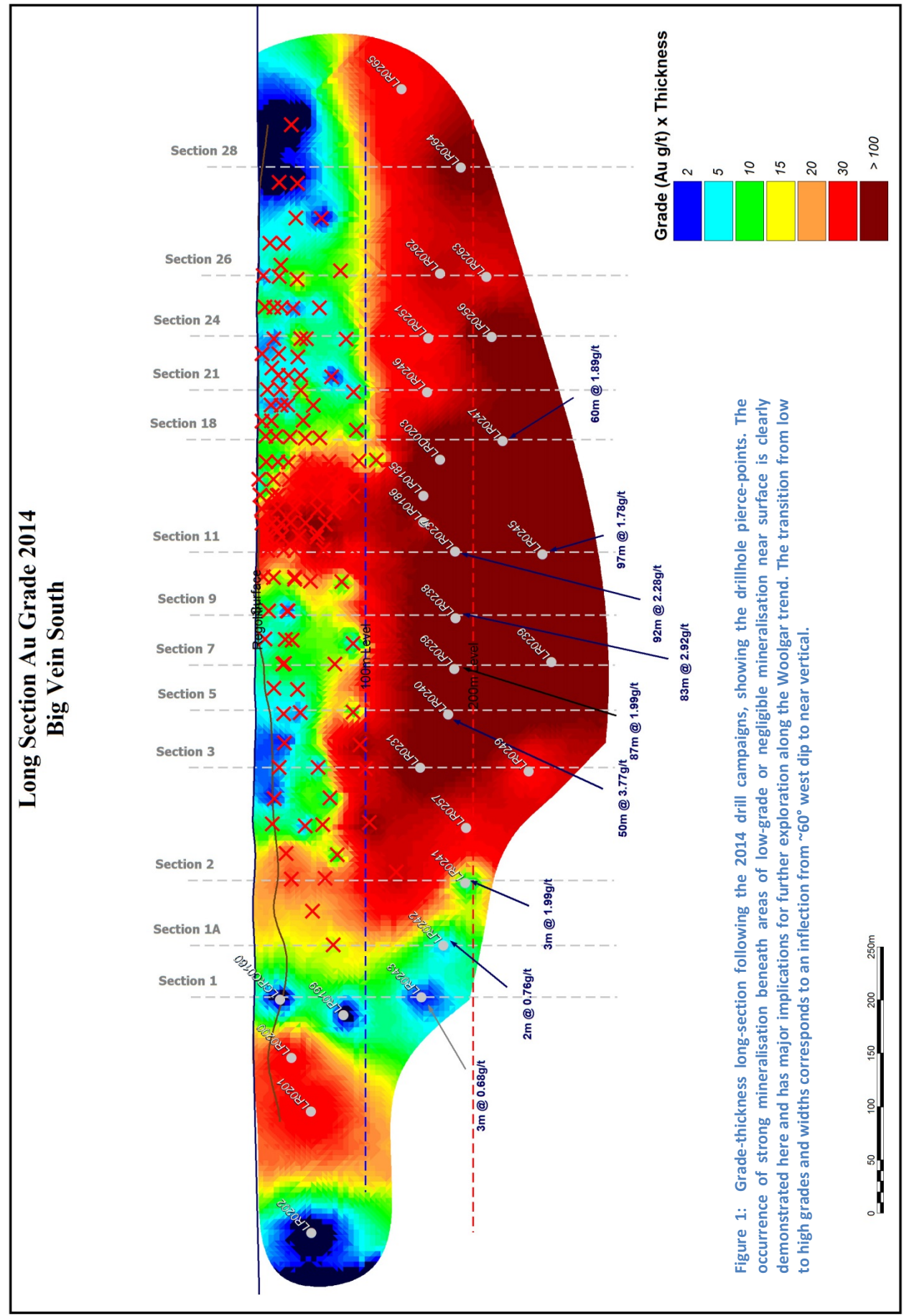


Figure 1: Grade-thickness long-section following the 2014 drill campaigns, showing the drillhole pierce-points. The occurrence of strong mineralisation beneath areas of low-grade or negligible mineralisation near surface is clearly demonstrated here and has major implications for further exploration along the Woolgar trend. The transition from low to high grades and widths corresponds to an inflection from ~60° west dip to near vertical.



### **Big Vein South (BVS)**

This is the southernmost prospect of the mesothermal gold mineralisation that occurs along and adjacent to the Woolgar Fault Zone (WFZ).

In general the results in the north and central sectors of BVS were very positive, successfully intercepting mineralisation similar to that identified in 2013 in most drillholes. The southern sector was only drilled to moderate depths, but the mineralisation was found to truncate abruptly, and any extension at depth remains to be followed up.

The Grade-Width Long Section above demonstrates the significant advances in the prospect.

### **Southern Extension Target**

No drilling was carried out in the far southern target at BVS. It remains possible that the moderate intersections to the south of BVS in 2013 indicate the presence of a further lens. It was decided to postpone this target until 2015 since it would require at least 1,500 metres of additional drilling to make a definitive conclusion either way and this was considered more exploratory and unlikely to add significantly to resource calculation. this year.

### **Big Vein Central (BVC)**

BVC is located approximately 500 metres northeast of BVS on an apparently discrete sub-parallel trend within the overall Woolgar Fault Zone.

The holes in this sector were designed to extend the mineralisation identified in 2013, which appeared to be similar in style and occurrence to that in BVS.

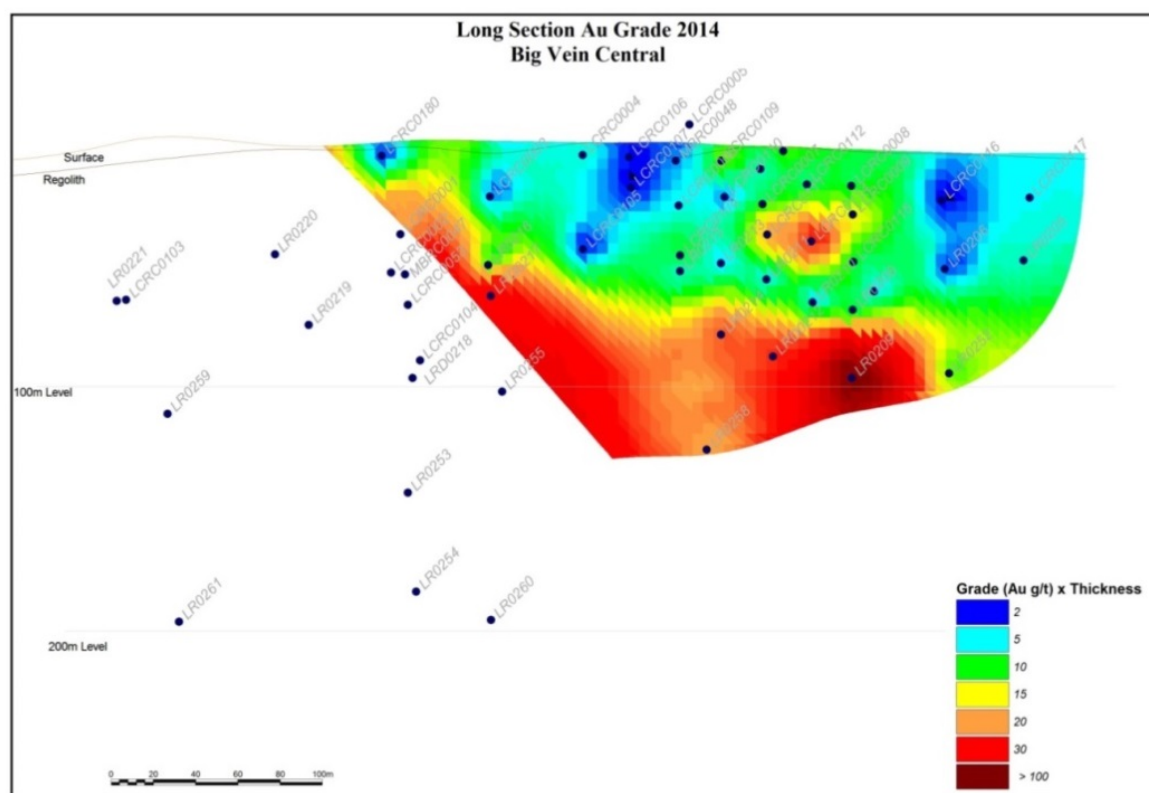


Figure 2: Big Vein Central long-section showing the grade-thickness distribution across the prospect. Note that this is has been truncated to the south since the flatter section of the structure distorts the distribution locally.



The mineralisation in BVC proved to be more variable compared to BVS, but appears to demonstrate a relationship with varying wallrocks and localised flexure in the main structure. These in turn may be related to the presence of intrusive bodies. The mineralisation in the southern portion forms a lower angle structure before pinching out in the overlap with BVS. This may be interpreted as either or a mixture of structural or lithological controls. There remains significant potential for deeper mineralisation in the southern and northern portions of the prospect.

## Metallurgical Testwork Results

In February 2015 Company released an announcement to the ASX providing the results of the initial metallurgical testwork on the BVS and BVC prospects in the Lower Camp of the Woolgar Project. This is the first part of a two stage metallurgical testwork program being conducted by the company to evaluate the metallurgical performance of the mineralisation.

These are the first metallurgical studies to have been conducted on the mesothermal-style mineralisation encountered on the Woolgar Fault Zone. These studies are not associated with either the epithermal or intrusion-related mineralisation in the Sandy Creek and Soapspar sectors, for which metallurgical studies have been conducted historically.

Key results obtained from the program include:

- Gold recovery averaged 96% across the six samples tested;
- No refractory ore characteristics were observed in any of the tests, indicating the ore is suitable for gold recovery in a standard CIL processing plant;
- The consumption of reagents is considered moderate; and
- Silver, copper, lead and zinc values are moderate and are not considered to significantly affect the design of any future processing facilities, although a flotation circuit for the production of a base metal concentrate may be viable and will be examined later in the testwork program.

Table 1: Summary of significant metallurgical testwork results:

Prospect & Sector	Au Recovery, %	Au Grades, g/t
Big Vein Central - North & Central	96.61	5.11
Big Vein Central - Southern End	96.58	3.51
Big Vein South - Northern End	96.47	5.24
Big Vein South - North Central	97.32	5.59
Big Vein South - South-Central	93.11	4.03
Big Vein South - Southern End	96.25	5.10
Average	96.06	

## Metallurgical Program Summary

Strategic Minerals (SMC or The Company) commissioned Core Process Engineering (Core) ([www.coreresources.com.au](http://www.coreresources.com.au)) to carry out a testwork program to assign preliminary gold recovery values to the Woolgar mineralisation and identify any metallurgical characteristics. This is the first part of a two stage metallurgical program. Samples for the program were taken from the mineralisation identified over the past two years in the southern prospects at Woolgar.



The goals of the testwork program were to:

1. Determine reportable metallurgical Au recovery data, using standard cyanide leaching technology, across 6 identified zones of the mineralised body, reported herein.
2. Conduct preliminary investigations of processing options available to the project, which will provide data necessary for preliminary estimates of processing options and associated capex and opex.

Two packages of work were designed, reflecting these goals. The results reported here relate to the first stage test data. The second stage will further evaluate metallurgical responses, such as gravity extraction of gold and the rate of gold leaching in the CIL process.

The tests were conducted on six composite samples formed from 191 intervals selected from a variety of grades, depths and sectors within the prospects. These results will be used as a guide to continued exploration and investment by the Company. The sample material was selected to be representative of the mineralisation styles encountered to date. The sample material was selected from holes drilled during 2013 and 2014, and is from beneath the base of complete oxidation.

The primary focus of these tests was on the gold recovery since this is the dominant metal of value in the system. Although silver, copper, lead and zinc also occur, these are relatively minor and are not expected to form a significant economic component of any project going forward. These metals were monitored for any potential effects that they may have on the leaching, recovery or consumption of reagents during processing. First indications from these tests suggest that such effects appear to be moderate and manageable within a normal processing circuit.

These results will be incorporated in the updated resource calculation over the Big Vein South and Central prospects for which preparations are underway.

## Petrography

The Company commissioned a program of petrography and petrology studies. Samples of rock, RC chip and diamond core, consisting of various mineralisation, alteration and lithological styles were submitted for analysis. The results of this provide essential information for the metallurgical and resource work, as well as aiding a better understanding of the geology and controls on the mineralisation in the field for use in interpreting field relations for drill planning.

## Lower Camp Resources<sup>3</sup>

During 2013, the known mineralisation was extended significantly in volume and continuity, but the spacing and distribution, combined with the significant changes in style, distribution and form were considered too unreliable to define a resource. The 2014 drilling has infilled and extended the mineralisation, as well as increasing the overall confidence about the style and form of the mineralised system. These objectives have been successfully achieved and preparations are currently underway to produce an upgraded JORC 2012-compliant Resource update for the BVS and BVC prospects.

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<sup>3</sup> Summary results presented herein. For full JORC-compliant resource statement please refer to "QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 31st MARCH 2013" issued 30th April 2013, available at [www.stratmin.com.au](http://www.stratmin.com.au)





Unfortunately the resource update is not available for this report, however it will be published once it has been received from the independent consultant.

## District-wide Data Review, Target Generation and Definition

The drilling results in the Lower Camp over the last two years have delineated a large volume of mineralisation and proven the potential for significant discoveries in the mesothermal-style gold prospects along the Woolgar Fault Zone. In order to build on this and to identify sufficient mineralisation to justify advancing to development, it is necessary to delineate further similar mineralised bodies. To this end, Strategic is working to identify the factors controlling the known mineralisation throughout the project and thus target those prospects with the highest potential.

### Lower Camp Mapping Program

The Company commenced detailed field mapping at the end of the 2014 season to follow-up on known surface mineralised occurrences and consolidate geological understanding across the Lower Camp. This has helped reinterpret known prospects in the light of the BVS and BVC discoveries, with several targets highlighted for follow-up, and a renewed understanding of the locations and behaviour of the multiple structures across the Lower Camp. This will be integrated with a partial relogging of RC drill chips from the historic drilling in the Lower Camp prior to final drill target definition.

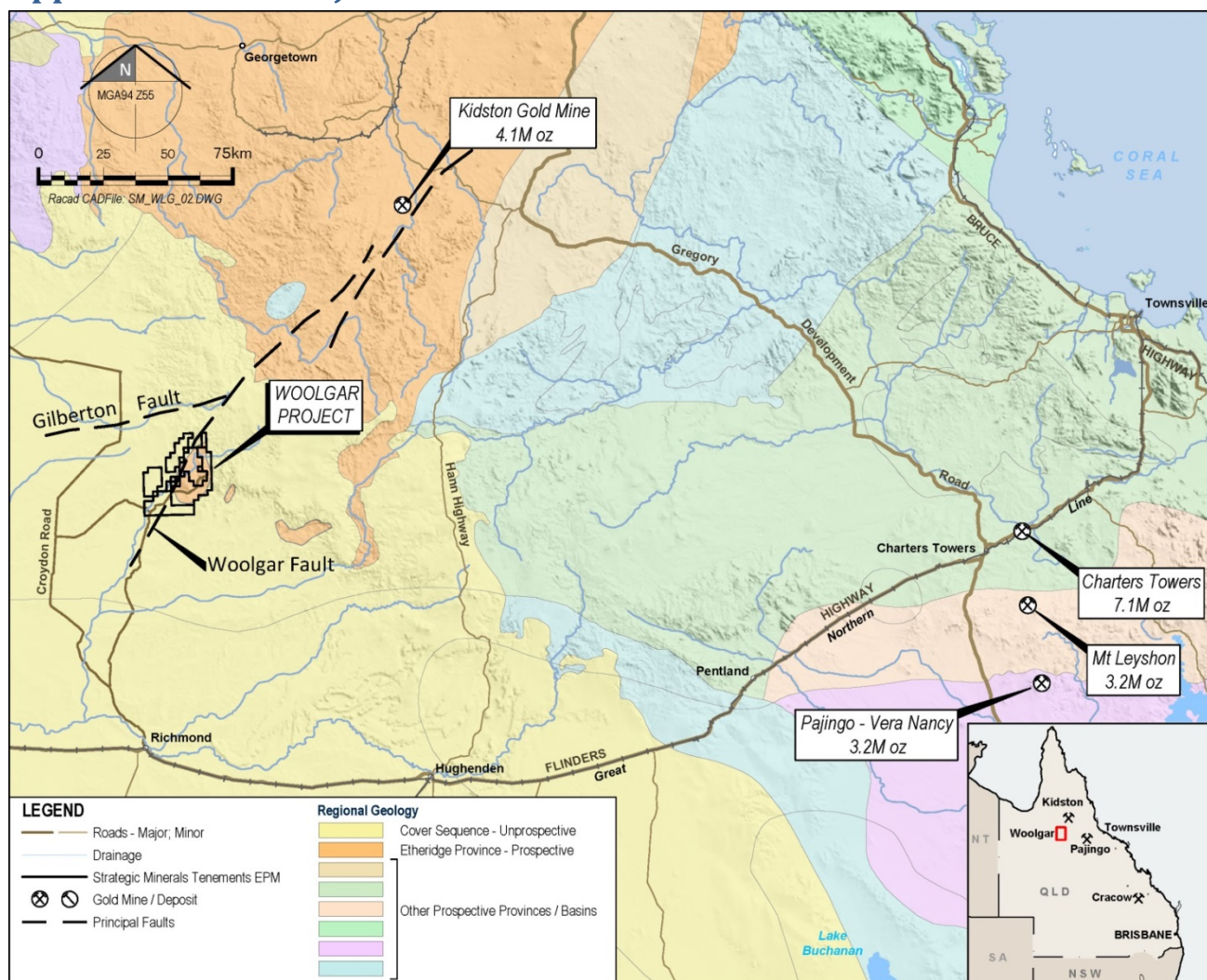
**Wally Martin**  
**MANAGING DIRECTOR**

### COMPETENT PERSON STATEMENT

*The information in the report to which this statement is attached that relates to exploration targets or 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 1: Project Overview



**Figure 3: Location map of Woolgar, showing the regional provinces of northeast Queensland and significant gold deposits. As can be seen, the Woolgar Goldfield corresponds to an inlier (erosional window) of the highly prospective and historically productive Etheridge Province exposed within the overlying generally unprospective sedimentary cover sequences.**

The Woolgar Project consists of exploration permits and mining leases, located approximately mid-way between Townsville and Mt Isa, north Queensland. The Woolgar district is an area of basement rocks exposed within younger sedimentary cover. Woolgar was the location of a gold rush in the 1880's, with intermittent alluvial and small-scale, shallow, reef mining thereafter. The widespread historic workings and subsequent exploration work has identified this district as having strong potential to host significant gold mineralisation, see Figure 4.

The mineralisation is associated with the Woolgar Fault Zone (WFZ), a regional-scale structure trending east-northeast through the Woolgar project area that is also related to the historic Kidston mine to the north, see Figure 3. Strategic has identified epithermal vein deposits in the Sandy Creek, mesothermal veins along the WFZ and intrusive related mineralisation at Soapspar, as well as the alluvial gold associated with these. To date, a gold resource of 848,000 Oz. has been delineated, mostly within the Epithermal and Intrusive Related prospects.





The current focus is on the mesothermal veins in the Lower Camp area, situated at the southern end of the extensive mesothermal vein field associated with the WFZ. Here, the WFZ undergoes localised flexure through an intersection with district-scale structures. This style of structural location is considered highly prospective due to its potential to create geological conditions favourable for the emplacement and deposition of mineralisation.

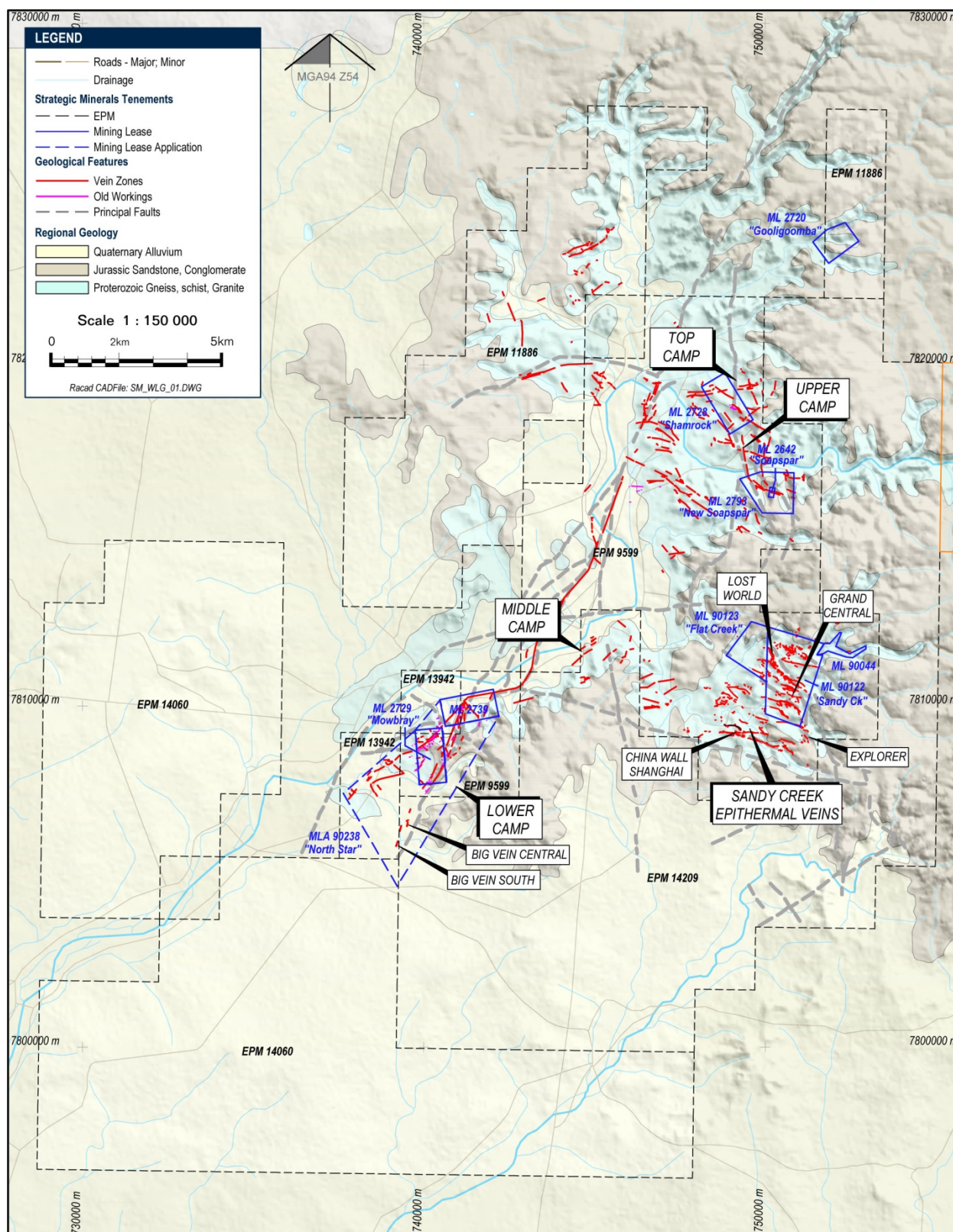


Figure 4: Simplified geological map of the Woolgar Project, highlighting the five main sectors (camps) and the Big Vein South and Central prospects drilled in the 2014 campaign.