

ASX Code: SMC

ASX Release:

27 July 2018

Issued Capital:

70,450,536

Market Capitalisation:

\$28.180 Million

BOARD:

Laif McLoughlin

Executive Chairman

Christopher Wallin

Non-Executive Director

Jay Stephenson

Non-Executive Director &
Company Secretary

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QUARTERLY ACTIVITY REPORT

FOR THE PERIOD ENDED

30th June 2018

Highlights

- Results of final 2017 Diamond drill program released
- Strategic Minerals reinstated to Official Quotation

During the Quarter, Strategic progressed the analysis of the Diamond Drill (DD) hole core material through ALS for assay after securing a Director loan in March. There has been limited opportunity to undertake field exploration on account of the financial uncertainty associated with the Takeover Panel application and resulting suspension. The Company was able to complete a round of Ground Water sampling during the Quarter and consolidate and interpret the exploration results from the 2017 drilling program.

DD Program

On the 27th June 2018, the Company released¹ the results of all eight diamond drill (DD) holes from the 2017 program. Highlights include:

■	LD0317	77.47 metres at 1.37 g/t gold from 128 to 205.47 metres
■	LD0322	31.45 metres at 2.31 g/t gold from 97 to 128.45 metres
■	LD0323	40.31 metres at 2.18 g/t gold from 130 to 170.31 metres
■	LD0324	31.79 metres at 3.54 g/t gold from 107.51 to 139.3 metres

Four of the holes are primarily geotechnical (LD0318, LD0319, LD0320, LD0321) and four were primarily resource (LD0317, LD0322, LD0323, LD0324) related, although all were modified where possible, to maximise information and data generation. The diamond hole program had been designed to provide essential information and material that will be used to examine quality control, metallurgy, waste characterisation and improved geological control, all technical constraints necessary to assess and potentially upgrade confidence in the BVS JORC resource.

All holes were drilled in late 2017, but geochemical analysis was delayed, initially to permit detailed technical logging and hyperspectral scanning prior to destructive sampling, and later due to financial constraints resulting from the extended suspension of the Company's shares from trading. The company was able to commission the processing and assay of the diamond core material after securing funding via a Director loan in March.

In total, 22 RC and 8 diamond (DD) holes were drilled for a total of 6,332 metres during 2017. These results announced on the 27 June 2018 constitute the final drill holes. Please refer to Figure 1 for the plan of RC and DD holes.

¹ See ASX Release dated 27 June 2018 - *Final Results of 2017 Core Drill Program at BVS, Woolgar*

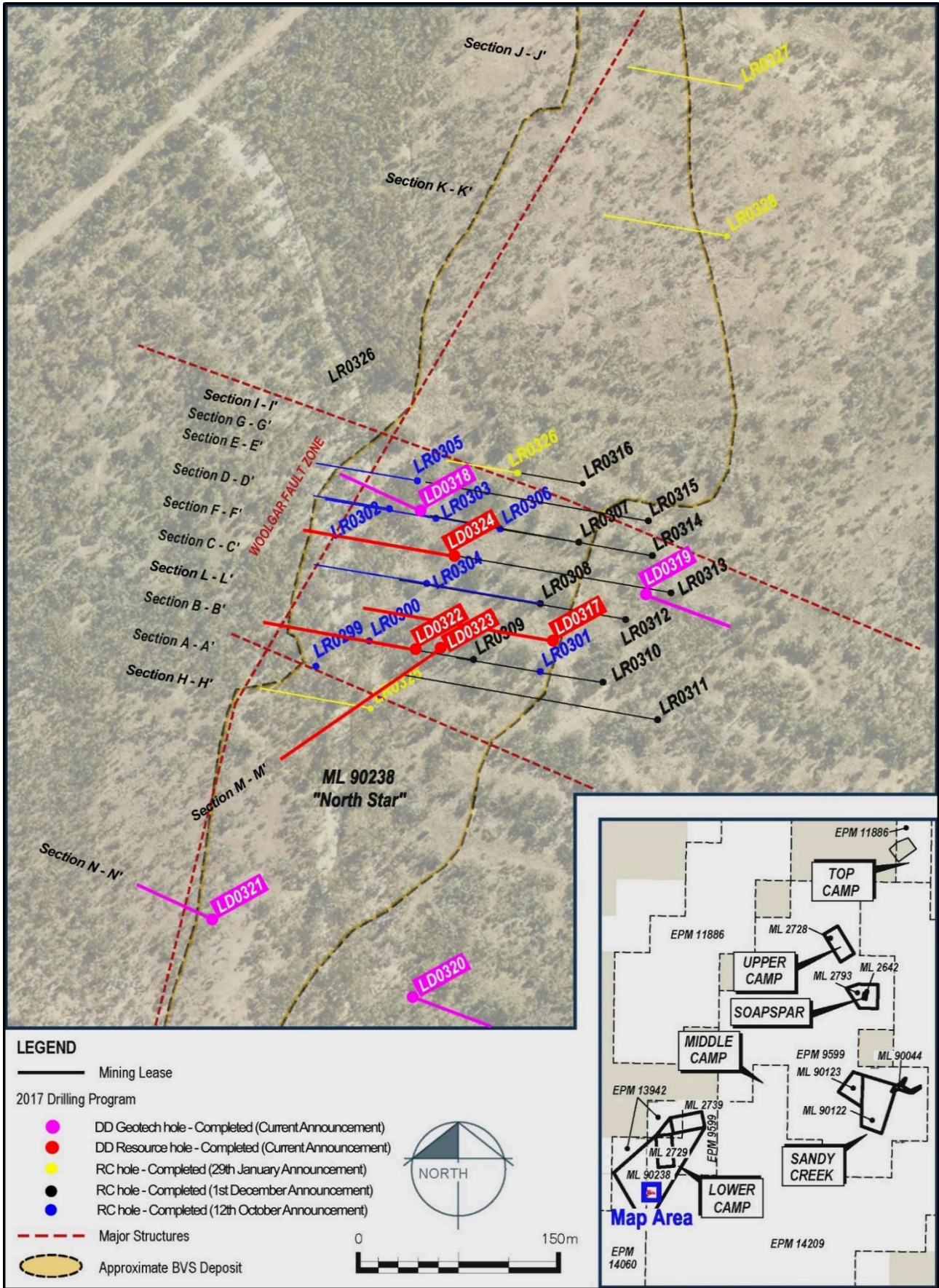


Figure 1: Plan of the central portion of the BVS prospect showing the distribution of the Reverse Circulation and Diamond Drill programs during 2017.

Corporate

On the 30th May, the Company held its AGM and the results were announced on the same day². Given the Remuneration Resolution was not passed on the second such occasion (second strike), the Company will organise and announce a spill meeting in due course as required by the Corporations Act 2001.

After the release of the Supplementary Target's Statement on the 1 June 2016³, Strategic was reinstated to official quotation and commenced trading on the ASX on Monday 4th June 2018⁴. The Company had been suspended for 6 months since the Takeover Panel application was lodged by one of the Company's shareholders. As has been previously announced, the impact of the suspension resulting from the Takeover Panel application has had a major impact in the Company's ability to finance key programs of work including the BVS Resource Update. The Company is working on the next capital raising and the details will be released in due course.

The On-Market Takeover by QGold Pty Ltd expired on the 29th June 2018. As at the 29th June 2018, it is understood that QGold now have a voting power of 86.75%⁵. As detailed in the Supplementary Bidders Statement, QGold have indicated their intentions should they acquire less than 90% and 90% or more⁶. At the time of this announcement, the Company is not aware of any proposal by QGold in relation to their intentions.

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.

² See ASX Release dated 30 May 2018 – *Results of Meeting*

³ See ASX Release dated 1 June 2018 – *Supplementary Target's Statement*

⁴ See ASX Release dated 1 June 2018 – *Reinstatement to Official Quotation – Monday 4 June 2018*

⁵ See ASX Release dated 2 July 2018 – *Change in substantial holding*

⁶ See ASX Release dated 22 March 2018 – *Supplementary Bidder's Statement – Clearer Copy*

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)

30 June 2018

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 and evaluation	(124)	(794)
(b) development	-	-
(c) production	-	-
(d) staff costs	(44)	(83)
(e) administration and corporate costs	(86)	(169)
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 Research and development refunds	-	-
1.8 Other (provide details if material): Takeover Panel expenses	(94)	(161)
1.9 Net cash from / (used in) operating activities	(348)	(1,206)
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 (6 Months) \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
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	-	1,000
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	-	1,000
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	547	405
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(348)	(1,206)
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)	-	1,000
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	199	199
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	199	547
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)	199	547
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		56
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		
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	1,000	1,000
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.		

Interest free loan, repayable within 8 months, secured over SMC's Queensland mining leases with director Christopher Wallin.
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	470
9.2 Development	
9.3 Production	
9.4 Staff costs	55
9.5 Administration and corporate costs	145
9.6 Other (provide details if material):	
9.7 Total estimated cash outflows	670

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

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



Signed: _____ Dated: Friday, 27 July 2018

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.