

STRATEGIC MINERALS CORPORATION NL

ACN 008 901 380

ENTITLEMENT ISSUE PROSPECTUS

For a pro rata renounceable entitlement issue of one (1) Share for every five (5) Shares held by Shareholders at an issue price of 2.2 cents per Share to raise approximately \$1,382,401 (**Entitlement Issue**).

Patersons Securities Limited is the Lead Manager and Underwriter of the Entitlement Issue. Refer to Section 8.2 for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

TIMETABLE AND IMPORTANT DATES*

Lodgement of Prospectus with ASX and with the ASIC	29 October 2009
Notice sent to Shareholders	6 November 2009
Ex Date – rights trading commences	6 November 2009
Record Date for determining Shareholder entitlements	12 November 2009
Prospectus despatched to Shareholders	16 November 2009
Rights trading ceases	23 November 2009
Closing Date of Offer	30 November 2009
Notify ASX of under subscriptions	3 December 2009
Despatch date/Shares entered into shareholders security holdings	7 December 2009

* These dates are determined based upon the current expectations of the Directors and may be changed with 6 Business Days prior notice.

IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 29 October 2009 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is the date that is 13 months following the date of this Prospectus (**Expiry Date**). No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

ELECTRONIC PROSPECTUS

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

2. CORPORATE DIRECTORY

Directors

Claude F Guerre (Chairman Director)
Wally AC Martin (Managing Director)
Claude Bigeard (Non-Executive Director)
Jay R Stephenson (Non-Executive Director)

Company Secretary

Jay Stephenson

Registered Office

Suite 4, Level 1
460 Roberts Road
SUBIACO WA 6008

PO Box 66
FLOREAT FORUM WA 6014

General Enquiries:

Telephone: (08) 9388 8399
Facsimile: (08) 9388 8511

Email: wally@stratmin.com.au
Website: www.stratmin.com.au

Underwriter and Lead Manager

Patersons Securities Limited
Level 23 Exchange Plaza
2 The Esplanade
PERTH WA 6000

Share Registry*

Security Transfers Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditor*

BDO Kendalls Audit & Assurance (WA) Pty
Ltd
128 Hay Street
SUBIACO WA 6008

*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

3. LETTER FROM THE MANAGING DIRECTOR

Dear shareholder

This Prospectus outlines the details of a fully underwritten pro-rata renounceable rights issue by Strategic Minerals Corporation Limited to raise approximately \$1,382,401 (before costs of the issue). The Company also announced to the ASX on 29 October 2009 that it had received firm commitments from sophisticated investors for a placement to raise \$0.9 million (**Placement**). The Placement and rights issue will raise approximately \$2.3 million (assuming the rights issue is fully subscribed) to support the Company's next significant exploration program and pre feasibility assessment for the development of its Woolgar gold project.

The proceeds of the Placement and rights issue will be utilised to pursue the following important activities before the end of the current year:

- (a) targeted drilling at the Mowbray NE, Big Veins North and Big Veins South areas. Drilling at Big Vein North hole MBRC 9 has been designed to test for mineralisation located along strike and to the North of hole MBRC 9;
- (b) drilling of other vein sets will be targeted at exploring the mineralisation along strike both to the north and south and at depth from the 2008 drill holes at Mowbray. Drill pads and track access have been prepared for the proposed program together with aboriginal land clearances;
- (c) in 2010 further drilling programs will be conducted both at Mowbray with the objective of delineating additional gold resources adding to the overall gold inventory at Woolgar. Additionally surveys, soil and rock chip sampling programs will be conducted over old mine working centres along the Woolgar fault zone to establish ongoing drill target areas; and
- (d) progress the pre-feasibility study for economic development of the existing gold resource base.

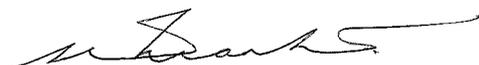
Strategic Minerals Corporation Limited have a board of experienced directors in the resource sector, and highly professional technical consultants who are capable of seeing the Company achieve its ultimate objective of becoming a significant producer of gold from its Queensland Woolgar project.

The increase in the gold inventory at Woolgar resulting from successive drilling campaigns over the past 5 years has illustrated the wide spread gold mineralisation throughout the project area. The Company is confident that with ongoing drilling and exploration programs, long term gold production will be sustained once the initial mining operation has been commissioned.

The Company is committed to the objective of bringing Woolgar into gold production.

The board of Strategic Minerals Corporation Limited welcomes your participation in this rights issue to ensure that it has sufficient resources to pursue the successful future development of its Woolgar project which will lay the foundation for the long term success of the Company and the realisation of shareholders value.

I recommend the Offer to our shareholders.



Wally Martin
Managing Director

4. DETAILS OF THE OFFER

4.1 Offer

By this Prospectus, the Company offers for subscription approximately 62,836,404 new Shares pursuant to a pro-rata renounceable entitlement issue to Shareholders of one (1) new Share for every five (5) Shares held on the Record Date at an issue price of 2.2 cents per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the current capital structure of the Company (and assuming 40,980,264 Shares are issued pursuant to a placement which will be completed prior to the Record Date and no existing Options are exercised prior to the Record Date), the maximum number of Shares to be issued pursuant to the Offer is approximately 62,836,404. The Offer will raise approximately \$1,382,401 before the estimated expenses of the Offer. The purpose of the Offer and the use of funds raised are set out in Section 5 of this Prospectus.

Holders of existing Options will not be entitled to participate in the Offer. The Company currently has 6,500,000 Options on issue as at the date of this Prospectus, which Options may be exercised by the Option holder prior to the Record Date in order to participate in the Offer.

4.2 Rights Trading

Entitlements to Shares pursuant to the Offer are renounceable and, accordingly, rights will be tradeable on ASX. Details on how to sell your rights are set out in Section 4.3 below.

4.3 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque for the amount indicated on the Entitlement and Acceptance Form; or
 - (iii) pay the application monies through the BPay® facility described below. **If you make your payment by BPay® you do not need to return the Entitlement and Acceptance Form.**
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque for the appropriate application monies (at 2.2 cents per Share); or

- (iv) pay the appropriate application monies through the BPay® facility described below. **If you make your payment by BPay® you do not need to return the Entitlement and Acceptance Form.**
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Alternatively, you can trade your Entitlement rights as follows:

- (a) to sell any or all of your Entitlement you will need to instruct a stockbroker to sell the Entitlement rights which you wish to renounce. If you wish to do so you must instruct your stockbroker by completing the panel headed "Instructions to your Stockbroker" on the back of the Entitlement and Acceptance Form and lodge that form with your stockbroker. Your stockbroker must sell those rights before the rights trading ceases; or
- (b) if you wish to transfer all or part of your rights to another person other than on ASX you must forward a completed renunciation form (which you can obtain by contacting the Company) together with the Entitlement and Acceptance Form.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Strategic Minerals Corporation NL – Entitlement Offer Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5.00pm WST on the Closing Date.

Payment by BPay®

Payment by BPay® should be made according to the instructions set out on the Entitlement and Acceptance Form using the Entitlement number shown on that form next to the BPay® symbol. **If you make your payment by BPay® you do not need to return the Entitlement and Acceptance Form.**

The Entitlement number is used to identify your holding. If you have multiple holdings you will have multiple Entitlement numbers. You must use the Entitlement number shown on each Entitlement and Acceptance Form to pay for each holding separately. Failure to do so may result in an underpayment. If you pay by BPay® and do not pay for your full Entitlement, the remaining Entitlement will form part of the Shortfall.

Please note that all payments using the Bpay payment option must be made by 4.00pm (WST) on the Closing Date.

4.4 Minimum Subscription

The minimum subscription in respect of the Offer is the total amount sought to be raised by the Offer.

4.5 Underwriting

The Offer is underwritten by Patersons Securities Limited.

Refer to Section 8.2 of this Prospectus for further details of the terms of the underwriting.

4.6 Shortfall

If you do not wish to take up any part of your Entitlement or trade your Entitlement rights under the Offer, you are not required to take any action. That part of your Entitlement not taken up or traded will form part of the Shortfall.

The offer of the Shortfall is a separate offer pursuant to this Prospectus (**Shortfall Offer**). Pursuant to the Shortfall Offer, an offer is made to every applicant of Shares under the Entitlement Issue to apply for any Shares not taken up under the Entitlement Issue (**Shortfall Shares**). The issue price of any Shortfall Shares offered pursuant to the Shortfall Offer is 2.2 cents, being the price at which the Entitlement Issue has been offered to Shareholders pursuant to this Prospectus. The Shortfall Offer shall remain open for 3 months from the Closing Date (**Shortfall Closing Date**) unless closed early at the discretion of the Directors.

Applications pursuant to the Shortfall Offer will be dealt with as follows:

- (a) to apply for any of the Shortfall Shares where an applicant is a Shareholder the applicant must first have taken up their full Entitlement under the Entitlement Issue;
- (b) an applicant making an application for Shortfall Shares (**Secondary Applicant**) is entitled to apply for all or any part of the Shortfall Shares, by completing the Shortfall Application Form and submitting it to the Company with appropriate application monies (at 2.2 cents per Share) by the Closing Date;
- (c) if the number of Shortfall Shares sought exceeds the actual number of Shortfall Shares, applications will be scaled back entirely at the discretion of the Company in consultation with the Underwriter in accordance with the Underwriting Agreement.

The Company reserves the right, in consultation with the Underwriter in accordance with the Underwriting Agreement, to allot and issue to an applicant a lesser number of Shortfall Shares than the number for which the applicant applies, or to reject an application, or to not proceed with placing the Shortfall. Accordingly, there is no guarantee that your application for Shortfall will be successful.

If you wish to participate in the Shortfall Offer, complete the Shortfall Application Form attached to this Prospectus. You must also provide payment with your application in respect of all of the Shares you are applying for.

If your allocation of the Shortfall Shares is scaled back in part or in its entirety, you will be provided with a refund of the balance of the Shortfall Offer application monies with the notification of your allocated Shares.

The Company will issue Shortfall Shares to the Underwriter and those who have subscribed for Shortfall Shares prior to the Closing Date shortly after the Closing Date on the basis set out in this Section.

4.7 Australian Securities Exchange Listing

Application for official quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as modified by the ASIC), the

Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.8 Allotment of Shares

Shares issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the Shares on the basis of a Shareholder's Entitlement. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

4.9 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

Pursuant to ASX Listing Rule 7.7, the Company has appointed Patersons Securities Limited as the Nominee to sell the Entitlements to which non-qualifying foreign shareholders are entitled. The net proceeds (if any) of the sale of each Entitlement will then be forwarded by the Company's share register as soon as practicable to the non-qualifying foreign shareholders. There can be no guarantee that a market for the Entitlement of non-qualifying shareholders will exist and the Nominee is under no obligation to take up any Entitlement for which it is unable to find a qualified buyer. The Nominee will have the absolute and sole discretion to determine the timing and the price at which the Entitlements may be sold and the manner in which any sale is made.

Neither the Company nor the Nominee will be liable for a failure to sell Entitlements or to sell Entitlements at any particular price.

4.10 Offer in New Zealand

The Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Offer must be made.

There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the Shares is not New Zealand dollars. The value of the Shares will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

As noted in the Prospectus at Section 4.7, the Company will apply to the ASX for quotation of the Shares offered under this Prospectus. If quotation is granted, the Shares offered under this Prospectus will be able to be traded on the ASX. If you wish to trade the Shares through that market, you will have to make arrangements for a participant in that market to sell the Shares on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the Shares and trading may differ from securities markets that operate in New Zealand.

4.11 Taxation Implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Shares offered pursuant to this Prospectus.

4.12 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company will apply to ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are

electronic, ownership of Shares can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

4.13 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise approximately \$1,382,401 (before expenses). The proceeds of the Offer, are planned to be used in accordance with the table set out below:

Proceeds of the Offer	\$1,382,401
Use of Funds	
Drill Program	\$750,000
Pre-feasibility study	\$250,000
Working Capital	\$228,371
Expenses of the Offer	\$154,030
Total Use of Funds	\$1,382,401

Note:

Refer to Section 8.6 of this Prospectus for further details relating to the estimated expenses of the Offer.

5.2 Effect of the Offer and Pro Forma Consolidated Balance Sheet

The principal effect of the Offer will be to:

- (a) increase the cash reserves by approximately \$1,228,371 immediately after completion of the Offer after deducting the estimated expenses of the Offer; and
- (b) increase the number of Shares on issue from 273,201,760 Shares, to approximately 377,018,428 Shares following completion of the Offer (assuming the Company has issued 40,980,264 Shares pursuant to the Placement prior to the Record Date).

5.3 Consolidated Balance Sheet

The unaudited Balance Sheet as at 30 September 2009 and the unaudited Pro Forma Balance Sheet as at 30 September 2009 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Shares pursuant to the Offer in this Prospectus, and all Shares pursuant to the Placement, are issued.

The unaudited Balance Sheets have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

**Consolidated Balance Sheet and Pro Forma Balance Sheet as at 30 September 2009
(unaudited)**

	30 September 2009 Actual \$	30 September 2009 Pro-forma \$
CURRENT ASSETS		
Cash and cash equivalents	516,195	2,596,854
Trade and other receivables	48,979	48,979
TOTAL CURRENT ASSETS	565,174	2,645,833
NON-CURRENT ASSETS		
Plant and equipment	81,972	81,972
Exploration and evaluation costs	13,589,865	13,589,865
Other	76,565	76,565
TOTAL NON-CURRENT ASSETS	13,748,402	13,748,402
TOTAL ASSETS	14,313,576	16,394,235
CURRENT LIABILITIES		
Trade and other payables	55,310	55,310
Provisions	52,700	52,700
TOTAL CURRENT LIABILITIES	108,010	108,010
NON-CURRENT LIABILITIES		
Provisions	0	0
TOTAL NON-CURRENT LIABILITIES	0	0
TOTAL LIABILITIES	108,010	108,010
NET ASSETS	14,205,566	16,286,225
EQUITY		
Issued capital	34,445,338	36,525,997
Reserves	3,242,275	3,242,275
Accumulated Losses	(23,482,047)	(23,482,047)
TOTAL EQUITY	14,205,566	16,286,225

Note

The proforma balance sheet includes the net proceeds from the Placement, \$852,288, and the net proceeds from the Offer, \$1,228,371. Details of costs associated with the Offer are shown in Section 8.6 of this Prospectus.

5.4 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a

consequence of the Placement and the Offer is set out below, assuming that the Offer is fully subscribed and the Placement is completed fully subscribed.

Shares

	Number
Shares on issue at date of Prospectus	273,201,760
Shares to be issued pursuant to the Placement on or about 5 November 2009	40,980,264
Shares offered pursuant to the Offer	62,836,404
Total Shares on issue after completion of the Placement and the Offer	377,018,428

Options

	Number
Unlisted	6,500,000
Total Options on issue after completion of the Offer²	6,500,000

6. RIGHTS AND LIABILITIES ATTACHING TO THE SHARES

6.1 Terms of Shares

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

6.2 General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

6.3 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

6.4 Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the

Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

6.5 Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

6.6 Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

6.7 Future Increase in Capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

6.8 Variation of Rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

7. RISK FACTORS

Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares. Potential Applicants should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.1 Operating Risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (a) adverse geological conditions;
- (b) limitations on activities due to seasonal weather patterns and cyclone activity;
- (c) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- (d) mechanical failure of operating plant and equipment;
- (e) industrial and environmental accidents, industrial disputes and other force majeure events;
- (f) unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- (g) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment;
- (h) commodity price fluctuations; and
- (i) inability to obtain necessary consents or approvals.

7.2 Native Title and Title Risks

Both the *Native Title Act 1993* (Cth), related State Native Title legislation and Aboriginal Land Rights and Aboriginal Heritage legislation may affect the Company's ability to gain access to prospective exploration areas or obtain production titles.

Compensatory obligations may be necessary in settling Native Title claims if lodged over any tenements acquired by the Company. The existence of outstanding registered Native Title claims means that the grant of a tenement in respect of a particular tenement application may be significantly delayed or thwarted pending resolution of future act procedures in the Native Title Act. The level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company. At this stage it is not possible to quantify the impact (if any) which these developments may have on the operations of the Company.

7.3 Environmental Risks and Regulations

The Company's projects are subject to Commonwealth and State laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by the conditions attaching to the Tenements.

7.4 Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

7.5 Market conditions

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

7.6 Security Investments

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the Shares regardless of the Company's performance.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

7.7 Legislative changes, Government policy and approvals

Changes in government regulations and policies may adversely affect the financial performance of the Company. For example, any increased rentals under the Mining Act may impact on the Company's actual financial statements. The Company's capacity to explore and mine, in particular the Company's ability to explore and mine any reserves, may be affected by changes in government policy, which are beyond the control of the Company.

7.8 Uranium

The Company's Frome Basin project located in South Australia and Woolgar Uranium Project located in Queensland involve exploration for uranium.

Uranium mining in Australia is subject to extensive regulation by state and federal governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Compliance with such

laws and regulations will increase the costs of exploration, drilling, developing, constructing, operating and closing mines and other production facilities. There is also a risk that new rules and regulations will be enacted or existing rules and regulation are applied in a manner which could limit or curtail future production or development.

The Federal Government currently permits the mining and export of uranium under strict international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries which undertake to use it for peaceful purposes. The Federal Government cannot override State Government policy on this issue.

Uranium mining in South Australia is permitted but is subject to stricter control than mining in general due to concerns about the potential uses and physical characteristics of the end product and the need to comply with Commonwealth legislation, codes, international treaties, conventions and agreements. The South Australian State Government allows the mining of uranium provided strict conditions are adhered to relating to the transport of uranium, spillage, control of radiation and radioactive material and having an approved radiation management program and radioactive waste management program in place and establishing an environmental management and monitoring plan for the protection, management and rehabilitation of the environment.

The Queensland State Government has prohibited the mining of Uranium in Queensland since 1989 and continues to do so. The development of the uranium deposits is contingent upon a change in the State Government policy in relation to uranium production. There can be no assurance that the policy will change in favour of uranium mining and this may adversely affect the long term prospects for the Company's interests in the Queensland tenements.

7.9 Other energy sources

Nuclear energy is in direct competition with other more conventional sources of energy, which include gas, coal and hydro-electricity.

Furthermore, any potential growth of the nuclear power industry (with any potential attendant increase in the demand for uranium) beyond its current level will depend on continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is currently subject to some negative public opinion owing to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

One of the arguments in favour of nuclear energy is its lower emissions of carbon dioxide per unit of power generated compared to coal and gas. Alternative energy systems such as wind or solar also have no or very low carbon emissions. However, to date these have not been cost-effective enough to be used for large scale base load power. Technology changes may occur that make alternative energy systems more efficient, reliable or cost-effective.

7.10 Future Capital Requirements

The Company's ongoing activities will require substantial expenditures. There can be no guarantee that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to continue to use debt or equity to fund

expansion after the substantial exhaustion of the net proceeds of the Offer, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

7.11 Reliance on Key Personnel and Employees

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

7.12 Speculative Nature of Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.

8. ADDITIONAL INFORMATION

8.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s Shares.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the financial statements of the Company for the financial year ended 31 December 2008 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for

the year ended 31 December 2008 lodged with ASIC before the issue of this Prospectus; and

- (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2008 audited financial statements:

Date	Description of Announcement
31/03/2009	Full Year Statutory Accounts
15/04/2009	Notice of Annual General Meeting
28/04/2009	Quarterly Reports
15/05/2009	Results of meeting
28/05/2009	Appendix 3B
26/06/2009	Resignation of Director
26/06/2009	Final Director's Interest Notice
29/07/2009	Quarterly Activities Report
29/07/2009	Quarterly Cash Flow Report
04/08/2009	Director Appointment
04/08/2009	Initial Director's Interest Notice
17/08/2009	Appendix 3B
11/09/2009	Half Yearly Report and Accounts
27/10/2009	Trading Halt
29/10/2009	Placement and Entitlement Issue to Raise \$2.3 Million

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.stratmin.com.au.

8.2 Material Contract

The only material agreement in the context of this Offer is the Underwriting Agreement.

The Underwriting Agreement contains customary representations, warranties, indemnities and rights of termination in favour of the Underwriter, including a right to terminate its underwriting commitment in the event of a 10% or greater fall in the All Ordinary Index, the S&P/ASX 200 Index or the S&P/ASX 300 Metals and Mining Index, or the Company's Share price falling below the application price.

In addition, the Company has given warranties and covenants to the Underwriter which are usual in an agreement of this nature.

8.3 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer pursuant to this Prospectus.

Directors' interests in securities of the Company at the date of this Prospectus are:

Name	Shares	Options	Entitlement
Claude Guerre	295,000	1,000,000	59,000
Wally Martin	2,777,013	1,000,000	555,403
Claude Bigeard	-	1,000,000	-
Jay Stephenson	110,000	Nil	22,000

Notes:

1. Each of the Directors has indicated that it is their present intention to subscribe for their full Entitlement under the Offer.
2. Claude Guerre is the registered holder of an additional 4,050,000 Shares in the capital of the Company. Mr Guerre holds these Shares as proxy for a third party and does not hold any beneficial interest in, or exercise any

voting power in respect of those Shares (other than as proxy holder).

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The Company paid to the Directors a total of \$297,309 the year ended 31 December 2007 and \$412,421 for the year ended 31 December 2008. In addition to the above, the Directors have been paid fees totalling \$165,000 from the end of the previous financial year until the date of this Prospectus. Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

8.4 Interests and Consents of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of securities pursuant to this Prospectus; or
- (c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Pursuant to Section 716 of the Corporations Act, Patersons Securities Limited has given and has not withdrawn its consent to being named as Lead Manager and Underwriter to the Offer in the Corporate Directory of this Prospectus in the form and context in which it is named. Patersons Securities Limited has not caused or authorised the issue of this Prospectus, does not make or purport to make any

statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Patersons Securities Limited will be paid an underwriting fee of approximately \$69,120 together with a \$60,000 management and corporate advisory fee in respect of this Offer. In the past two years, Patersons Securities Limited has or will have been paid approximately \$45,078 by the Company in relation to the Placement.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$10,000 for services in relation to this Prospectus.

8.5 Legal Proceedings

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

8.6 Estimated Expenses of Offer

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	\$
ASIC fees	2,010
ASX fees	5,400
Underwriting fees	69,120
Legal expenses	10,000
Broker and lead manager fees	60,000
Printing and other expenses	<u>7,500</u>
Total	154,030

8.7 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: 4.3 cents on 17 and 18 September 2009

Lowest: 3.1 cents on 26 to 28 August 2009

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was 3.8 cents on 28 October 2009.

8.8 Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic

prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

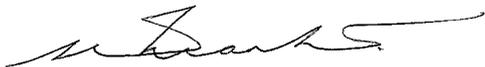
The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9. AUTHORITY OF DIRECTORS

9.1 Directors' Consent

Each of the Directors of Strategic Minerals Corporation NL has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act.

Dated the 29th day of October 2009.



Wally Martin
for and on behalf of
Strategic Minerals Corporation NL
Managing Director

10. DEFINITIONS

Applicant means a Shareholder or Underwriter or other party instructed by the Underwriter who applies for Shares pursuant to the Offer.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the settlement rules of the securities clearing house which operates CHESS.

ASX means ASX Limited (ACN 008 624 691).

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date of the Offer, being 5.00pm (WST) on 30 November 2009 (unless extended).

Company means Strategic Minerals Corporation NL (ACN 008 901 380).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001*(Cth).

Directors means the directors of the Company at the date of this Prospectus.

Dollar or "\$" means Australian dollars.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Issue means the issue of Shares offered by this Prospectus.

Lead Manager or **Nominee** or **Underwriter** means Patersons Securities Limited (ACN 008 896 311).

Listing Rules or **ASX Listing Rules** means the Listing Rules of the ASX.

Offer means the renounceable entitlement offer pursuant to the Prospectus of one (1) new Share for every five (5) Shares held by a Shareholder on the Record Date to raise \$1,382,401.

Official List means the official list of ASX.

Option means an option to acquire a Share.

Placement means a proposed placement to sophisticated investors exempted under section 708 of the Corporations Act of 40,980,264 Shares at an issue price of 2.2 cents per Share as announced on 29 October 2009.

Prospectus means this prospectus.

Quotation and **Official Quotation** means official quotation on ASX.

Record Date means 5.00pm (WST) on 12 November 2009.

Related Corporation has the meaning given to that term in the Corporations Act.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Shortfall means those Shares under the Offer not applied for by Shareholders under their Entitlement.

Shortfall Application Form means the shortfall application form attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall made pursuant to this Prospectus.

Underwriting Agreement means an agreement between the Underwriter and the Company dated 29 October 2009 whereby the Underwriter agreed to underwrite the Issue.

WST means Western Standard Time.