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**Strategic  
Minerals  
Corporation N.L.**

ACN 008 901 380  
ABN 35 008 901 380

Level 1  
460 Roberts Road  
Subiaco, Western Australia 6008

P.O. Box 66  
Floreat Forum WA 6014

Email: [wally@stratmin.com.au](mailto:wally@stratmin.com.au)  
Website: [www.stratmin.com.au](http://www.stratmin.com.au)

Telephone (08) 9388 8399  
Facsimile (08) 9388 8676

**ASX Release**

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## **QUARTERLY ACTIVITY REPORT**

**FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2012**

### **WOOLGAR GOLD PROJECT QUEENSLAND STRATEGIC MINERALS CORPORATION – 100%**

#### **Introduction**

The Company is pleased to report the following results of its 2011 drill program at Woolgar and the updated gold resource estimates for the project, including two of the Big Vein structures drilled. The resource estimates for these two prospects were completed during the reporting quarter.

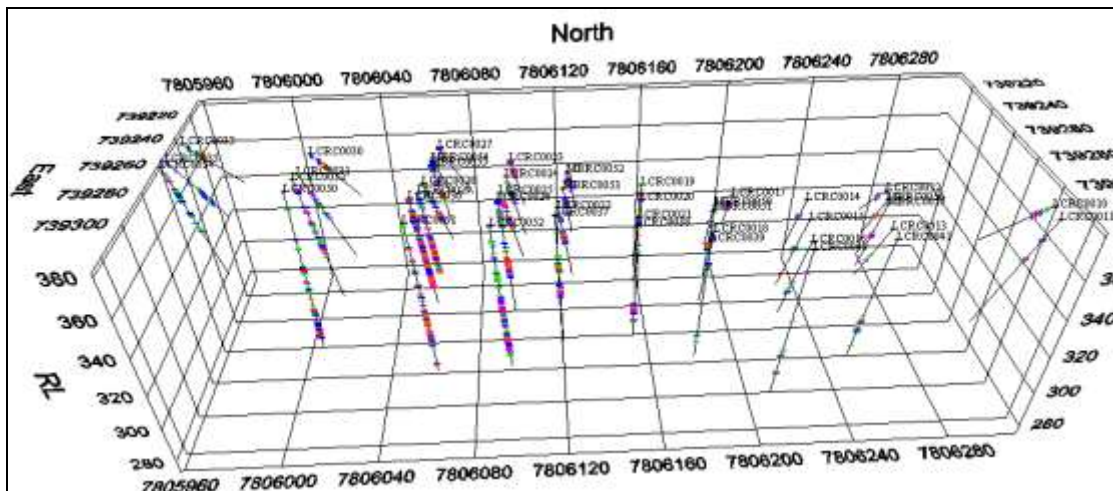
Details of the results are as follows:

#### **Big Vein South Prospect**

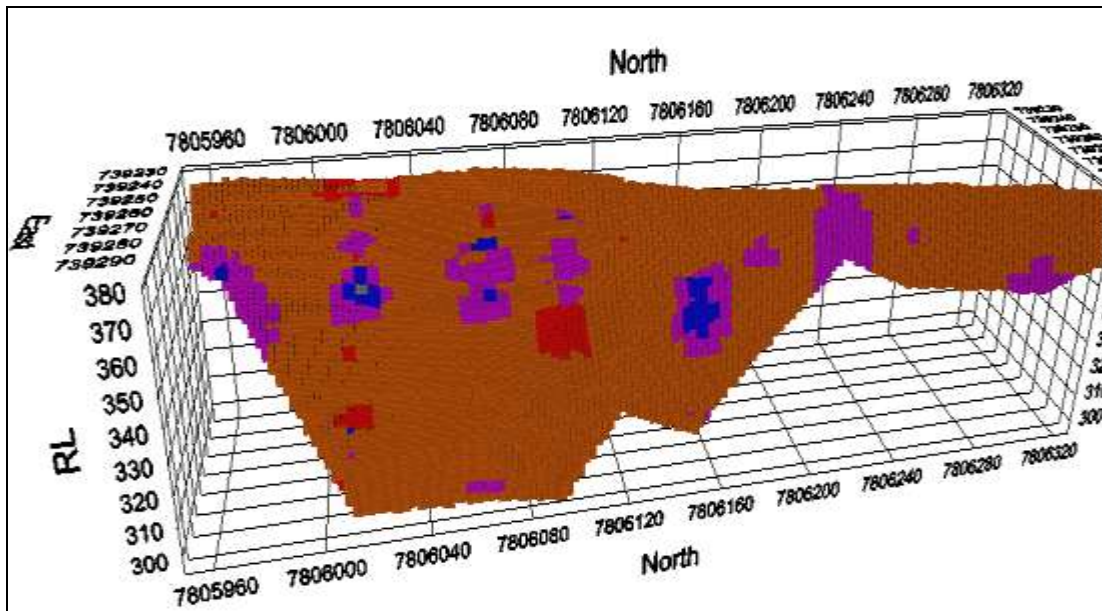
The Big Vein South prospect was drilled in 2010-2011. Some holes had previously been drilled on the prospect in 1996 by Strategic and in 2006 by Oxiana, however these had not been followed up. It was determined to drill further holes at the prospect based on soil sampling and mapping work conducted in 2010. Drill holes in 2010 showed significant potential for gold mineralisation that may extend to reasonable widths in portions of the mineralisation. Follow-up holes in 2011 confirmed these ideas with a portion of the mineralisation just larger than 30 metres width (modelled true width).

The 2010 to 2011 drilling on the prospect totalled 56 holes for a total of 4,362 metres. Of these, 13 of the holes have been targeted on the Central zone of the prospect, and the other 43 holes have been targeted in the Southern zone of the prospect which is the focus of the current resource estimate. The target zone of the resource estimate varies in width from average widths of approximately 3 metres up to a maximum of just larger than 30 metres (modelled true width) at its widest known intercept at the southern end.

### 3D View - Big Vein South -Drill Holes – Showing Significant Assays - looking Westwards



### 3D View - Big Vein South Block Model (Sub-Blocked) looking Westwards from Above Surface Level



To date a total gold resource (Indicated and Inferred) of 354,000 tonnes @ 1.59 g/t gold for 18,100 ounces has been defined (see Table 1 for breakdown). The resource is still open ended along strike to the north and south and down dip.

### Big Vein Prospect

The **Big Vein prospect** was drilled in 2008-2011. An initial hole in 2008 was followed up by another 5 holes in 2009. Up till 2011 a total of 31 holes have been drilled on the Prospect for a total of 2,101 metres. The targeted zone is a narrow gold mineralised quartz vein zone from sub 2 metre widths up to approximately 5 metres (modelled true width) at its widest known intercept.

To date an inferred gold resource of 64,000 tonne @ 4.85 g/t au for 10,000 ounces has been defined (see Table 1). The resource is still open ended along strike to the north and south.

### **Big Vein North Prospect**

The 2011 drilling at the Big Vein North prospect produced a best result of 12m @ 3.8 g/t gold (Including 2m @ 18.6 g/t) located in drill hole LCRC0048 from 22 to 34 metres down hole. This result indicates that this prospect deserves additional follow up exploration work.

### **Big Vein # 2**

The 2011 drilling at the Big Vein 2 prospect produced a best result (for 2011) of 5m @ 1.41 g/t gold, located in drill hole LCRC0055 from 17 to 22 metres down hole. This together with the previous best result of 9m @ 2.59 g/t gold from MBRC0059 (drilled in 2010) indicates that this prospect deserves additional follow up exploration work.

### **Mowbray NE Prospect**

The 2011 drilling at the Mowbray NE prospect a best result of 17m @ 2.28 g/t gold (Including 5m @ 4.29 g/t) was located in drill hole LCRC0042 from 32 to 49 metres down hole. This together with the previous best result of 17m @ 1.34 g/t gold from MBRC0021 (drilled in 2009) indicates that this prospect deserves additional exploration work.

### **The Northern Woolgar Fault Prospects – Brien Shear**

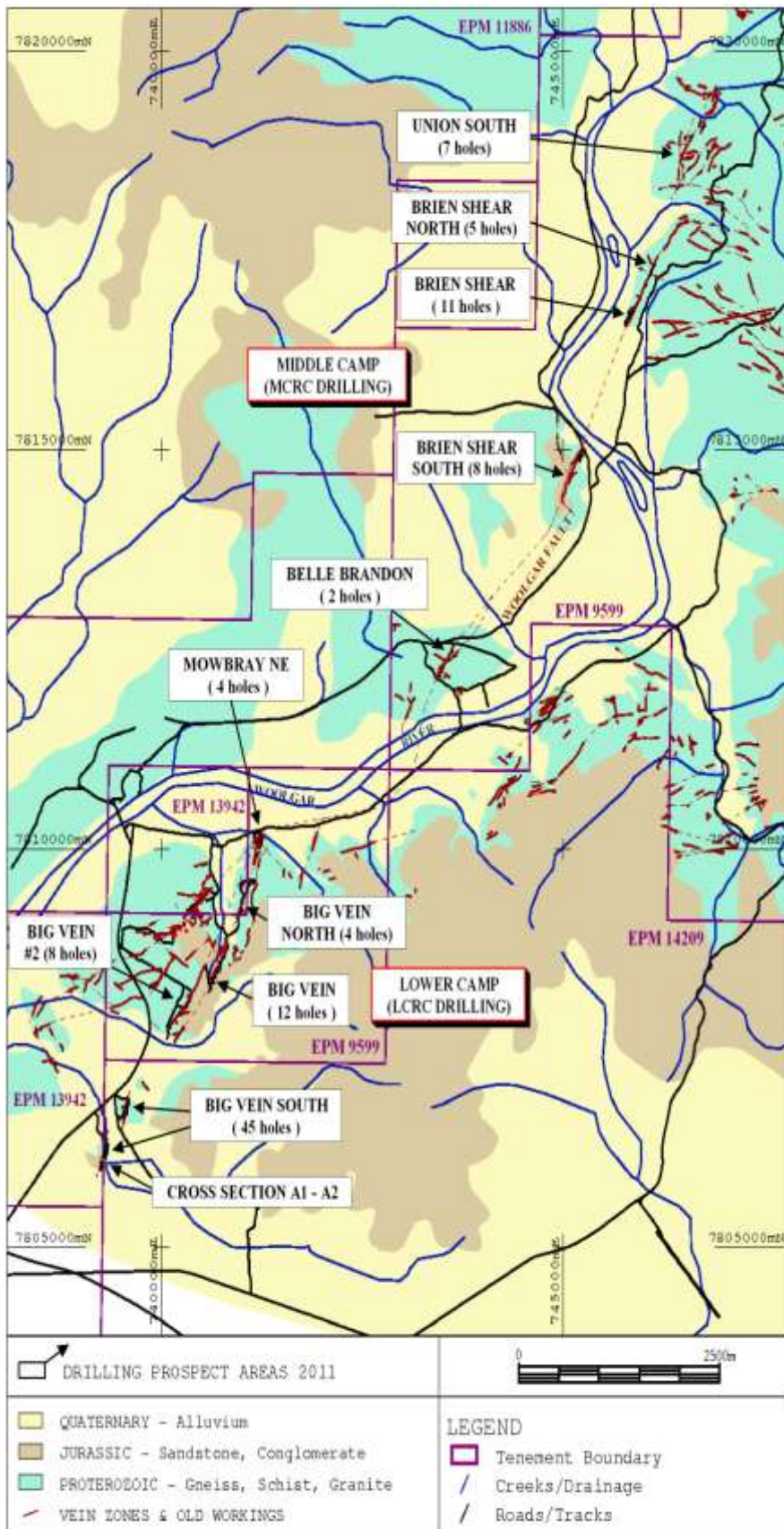
The Northern Woolgar Fault prospects were all new prospect areas for 2011 in the current exploration phase. These prospects included Belle Brandon, Brien Shear South, Brien Shear, Brien Shear North, and the Union South Prospects. These areas have had some limited previous drilling from historical exploration.

The bulk of the 2011 soil sampling was carried out over the Northern section of the Woolgar Fault zone which assisted with drill targeting in the above prospects (see figure 2).

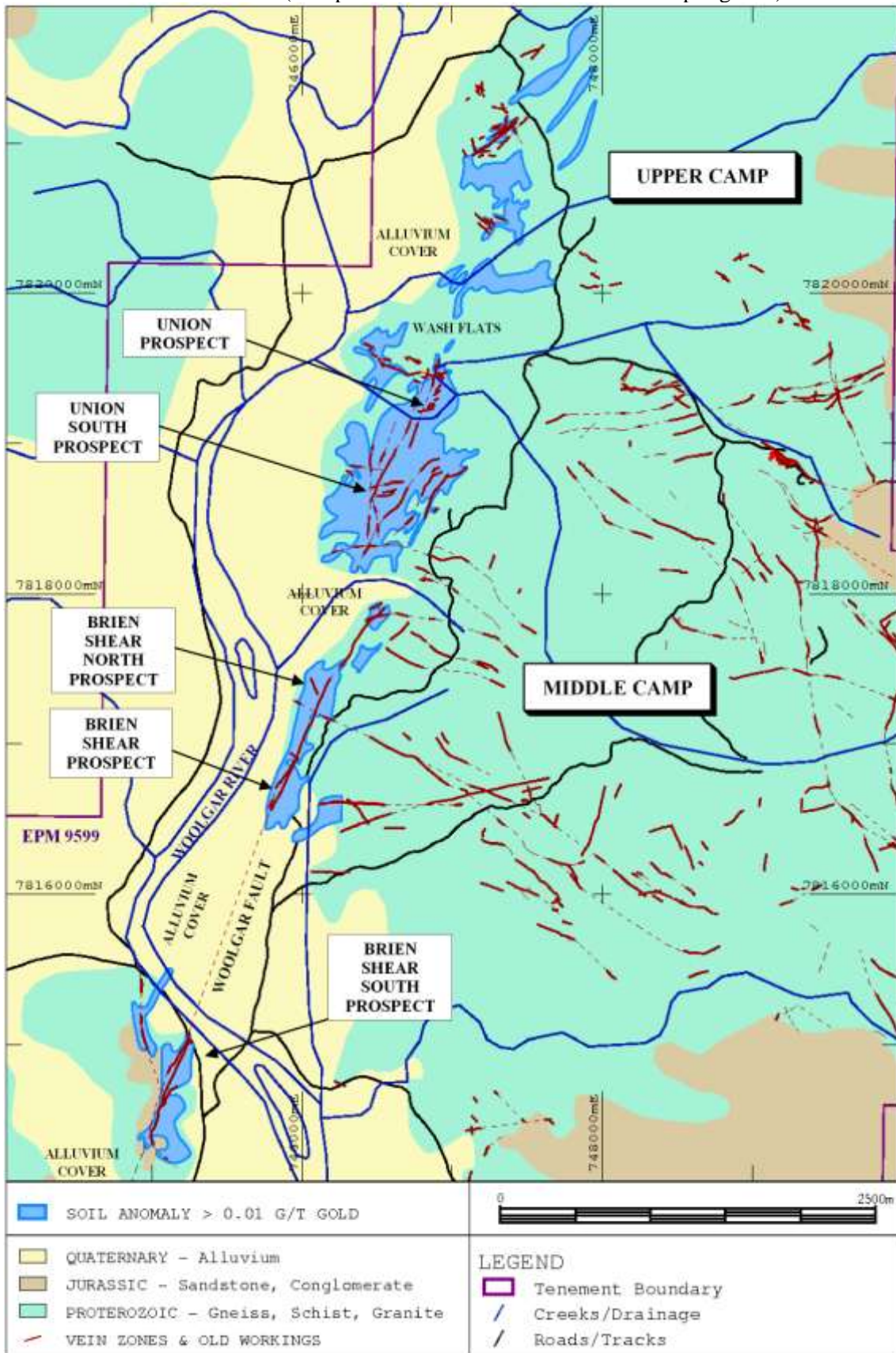
The drilling to date has identified economic grade gold mineralisation within the strike length drilled. These areas are scheduled for further drilling in 2012. These gold mineralisation target areas are expected to provide some of the additional resource potential for future resource estimates.

(Note: For further details of the 2011 drilling refer to the December 2011 quarterly report. For further details of the 2009 and 2010 drilling refer to the 2009 and 2010 annual reports)

**FIGURE 1: DRILLING PROSPECT LOCATIONS**



**FIGURE 2: NORTHERN WOOLGAR FAULT ZONE - GOLD SOIL ANOMALIES** (Interpreted from 2011 and earlier soil sampling data)



## Resource Estimates

Resource estimates of recent drilling within the Big Vein South and Big Vein prospects were carried out using inverse distance weighted block modelling of the modelled gold mineralisation zones. Internal waste was included in the mineralised zones where it was either modelled inside the zone of gold mineralisation or where a potential zone for mining would be too narrow.

The following table is a summary of the current (0 – 80 m) resource estimates carried out;

**TABLE 1: SUMMARY RESOURCE TABLE – BIG VEIN & BIG VEIN SOUTH**

Classification	Cut-off Grade	Tonnes	Gold Grade g/t	Gold Metal oz's
<b>BIG VEIN SOUTH</b>				
Indicated	0.5	209,000	1.48	9,900
Inferred	0.5	145,000	1.75	8,200
SUBTOTAL		354,000	1.59	18,100
<b>BIG VEIN</b>				
Inferred	0.5	64,000	4.85	10,000
SUBTOTAL		64,000	4.85	10,000
Total		418,000	2.09	28,100

It should be stressed that these are considered to be initial estimates only and that further exploration will be carried out at these prospects in 2012. Significant further potential remains for the extension of the currently identified gold mineralisation along strike, at the Big Vein and Big Vein South prospects. In the case of the Big Vein South prospect, potential for additional gold mineralisation may also lie within the hangingwall alteration that has not yet been fully covered by the current drilling.

Additional gold mineralisation located at Mowbray NE, Big Vein 2, Big Vein North and Briens Shear Structure is also promising for the delineation of further gold mineral resources in 2012.

## Total Resources for the Woolgar Project

With the start of successes in the Woolgar goldfield area, total resources for the Woolgar project have now increased. It is expected that the Woolgar goldfield area will continue to show further potential for resource expansion. The Woolgar goldfield area has significant further target potential, with only a very small proportion of the total gold mineralised vein areas explored to date.

**TABLE 2: WOOLGAR PROJECT GLOBAL RESOURCE SUMMARY**

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

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

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

## RESOURCE REVIEW

A review of the existing project resources including the Sandy Creek Epithermal Vein Deposits and the Soap spar Deposit is now scheduled for 2012. The aim of this review will be to determine which of these deposits may be suitable for upgrading. The definition of such upgraded portions of the gold mineral resources would provide a good basis for initial mineral reserve estimations. It would then be possible to conduct feasibility studies into starting up a gold mining operation at the Woolgar project.

The 2012 drilling is expected to provide the delineation of further gold mineralisation at a number of areas including at the Big Vein South and Big Vein deposits. Also the gold mineralisation previously located at Mowbray NE, Big Vein 2, Big Vein North and the Brien Shear structure is promising for the delineation of further gold mineralisation. These areas all look to be promising targets for the development of further mineral resources in 2012.

## Estimation Criteria

Some of the estimation criteria for the gold mineral resources (the Big Vein and Big Vein South estimates) in this report are summarised in the following sections. They include the following factors relating to the sampling techniques and sample data, the data assessment and reporting, and factors involved in the resource estimation process itself.

### Verification of Sampling and Assaying

The sampling of the drill data that has been carried out in the recent drilling programs has been done by a number of independent drilling and field personnel contractors unaffiliated with Strategic Minerals.

These contractors between 2008-2011 were, Well Drilled Pty Ltd (2008-RC Drill Rig and Crew), Major Drilling Pty Ltd (2009-RC Drill Rig and Crew), Drill Torque Queensland (2010-RC Drill Rig and Crew), Gnostic Exploration (2008-2010-Field Technicians and Geologist), Ryan Drilling Services (2011-RC Drill Rig and Crew), and Terra Search (2011-Field Technicians and Geologist).

Assay samples were taken every metre using a splitter system attached to the RC drilling rig. Drilling intervals were logged in detail. Key logging points included sample color, oxidation, lithology, oxides, sulphides, alteration, and veining data.

Assaying and check assays from the SGS laboratory have an acceptable level of precision and an acceptable overall level of assay accuracy.

### Geology

The basic gold mineralisation types at Woolgar have been documented by R G Taylor 2010 in his study titled "Observations and comments regarding the Woolgar gold field" (Note: An internal Strategic Minerals document).

These paragenetic studies confirmed previous findings that there are two distinct gold bearing systems within the host Proterozoic rock at Woolgar. These are the Sandy Creek region (Epithermal) and the Woolgar Zone (Granite related gold mineralisation). The Woolgar zone, which is characterised by the historical Woolgar workings, is a medium temperature mineralisation assemblage that in older terminology would be referred to as 'mesothermal'. Such 'mesothermal' systems are capable of containing large high-grade ore shoots that are capable of reaching considerable depths. Drill testing will allow SMC to test for the possibility of such gold targets, as it develops the Woolgar Fault zone prospects.

In the case of the **Big Vein South** prospect there is considerable evidence of significant vein intersections located along a wide alteration zone, in a large zone of altered granite. It is expected that such a widely altered and fractured zone will be of considerable strike length and continue at depth. Such a system is consistent with a theoretical system that could contain a large high grade ore shoot of the type described above. Only a relatively small portion of this prospect has been explored to date. The **Big Vein** prospect to date however only has a narrow alteration and fractured zone associated with the gold mineralisation.



The host Proterozoic rocks consist of a range of metamorphics that have been intruded by a large granite system. The granite system is only exposed in limited form (i.e. top of the intrusive granite system). Portions of this granite system are exposed at both the Big Vein and Big Vein South prospects. A significant amount of younger cover rocks are also present in the area including Jurassic Sandstone and Alluvium.

### **Relationship between mineralisation width and intercept lengths**

The current geological models for Big Vein and Big Vein South now show clearly the relationship between the mineralisation width and drill hole intercept length. All holes except LCRC0029, which stopped in mineralisation, have managed to cross the full width of the gold mineralised zone regardless of drilling orientation.

### **Analysis of Exploration Data**

This analysis to date has included surface mapping, soil sampling, drilling data and DGPS survey data.

**Surface mapping** has shown the ability, in the outcrop areas, to easily follow the gold mineralised quartz vein zones in most cases. Jurassic sandstone and alluvium cover may mask additional vein zones both along and across strike.

**Soil sampling** has been used to aid the drill targeting to date, however zones of Jurassic sandstone and alluvium cover also restrict the ability of the soil samples in many areas (See Figure 3).

**Drilling to date** is still open ended along strike at both the Big Vein South and Big Vein prospects. In the case of Big Vein South (Southern zone) the alteration zone is greater than 70 metres true width. The thick hanging wall portion of the alteration zone has still not yet been fully covered by the current drilling.

### **Further Work**

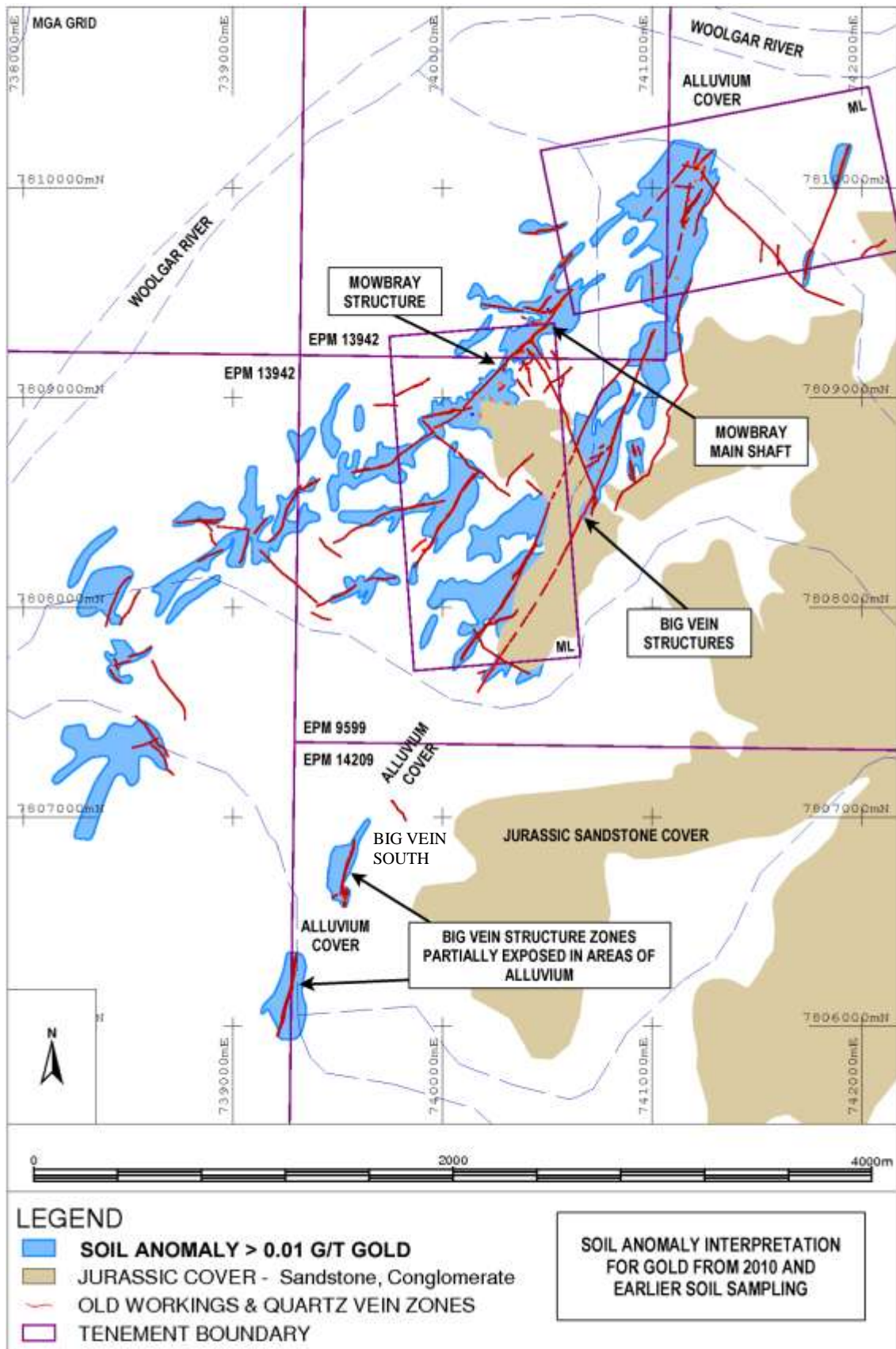
Significant further work remains to be carried out. Infill drilling is needed to raise all resource estimations at Big Vein and Big Vein South to at least Indicated Resource and preferably to Measured Resource where practical.

The 2012 exploration drilling will also aim to define the limits of the gold mineralisation along strike and down dip where appropriate. Also in the case of the Big Vein South (Southern Zone), to evaluate the potential for additional gold mineralisation that may lie within the hangingwall alteration that has still not yet fully been covered by the current drilling.

### **Geological Interpretation.**

The geological interpretation of the gold mineralisation has been derived from the sectional comparison of assay and geological drill data together with known general data from the surface geology of the area.

**FIGURE 3: SOIL SAMPLING ANOMALIES COVERING THE BIG VEIN AND BIG VEIN SOUTH PROSPECTS**



## Dimensions

The drilled section of the **Big Vein South** gold mineralisation (Southern Zone) has a modelled strike length of approximately 400 metres. It varies in width from average widths of approx 3 metres up to a maximum of just larger than 30 metres at the southern end. The gold mineralisation starts at the surface and varies in depth from just under 20 metres below the surface to just over 80 metres below surface at the southern end.

The **Big Vein** gold mineralisation has a modelled strike length of approximately 330 metres. It varies in width from sub 2 metres up to a maximum of nearly 5 metres. The gold mineralisation starts at the surface and varies in depth from just under 20 metres below the surface at the northern end (note: still requires further drilling), to just over 60 metres south of the centre of the known gold mineralisation, along the 330 metre strike zone. At the southern end the mineralised zone is capped by Jurassic sandstone which contains no mineralisation. Drilling through the Jurassic sandstone cover in this area shows the cover to be up to 10 metres thick over the gold mineralisation in places.

W A C Martin  
**MANAGING DIRECTOR**

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

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