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28<sup>th</sup> October 2004

Announcements  
Australian Stock Exchange Limited  
Level 10  
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Sydney NSW 2000

By Electronic Lodgement

**REPORT ON COMPANY ACTIVITIES  
FOR THE PERIOD ENDING 30th SEPTEMBER 2004**

**HIGHLIGHTS: WOOLGAR GOLD PROJECT QLD**

**STRATEGIC MINERALS EXPLORATION WORK - 100%**

- **A JORC compliant resource report for the near surface (above 60m metres depth) Shanghai discovery has been completed. The indicated and inferred resource is: 126 000 tonnes at 3.05 g/t Au for 12,438 ounces Au**
- **Initial metallurgical test work shows excellent gold recoveries of 98.8% for Shanghai oxide ores, and recoveries from 72.5 % for Shanghai sulphide ores. Approximately half of the resource is oxide or semi oxide material Active drilling continues by Strategic for additional near surface resources, with a 1500 metre program having commenced on the 25th October.**
- **Pre-feasibility studies on production by Strategic from the Explorer, Shanghai, Soapspar and Lost World deposits continue.**
- **Total project resources in the measured, indicated and inferred categories at Woolgar is shown in Table 1 below.**

| DEPOSIT                              | TONNES    | GRADE<br>g/t Au | OXIDE<br>(Oz Au) | FRESH<br>(Oz Au) | TOTAL<br>(Oz Au) |
|--------------------------------------|-----------|-----------------|------------------|------------------|------------------|
| SHANGHAI                             | 126,000   | 3.05            | 6,200            | 6,200            | 12,400           |
| EXPLORER                             | 570,000   | 3.2             | 5,500            | 53,500           | 59,000           |
| SOAPSPAR                             | 477,000   | 2.93            | 8,000            | 37,000           | 45,000           |
| <i>Total High<br/>Grade</i>          | 1,173,000 |                 | 19,700           | 96,700           | 116,400          |
| LOST WORLD<br><i>Low Grade</i>       | 5,600,000 | 1.4             | 4,500            | 250,000          | 254,500          |
| <b>TOTAL<br/>RESOURCE<br/>OUNCES</b> |           |                 | 24,200           | 346,700          | 370,900          |

## **BARRICK GOLD FARM IN WORK**

- **Strategic is pleased to announce that it has received and reviewed the assay results from recent drilling conducted by Barrick Gold of Australia Limited in the Sandy Creek area of it's Woolgar gold project in Northern Queensland.**
- **Five diamond drill holes for 1160 metres, designed to test geochemical, geophysical and structural targets below 100m were completed in three different areas. Three holes were completed in the Shanghai vein area, and two holes on new untested veins at the Camp and Valley View prospects.**
- **Two significant intersections were recorded, being 1m @ 10.4g/t Au from 128m in hole SCD0007 at Shanghai, and 1.75m @ 6.3g/t Au from 124m in hole SCD0011 in a new vein at the Valley View prospect.**
- **Four holes recorded gold intersections greater than 1g/t Au. Extensive epithermal veining and alteration were intersected, together with broad elevated gold anomalous zones, in all the holes.**
- **Strategic believes the drill result of 1.75m @ 6.3 g/t Au in hole SCD0011 at Valley View to be a highly significant result for the first hole drilled into a new blind target**
- **Barrick have advised of expenditure of \$1.54m since inception of the farm in.**

### **1. BACKGROUND TO THE WOOLGAR PROJECT**

The Woolgar goldfield is located 120km north of Richmond in North Queensland. The Woolgar Project tenements cover an area of 1257 square kilometres, and all project mining titles and exploration permits are 100% owned by Strategic.

The regional area is one with a high gold endowment (see Fig 1). Multi-million ounce gold deposits are known at Kidston (4.1m oz Au), Charters Towers (7.1m oz Au), Mt Leyshon (3.2m oz Au) and Pajingo - Vera Nancy (3.2m oz Au).

High grade epithermal gold veins were first recognised at Woolgar in 2002, expanding the potential of the field to host a major gold deposit. The epithermal veins at Woolgar are believed to have many geological similarities to the high-grade epithermal gold vein systems at Pajingo, currently one of Australia's largest and most profitable gold mining centres. The majority of the high grade material at Pajingo occurs at depth and has only been discovered by extensive deep drilling of geological targets.

The belief that further high grade resources can be discovered at Woolgar is one of the main objectives of exploration. The geological similarities with Pajingo and other epithermal deposits shows there is a great need for drilling at depth to make these discoveries.

Pre-feasibility studies based on existing know shallow resources and the newly discovered higher grade resources at Woolgar are now underway.

## 2. STRATEGIC EXPLORATION AND RESOURCE OVERVIEW

Since the discovery of the high grade Explorer deposit in 2001 systematic drilling within the Sandy Creek vein system by Strategic has resulted in the discovery of near surface gold resources at Explorer, Explorer South and Shanghai totaling over 70,000 ounces of Au in the measured, indicated and inferred resource categories. Together with the Soapspar deposit total high grade resources now exceed 100,000 ounces. This near surface mineralization is above 100 metres depth, and is made up of oxide and semi oxide vein material overlying primary quartz-sulphide ores.

Drilling has intersected promising mineralization in many other veins but more drilling is required to define possible resources.

### 2.1 SHANGHAI DEPOSIT

The estimated resource for the Shanghai deposit to a depth of 60 metres in the Indicated and Inferred categories, at a 0.8g/t Au cut off, **is 126 000 tonnes at 3.05 g/t Au containing 12,438 ounces gold** . Table 2 sets out the Resource broken down by category.

Table 2. Shanghai - Resource Estimate

| Resource Category | Volume       | Tonnes        | Gold Grade (g/t) | Contained Gold (Grams) | Contained Gold (oz) |
|-------------------|--------------|---------------|------------------|------------------------|---------------------|
| Indicated         | 31888        | 82909         | 3.09             | 256,413                | 8,243               |
| Inferred          | 16922        | 43998         | 2.97             | 130,482                | 4,195               |
| <b>TOTAL</b>      | <b>48810</b> | <b>126907</b> | <b>3.05</b>      | <b>386,896</b>         | <b>12,438</b>       |

The in-house resource model has been calculated using a simple cross-sectional polygonal method.

The resource model only takes into consideration the main zone to a projected depth of 60m from surface which is potentially accessible through open-pit mining methods. Isolated mineralised intersections outside this main zone, which still require follow-up drilling, are not included in the resource estimate. Additional drilling is required and planned to further define the main ore zone.

### 2.2 EXPLORER MAIN VEIN

The resource report for the Explorer deposit was included in the June 2004 Quarterly Report . For material above 100 metres vertical depth, at a cut off grade of 1 g/t Au, results are:

#### Measured, Indicated and Inferred Resources.

**High Grade Core: 210,000 tonnes grading 6.7 g/t Au for 43,000 oz Au**

**Overall Total : 570,000 tonnes grading 3.2 g/t Au for 59,000 oz Au**  
(inclusive of high grade core)

Eighty percent of the gold resource is in the measured category.

The Explorer vein has a shallow oxide zone overlying the quartz-sulphide primary zone. Approximately 10% of the overall contained gold (5,500 ounces) lies in the oxide zone. The high grade core outlined above is essentially all in the quartz-sulphide primary zone.

### 2.3 SOAPSPAR AND LOST WORLD

Resource estimates for these two veins are as previously reported in the measured, indicated and inferred categories.

### 2.4 TOTAL PROJECT RESOURCES

Total project resources in the measured, indicated and inferred categories is shown in Table 1. below. More details are provided in Schedule One at the end of this report.

Table 1. Woolgar Project measured, indicated and inferred gold resources.

| <b>DEPOSIT</b>    | <b>TONNES</b> | <b>GRADE<br/>g/t Au</b> | <b>OXIDE<br/>(Oz Au)</b> | <b>FRESH<br/>(Oz Au)</b> | <b>TOTAL<br/>(Oz Au)</b> |
|-------------------|---------------|-------------------------|--------------------------|--------------------------|--------------------------|
| <b>SHANGHAI</b>   | 126,000       | 3.05                    | 6,200                    | 6,200                    | 12,400                   |
| <b>EXPLORER</b>   | 570,000       | 3.2                     | 5,500                    | 53,500                   | 59,000                   |
| <b>SOAPSPAR</b>   | 477,000       | 2.93                    | 8,000                    | 37,000                   | 45,000                   |
| <b>LOST WORLD</b> | 5,600,000     | 1.4                     | 4,500                    | 250,000                  | 254,500                  |
|                   |               |                         | 24,200                   | 346,700                  | 370,900                  |

Drilling has established near surface but limited gold resources at Explorer South and at Finn. No estimates have been made as yet for these areas.

Although drilling of the Danille, Michelle, Finn Federal, Grand Central, Telecom and Yunglee veins has produced a number of encouraging intersections, no resource outlines have been established for these areas.

### 2.5 STRATEGIC EXPLORATION RESULTS

In the last quarter, soil sampling, infill rock-chip sampling, and re-mapping of the main Hillview zone was completed. The soil sampling has highlighted a greater than 0.1 ppm gold anomaly 500 metres long by 100 metres wide, with peak values of 6.6 ppm gold. The soil anomaly remains open to east. The highest rock chip sample result from within the area of this anomaly is 4.3g/t Au. Limited shallow historical drilling has been carried out along parts of this anomaly. The best drill intersection was recorded in hole HVRC0009, 5m @ 4.48g/t Au from 4 – 9m depth. All the holes have intersected greater than 1 gram metre of vein gold mineralisation, which elsewhere forms the halo to possible higher grade ore shoots.

Staged additional drilling of this zone is to be conducted in the current program.

## 2.6 PRE-FEASIBILITY WORK PROGRAMS

The following pre-feasibility work programs have been completed or are in progress.

- Completion of a cultural heritage survey covering the entire Sandy Creek vein system. The survey did not identify any cultural heritage sites likely to inhibit development of mining operations.
- ML90122 was granted on 2nd September 2004, covering the Lost World, Grand Central and main Explorer resource areas. The approval for ML 90123 covering the proposed processing plant site is expected soon.
- Systematic data validation and quality control of 15 years assemblage worth of the Explorer, Lost World and Soapspar resource drilling data continues to enable construction of new robust resource models.
- Completion of an independent resource estimate of the Explorer resource was completed by SRK Consulting Engineers & Scientists.
- Metallurgical test-work on the Explorer and Shanghai oxide, semi oxide and sulphide mineralisation styles was completed by Hydrometallurgy Research Laboratories.
- Completion of an in-house preliminary resource model of the Shanghai main zone to 60m depth.
- New geological modeling of the Lost World resource is in progress. As no significant drilling has been completed at Lost World since completion of the last resource model, the resource estimate is unlikely to vary from the existing published resource. The model is aimed at providing more detail on which to base pit optimisations and ongoing exploration. The deposits low-grade nature make it very sensitive to metallurgical recovery and operating cost parameters.

## 2.7 METALLURGICAL ASSESSMENTS

Metallurgical test data has been received and collated for Shanghai, Explorer, Soapspar and Lost World.

In summary, the results show

- a) Oxide ores give high recoveries of 94 to 98 % by simple Carbon in Leach conditions.
- b) Sulphide or fresh rock ores give variable recoveries of between 42 and 88% by simple Carbon in Leach conditions. This can be increased to 90 to 98% for the Explorer ore by a combination of flotation, pressure oxidation and Carbon in Leach treatment conditions.

The pre-feasibility study needs to assess the impact of the differing metallurgical processes required to optimize the project economics.

## 2.8 STRATEGIC'S OCTOBER / NOVEMBER DRILLING PROGRAM

A program of 1500m RC drilling is underway.

### **Shanghai**

In Strategic's opinion, the tenor of gold mineralization (>1 gram metre) intersected over broad areas within the Shanghai veins, has been shown to exist as a narrow envelope proximal to higher grade mineralized shoots at Explorer in the Sandy Creek area, and other epithermal vein gold deposits similar to Woolgar. Further drilling at Shanghai is warranted.

### **Other Prospects**

The Barrick drill results also encourage additional near surface reconnaissance drilling at the Camp, Valley View and Hill View prospects.

## 3. BARRICK GOLD OF AUSTRALIA LIMITED FARM IN

In April 2003 the company entered into a farm-in agreement with Barrick Gold of Australia Limited. The agreement provides for Barrick to search for large gold deposits at depth within the project area (below 100m), while Strategic continues to explore for and develop near surface high grade gold deposits for its sole benefit. Barrick completed a five hole drill program in 2003, and have now completed a further 5 hole drilling program in 2004.

### 3.1 BARRICK DRILLING RESULTS

#### ***Introduction***

Barrick Gold of Australia Limited completed five diamond drill holes in June – July 2004 (Figure 2). Drilling totaled 374 metres of RC pre-collar and 785 metres of NQ diamond core focused on testing geochemical, structural and geophysical IP targets at depth, defined in early 2004.

#### ***Shanghai Prospect***

Three drill holes (SCDD0007 – 0009) were drilled to test the Shanghai/China Wall structure at depth.

Hole SCD0007 intersected three mineralized veins, with a best result of 1m at 10.5g/t Au from 128m.

Hole SCD0009 intersected a massive epithermal quartz vein at 181m depth that recorded 3.2m @ 1.51g/t Au.

Hole SCD0008 intersected two veins with results less than 1g/t.

#### ***Valley View Prospect***

Hole SCDD0010 was drilled to test a newly defined 500 metre long geophysical IP anomaly identified at this prospect. The hole intersected a broad sulphidic zone of mineralization associated with epithermal quartz veining, which recorded 8m @ 1.8g/t Au (**including 1.75 m @ 6.3g/t Au**) from 121 m depth. Strategic believes this to be a highly significant result for the first hole drilled into a new blind target.

### ***Camp Vein Prospect***

Hole SCDD0011 was drilled to test a strong IP conductive zone located where the Camp Vein approaches the Grand Central vein system. Strong quartz-sulphide veining with weak gold anomalism was intersected near the lower contact of a dolerite sill in this hole.

Table 3. Significant drill intersection summary (cut-off grade 0.5g/t Au).

| VEIN        | Hole Id              | Depth                        |            | Width (m)        | Au (g/t)          |
|-------------|----------------------|------------------------------|------------|------------------|-------------------|
|             |                      | From (m)                     | To (m)     |                  |                   |
| SHANGHAI    | SCDD0007             | 17                           | 19         | 2                | 1.1               |
|             |                      | 52                           | 54         | 2                | 3.2               |
|             |                      | <b>128</b>                   | <b>129</b> | <b>1</b>         | <b>10.4</b>       |
|             | SCDD0008<br>SCDD0009 | No assays above 1 g/t<br>181 |            | 3.2              | 1.5               |
| VALLEY VIEW | SCDD0010             | 124<br>Including             | 132        | 8<br><b>1.75</b> | 1.8<br><b>6.3</b> |
| CAMP VEIN   | SCDD0011             | 99                           | 100        | 1                | 1.0               |

## 3.2 OVERVIEW OF BARRICK WORK PROGRAMS TO DATE

IP surveys conducted by Barrick in 2003 and 2004 now cover an estimated 50% of the Sandy Creek vein system. These surveys have highlighted several significant IP anomalies. Initial diamond drilling of two of these zones have defined two new blind gold mineralised positions at Explorer SE (2003 drilling) and Valley View (2004 drilling). While the IP surveys have been successful in discovering mineralization depth, many geological targets remain untested. Strategic believes the Barrick drilling has only provided a very preliminary test of the depth potential of the Woolgar vein, and that significant discovery potential remains.

## 3.3 EXPENDITURE

Barrick have advised of expenditure of \$1.54 million since inception of the farm-in dated April 2003. Barrick are required to expend \$1.6 million on exploration within two years of commencement of the farm in.

As at the date of this report, Strategic has not been advised of any further field work programs planned by Barrick for 2004.

## 4. WESTERN WOOLGAR PROJECT

*Strategic Minerals Corporation N.L. (100%) EPM 11866*

The license covers prospective areas north west of the main Woolgar exploration area and has been partially covered by the recent aeromagnetic survey. The license was recently granted. Reconnaissance field work will commence next year.

## **5. SOUTH EASTERN WOOLGAR PROJECT**

*Strategic Minerals Corporation NL (100%) EPM 14060*

This licence covers additional south eastern extensions of the identified Lost World epithermal vein systems. These vein systems continue beneath the Jurassic sedimentary cover and have the potential to host significant concealed gold resources.. The license was recently granted. Reconnaissance field work will commence next year.

## **6. BAYFIELD MINERAL SANDS PROJECT**

*Strategic Minerals Corporation NL (20%) and RZM Pty Ltd (80%) (Bemax) Joint Venture*

Discussions are continuing with the Queensland Government and the Company's joint venture partner regarding the future of the project.

Yours Sincerely,

W.A.C. Martin

Managing Director

Note: The information in this report has been compiled by Mr Barry Fehlberg who is a member of the Australian Institute of Mining and Metallurgy and has a minimum of five years experience in the field of activity being reported on. This report accurately reflects the information compiled by that person



## **SCHEDULE ONE - WOOLGAR RESOURCE SUMMARY**

### **1. SHANGHAI VEIN**

#### ***SHANGHAI RESOURCE ESTIMATE***

For material above 60 metres depth

Cut off grade: 0.8g/t Au

Base of oxidation/semi-oxidation: Approximately 30 metres.

Indicated and inferred resources, both oxide, semi oxide and fresh material

**Total: 126 000 tonnes at 3.05 g/t Au for 12,438 ounces Au**

Approximately 50% of the overall contained gold (6,200 ounces) lies in the oxide / semi oxide zone.

Data Source: R Bartsch, 2004

#### ***SHANGHAI METALLURGICAL TEST RESULTS:***

##### ***Percentage recovery of gold***

Oxide / semi oxide material

CIL: 98.8%

Sulphide material

CIL: 72.5%

Data Source: Hydro Metallurgical Research Laboratories, 2004

### **2. EXPLORER MAIN VEIN**

#### ***EXPLORER MAIN VEIN RESOURCE ESTIMATE***

For material above 100 metres vertical depth

Cut off grade: 1 g/t Au.

Base of oxidation: Approximately 15 metres

Measured, Indicated and Inferred Resources, both oxide and fresh material

**Total : 570,000 tonnes at 3.2 g/t Au for 59,000 oz Au**

Includes:

Measured and Indicated Resource.

**High Grade Core: 106,000 tonnes grading 9.7 g/t Au for 33,300 oz Au.**

Approximately 10% of the overall contained gold (5,500 ounces) lies in the oxide zone.

Data Source: SRK Consulting, 2004

#### ***EXPLORER METALLURGICAL TEST RESULTS***

##### ***Percentage recovery of gold***

Oxide material

CIL: 94%

Sulphide material:

CIL: 42-84%

Flotation, pressure oxidation and CIL: 90-98%

Data Source: Hydro Metallurgical Research Laboratories, 2004

### 3.SOAPSPAR

#### ***SOAPSPAR RESOURCE ESTIMATES***

For material above 100 metres vertical depth

Cut off grade: 0.8 g/t Au.

Base of oxidation: Approximately 20 metres

Measured, Indicated and Inferred Resources, both oxide, semi oxide and fresh material

**Total : 477,396 tonnes at 2.93 g/t Au for 45,000 oz Au**

Approximately 20% of the overall contained gold (8,800 ounces) lies in the oxide zone.

Data Source: S Coxhell, 2001

#### ***SOAPSPAR METALLURGICAL TEST RESULTS***

##### ***Percentage recovery of gold***

Oxide / semi oxide material

CIL: 94%

Sulphide material:

CIL: 88%

Data Source: Oretest Pty Ltd, 1996

### 4. LOST WORLD

#### ***LOST WORLD RESOURCE ESTIMATES***

For material above 150 metres vertical depth

Cut off grade: 0.8 g/t Au.

Measured, Indicated and Inferred Resources, both oxide, semi oxide and fresh material

**Total : 5,600,000 tonnes at 1.4 g/t Au for 254,475 oz Au**

Only a thin surface layer of oxide and semi oxide material exists at Lost World

Data Source: R Bartsch, 2001

#### ***LOST WORLD METALLURGICAL TEST RESULTS***

##### ***Percentage recovery of gold***

Surface (oxide material)

CIL: 74.6%

Data Source: Oretest Pty Ltd, 1995

Sulphide

CIL: 54-64%

Data Source: Oretest Pty Ltd, 1995

## 6. OTHER RESOURCES

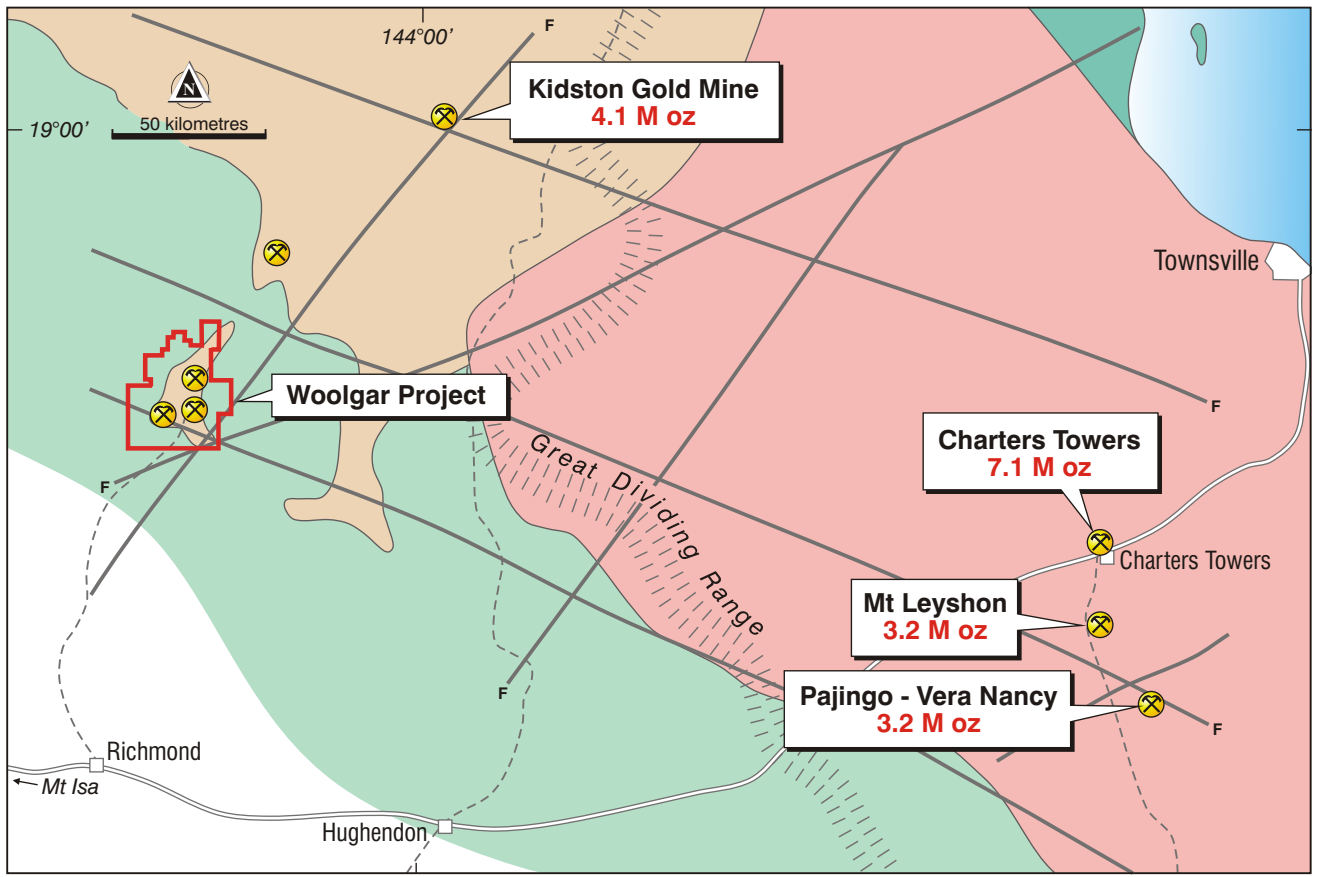
Drilling has established near surface but limited gold resources at Explorer South and at Finn. No estimates have been made as yet for these areas.

Although drilling of the Danille, Michelle, Finn Federal, Grand Central, Telecom and Yunglee veins has produced a number of encouraging intersections, no resource outlines have been established for these areas.

## 7. SUMMARY

### WOOLGAR GOLD RESOURCES

| <b>DEPOSIT</b>        | <b>TONNES</b> | <b>GRADE<br/>g/t Au</b> | <b>OXIDE (Oz<br/>Au)</b> | <b>FRESH<br/>(Oz Au)</b> | <b>TOTAL<br/>(Oz Au)</b> |
|-----------------------|---------------|-------------------------|--------------------------|--------------------------|--------------------------|
| <b>SHANGHAI</b>       | 126,000       | 3.05                    | 6,200                    | 6,200                    | 12,400                   |
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| <b>LOST<br/>WORLD</b> | 5,600,000     | 1.4                     | 4,500                    | 250,000                  | 254,500                  |
|                       |               |                         | 24,200                   | 346,700                  | 370,900                  |



- LEGEND**
- Cover sequence - unprospective
  - Hodgkinson Basin - prospective
  - Charters Towers Block - prospective
  - Georgetown Block - prospective
  - F — Interpreted lineament
  - ⚒ Gold deposit
  - Strategic tenement boundary



Figure 1

