



Quarterly Activities Report

Quarter Ended 30 June 2019

HIGHLIGHTS

MT CARBINE

- Speciality Metals International Limited (ASX:SEI) (Speciality Metals or Company) was pleased to announce on 2 July 2019 that it had completed the 100% acquisition of Mt Carbine Quarries Pty Ltd (Mt Carbine Quarries) an entity that owns and operates the Mt Carbine quarry and Mining Leases ML 4867 and ML 4919 (Acquisition). SEI's wholly owned subsidiary, Mt Carbine Quarrying Operations Pty Ltd, commenced operating the quarry as from 1 July 2019 with the handover transitioning smoothly from both an operational and customer perspective (refer ASX Announcement "Mt Carbine Acquisition Update" dated 10 July 2019).

Leading up to the Acquisition, the Company advised on 14 May 2019 that it had signed the following transaction documents:

- for the unincorporated Joint Venture between Speciality Metals and Cronimet Asia Pte Ltd (Cronimet) for the development of the Mt Carbine Tungsten Tailings Retreatment and Stockpile Projects (Joint Venture). Production from the tailings retreatment is expected to commence during the 4th quarter of 2019;

Cronimet is a subsidiary of the privately owned Cronimet Holding GmbH which was founded in 1980 as a raw materials service provider and trader in Karlsruhe, Germany. The Cronimet Group has grown organically since then to become a diversified commodity group with over 5,200 employees and activities in over 50 countries. Further information can be found on the Cronimet website.

The acquisition of Mt Carbine Quarries was financed via a 4 step, fully underwritten basis:

- Tranche 1 – Placement of 83,231,463 ordinary shares at \$0.018 to raise A\$1,498,166 (completed 16 May 2019);
- Tranche 2 – Placement of 160,000,000 ordinary shares at \$0.018 to raise A\$2,880,000 (completed 26 June 2019) following shareholder approval received at the General Meeting held in Melbourne on 17 June 2019;
- Entitlement Offer (Rights Issue) to all shareholders on a 1 for 5 basis at \$0.018 (completed on 31 July 2019). This offer was fully underwritten by Rymill Global Venture Ltd; and
- Offtake Advance of US\$3,500,000 paid by Cronimet (completed 26 June 2019).

Furthermore, two Non-executive Directors would be appointed to the Board of Speciality Metals post completion of the Acquisition, namely Mr Oliver Kleinhempel, Managing Director of Cronimet Holding GmbH, and Mr Yeo Zhui Pei.

- On 27 June 2019 Speciality Metals announced that as the Mt Carbine Quarries Acquisition was now unconditional, the unincorporated Joint Venture between Speciality Metals and Cronimet Asia Pte Ltd for the development of the Mt Carbine Tungsten Tailings Retreatment and Stockpile Projects had commenced.
- On 10 July 2019 the Company also announced that Cronimet's Processing Engineer was at Mt Carbine overseeing and reviewing the agreed Retreatment Plant upgrades. Orders have been placed for the specific pieces of new equipment which have longer delivery times. Most of this equipment is being sourced offshore.

CHILE

- **Speciality Metals will benefit from a recently signed collaboration between its Chilean consultants and Santo Tomas University. The main objective of this study will be to determine potential brine target depths within Specialty Metals' concessions, define the stratigraphic sequence and associated aquifers and establish a preliminary 3D model of the area aiming to define drill targets.**
- **A letter of relevance has also been lodged with the Environmental Evaluation Agency of the Tarapacá Region to request a pronouncement from the authority declaring it not necessary to submit the exploration project in the Pinta and Bellavista mining concessions for assessment through the Environmental Impact System prior to executing exploration activities. A final resolution from the Environmental Evaluation Agency regarding the letter of relevance is expected during the September 2019 quarter.**
- **Upon the completion of a detailed desktop and in-field review it was decided not to renew the 5 concessions within Salar de Miraje upon the expiration of their initial 3-year term which concluded on 10 May 2019.**
- **The Company is also reviewing the option to acquire additional concessions within the targeted exploration region. This review is expected to be completed by the end of August 2019.**

CORPORATE

- **The 4-step capital raise detailed above was completed during the quarter.**
- **A successful General Meeting was held in Melbourne on 17 June 2019 at which members approved the following resolutions by a show of hands:**
 - **Tranche 1 Placement;**
 - **Tranche 2 Placement; and**
 - **Replacement of the Company's Constitution.**

A copy of the replacement Constitution can be found on the Company's website at www.specialitymetalsintl.com.au.

EXECUTIVE SUMMARY

This quarter saw many months of work come to fruition with the 100% acquisition of Mt Carbine Quarries Pty Ltd settled on 28 June 2019 along with the commencement of the unincorporated Joint Venture between Speciality Metals and Cronimet Asia Pte Ltd for the development of the Mt Carbine Tungsten Tailings Retreatment and Stockpile Projects.

These events mark the beginning of a new era for Speciality Metals as it now focuses on bringing the Mt Carbine Retreatment Plant back into production with orders for all major components now placed. The completion and commissioning of this work is still on-schedule to occur during the 4th quarter of 2019.

Since signing the Cronimet Joint Venture Agreement it has been reported that work on the electrical, pump reconditioning and replacement has commenced, and orders for various pieces of new equipment have been placed. Contractors have been engaged to complete the required concrete formwork and removal of old equipment surplus to the new plant design. It is expected much of the upgrade and reconstruction work will be completed in the coming quarter.

The Company has engaged its environmental consultants to assist with the reactivation of its pre-existing authorities for the recommencement of the Tailings Retreatment and Stockpile Projects.

Significant work has also been completed by the Company's geological team with respect to tenement maintenance and reporting to the relevant Government authorities in both Queensland and New South Wales. This will remain an ongoing process.

During the quarter the Company presented at the Melbourne Mining Club Cutting Edge Series on 14 May 2019. Following this, presentations were made to both institutional and family office investors in Australia and internationally. These presentations have been well received with follow-up presentations and calls on-going.

On behalf of the Speciality Metals' Board and its shareholders I would personally like to welcome the Cronimet team to our Project. I am also looking forward to working closely with them to commercialise the Mt Carbine Tungsten Retreatment Operations.

The Board would also like to welcome its new Top 20 Shareholders and thank-them for their support.

The Company would also like to thank the former owner of Mt Carbine Quarries Pty Ltd for his assistance with the smooth transition of the change of ownership and his promise to provide ongoing support and assistance in the coming months.

Your Board now believes we are well positioned to operate and commercialise the world-class Mt Carbine Tungsten Project and continue to develop the Company's other assets.

EXPLORATION AND DEVELOPMENT ACTIVITIES

QUARTER ENDED 30 JUNE 2019

BINDING AGREEMENT EXECUTED FOR THE PURCHASE OF MT CARBINE QUARRIES PTY LTD AND JOINT VENTURE WITH CRONIMET ASIA PTE LTD

Commercial Terms

The key commercial terms achieved over the past quarter are as listed below (refer ASX Announcement dated 14 May 2019):

Documentation:	The Acquisition is documented under the Sale and Purchase Agreement – Mt Carbine Quarries Pty Ltd between Speciality Metals, Geoffrey Nicholson (Vendor) and Mt Carbine Quarries
Date:	14 May 2019
Conditions Precedent:	Completion of the Placements (see detailed below).
Purchase Price:	A\$8,000,000
Deposit	A deposit of A\$250,000 will be paid to the Vendor on or about 17 May 2019. This deposit is refundable to Speciality Metals in the event of default by the Vendor under the Sale and Purchase Agreement – Mt Carbine Quarries Pty Ltd.

The key commercial terms of the Transaction Document for the Joint Venture are summarised below:

<p>Documentation:</p>	<p>The joint venture is documented under the terms of:</p> <ul style="list-style-type: none"> • Offtake Advance Agreement – between Cronimet, CR Australia Pty Ltd (a subsidiary of Cronimet) (Cronimet Australia), Mt Carbine Retreatment Pty Ltd (a subsidiary of Speciality Metals) (Mt Carbine Retreatment); • Retreatment Operations Product Offtake Agreement – between Cronimet, Cronimet Australia and Mt Carbine Retreatment; • Retreatment Operations Unincorporated Joint Venture and Management Agreement – between Cronimet Australia, Mt Carbine Retreatment and Mt Carbine Retreatment Management Pty Ltd (the Manager); • Agreement to Execute between Speciality Metals, Cronimet, Cronimet Australia and Mt Carbine Retreatment for the entry into of the following, immediately following the acquisition of Mt Carbine Quarries: <ul style="list-style-type: none"> ○ Retreatment Operations Sub-Lease between Mt Carbine Quarries, Cronimet Australia and Mt Carbine Retreatment; ○ Tenement Mortgage (Limited Recourse) between Mt Carbine Quarries and Cronimet; and ○ Cross Security Deed – between Mt Carbine Quarries, Cronimet Australia and Mt Carbine Retreatment, • Retreatment Plant Sale Agreement – between Speciality Metals, Cronimet Australia and Mt Carbine Retreatment; and • Cross Security Deed – between Cronimet, Cronimet Australia and Mt Carbine Retreatment, <p>(together the "Joint Venture Documents").</p>
<p>Date:</p>	<p>14 May 2019</p>

<p>Conditions Precedent:</p>	<p>The Joint Venture Documents are subject to a number of condition precedents. A number of these have been satisfied. These are detailed below:</p> <table border="1" data-bbox="414 264 1484 1243"> <thead> <tr> <th data-bbox="414 264 1141 331">Condition precedent</th> <th data-bbox="1141 264 1484 331">Satisfied / not satisfied</th> </tr> </thead> <tbody> <tr> <td data-bbox="414 331 1141 719"> <p>Transaction Documents Execution of the Transaction Documents and any conditions precedent in those Transaction Documents having been satisfied or waived in accordance with those documents.</p> </td> <td data-bbox="1141 331 1484 719"> <p>This condition will be satisfied once the Tranche 1 Placement and Tranche 2 Placement have been completed.</p> <p>Speciality Metals will announce the commencement of the Joint Venture to the ASX.</p> </td> </tr> <tr> <td data-bbox="414 719 1141 1243"> <p>FIRB Approval The Treasurer of the Commonwealth of Australia giving written notice of a decision that the Commonwealth Government has no objection to the acquisition of the interests in the Mining Leases by:</p> <ul style="list-style-type: none"> • Cronimet Asia under the Tenement Mortgage (Limited Recourse); or • Cronimet Australia under the Retreatment Operations Sub-Lease <p>and that notice is either free from conditions or subject to conditions that are acceptable to Cronimet Australia (in its absolute discretion).</p> </td> <td data-bbox="1141 719 1484 1243"> <p>Satisfied on 17 April 2019.</p> </td> </tr> </tbody> </table>	Condition precedent	Satisfied / not satisfied	<p>Transaction Documents Execution of the Transaction Documents and any conditions precedent in those Transaction Documents having been satisfied or waived in accordance with those documents.</p>	<p>This condition will be satisfied once the Tranche 1 Placement and Tranche 2 Placement have been completed.</p> <p>Speciality Metals will announce the commencement of the Joint Venture to the ASX.</p>	<p>FIRB Approval The Treasurer of the Commonwealth of Australia giving written notice of a decision that the Commonwealth Government has no objection to the acquisition of the interests in the Mining Leases by:</p> <ul style="list-style-type: none"> • Cronimet Asia under the Tenement Mortgage (Limited Recourse); or • Cronimet Australia under the Retreatment Operations Sub-Lease <p>and that notice is either free from conditions or subject to conditions that are acceptable to Cronimet Australia (in its absolute discretion).</p>	<p>Satisfied on 17 April 2019.</p>
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<p>The Joint Venture</p>	<p>Under the Retreatment Operations Joint Venture and Management Agreement, the Company and Cronimet have agreed to establish an unincorporated Joint Venture for the stockpile and tailings retreatment operations of Mt Carbine Quarries (Retreatment Operations).</p> <p>The Joint Venture is held 50% each by:</p> <ul style="list-style-type: none"> • Mt Carbine Retreatment, a wholly owned subsidiary of Speciality Metals; and • Cronimet Australia, a wholly owned subsidiary of Cronimet, <p>(together the 'Joint Venture Parties').</p> <p>All rights/liabilities/costs of the Retreatment Operations will be owned/paid by the Joint Venture Parties 50:50.</p>						

<p>The Sub-lease</p>	<p>Following completion of the acquisition of Mt Carbine Quarries, Mt Carbine Quarries will enter into the Retreatment Operations Sub-Lease and grant a Sub-lease to the Sub-lease Area to the Joint Venture Parties (Sub-Lease).</p> <p>Under the Sub-lease, Mt Carbine Quarries grants the Joint Venture Parties access and other rights to enable the Joint Venture Parties to conduct the Retreatment Operations within the Sub-lease Area.</p> <p>The Sub-Lease contains a licence back to Mt Carbine Quarries (and otherwise permits Mt Carbine Quarries) to carry out the quarrying operations on the Sub-lease Area.</p> <p>In consideration for the Sub-Lease, the Joint Venture Parties will pay a rental to Mt Carbine Quarries of 2.5% of the value of the minerals extracted from the Sub-lease Area, after deduction of certain direct Sub-lease maintenance expenses.</p>
<p>Management of the Joint Venture</p>	<p>As detailed in the Retreatment Operations Joint Venture and Management Agreement, the Joint Venture will be managed by the Manager, an entity held 50% each by the Joint Venture Parties.</p> <p>The Manager will conduct the day to day operations of the Joint Venture. The Manager will follow all decisions of the Joint Venture Parties.</p>
<p>Offtake Advance</p>	<p>Cronimet will provide an offtake advance of US\$3.5 million (Offtake Advance) to each of Mt Carbine Retreatment (US\$1.75 million) and Cronimet Australia (US\$1.75 million) under the terms of the Offtake Advance Agreement.</p> <p>Mt Carbine Retreatment and Cronimet Australia will each pay US\$1.5 million (US\$3 million in total) to Speciality Metals in consideration for the transfer of retreatment assets from Speciality Metals to the Joint Venture Parties and as a pre-payment of rent under the Sub-Lease.</p> <p>The balance US\$500,000 (held by Mt Carbine Retreatment (US\$250,000) and Cronimet Australia (US\$250,000), will fund the Joint Venture.</p> <p>The Offtake Advance will be payable once the shares under the Tranche 2 Placement have been issued.</p> <p>The Offtake Advance is a component of the Funding and will be used to part fund the purchase price under the Sale and Purchase Agreement for the purchase of Mt Carbine Quarries.</p> <p>Repayment of the Offtake Advance will be from net profits of sale of production from the Retreatment Operations.</p>
<p>Offtake Rights for Open Pit Operations</p>	<p>With the intention of the Company to also develop the open pit and underground operations for production of tungsten concentrate from other parts of the Mining Leases (Open Pit Operations) and once the Open Pit Operations commence, Cronimet is given a once off first right of refusal to enter into an exclusive offtake arrangement for all tungsten concentrate produced from the Open Pit Operations, for the life of all Open Pit Operations.</p>
<p>Securities</p>	<p>Securities for the Offtake Advance are as follows:</p> <ul style="list-style-type: none"> • General Security Deed from Mt Carbine Retreatment over all its present and after acquired assets; • General Security Deed from Cronimet Australia over all its present and after acquired assets; and • Mortgage from Mt Carbine Quarries over Mining Leases 4867 and 4919. This mortgage also includes an interest over 'Featherweight Property' which is all other

	<p>property of Mt Carbine Quarries other than the mining leases. However, the mortgage over the Featherweight Property only attaches in the event of the voluntary administration of the company and is simply a device used to avoid the moratorium imposed on lenders who do not have interests over all of the property of a company in administration. The mortgage is limited recourse, in that it is limited to the value of the mining leases.</p> <p>Securities in relation to the Joint Venture are as follows:</p> <ul style="list-style-type: none"> • Deed of Cross Security between the Joint Venture Parties and the Manager which secures the performance of their obligations to each other under the Joint Venture. • General Security Deed from Mt Carbine Quarries in favour of the Joint Venture Parties over all present and after acquired property of Mt Carbine Quarries including its rights under the Mining Leases.
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Shareholder approval for the Acquisition and/or the Joint Venture is not required.

New Directors

On completion of the Acquisition of Mt Carbine Quarries, Speciality Metals will appoint two new Non-executive Directors to the Speciality Metals' Board, namely Oliver Kleinhempel, a representative of Cronimet and Mr Yeo Zhui. A brief biography of each of these proposed Directors is provided below:

Mr Oliver Kleinhempel	<p>Mr Kleinhempel will be appointed a Non-Executive Director of the Company. Mr Kleinhempel started his career at Outotec, a leading Minerals & Metals Processing Technology Company, where he spent several years in Europe, South America and Southeast Asia on various assignments. In the recent 8 years Mr Kleinhempel held various Executive Management positions in the project development, finance and commodity trading sector, with a regional focus on Asia-Pacific.</p> <p>Mr Kleinhempel holds a Bachelor's Degree in Business Administration from the Cooperative State University Baden-Wuerttemberg (Germany) and obtained a Master's Degree from the Mining Institute of the Clausthal University of Technology (Germany).</p> <p>Mr Kleinhempel is also a Managing Director of CRONIMET Holding GmbH.</p>
Mr Yeo Zhui Pei	<p>Mr Yeo Zhui Pei will be appointed a Non-Executive Director of the Company. In 2012, Mr Yeo graduated with first class honours from the Imperial College London in Electrical and Electronic Engineering. Since then, Mr Yeo has been working at a leading system integrator in the telecommunications industry in South-East Asia. Over the years, he has taken on executive, management and supervisory roles. This has allowed him to gain a wide range of experience from project planning to resource management to commercial negotiations. Mr Yeo is also a Director of a steel-product manufacturer.</p>

Funding – Tranched Placements, Entitlement Offer and Offtake Advance

The purchase price for the Acquisition and the general working capital for Mt Carbine Quarries Pty Ltd will be funded from the following:

- **Offtake Advance** - US\$3,000,000 Offtake Advance paid to the Joint Venture Parties under the terms of the Offtake Advance Agreement and then paid by the Joint Venture Parties to Speciality Metals under the Retreatment Plant Sale Agreement and Sub-Lease.
- **Placements** - a two-tranche placement to sophisticated and professional investors to raise in aggregate a total of approximately A\$4,378,166 (before costs) through the issue of approximately 243,231,463 Shares at an issue price of \$0.018 per Share (together, the **Placements**). Both Placements have now been completed.
- **Entitlement Offer** - an underwritten non-renounceable entitlement offer at an issue price of \$0.018 per Share to raise approximately A\$2,873,192 through the issue of approximately 159,621,750 Shares (**Entitlement Offer**).

The Offtake Advance, Placements and Entitlement Offer are together referred to as the '**Funding**'.

Placements

The Placements were completed in the following two tranches, namely:

Tranche	Number of Shares	Price per share	Condition precedent to issue	Issue date / Proposed issue date
Tranche 1 Placement	83,231,463 Shares	\$0.018 per Share to raise a total of A\$1,498,166 (before costs)	Nil. Issued under the Company's Listing Rule 7.1 placement capacity.	The Tranche 1 Placement was completed in accordance with the below timetable on 16 May 2019.
Tranche 2 Placement	160,000,000 Shares	\$0.018 per Share to raise a total of A\$2,880,000 (before costs)	The issue is subject to Shareholder approval under ASX Listing Rule 7.1	The Tranche 2 Placement was completed on 26 June 2019 following Shareholder approval at the General Meeting held in Melbourne on 17 June 2019.

Entitlement Offer

The Entitlement Offer proceeded on the following terms:

Number of Shares	159,621,750 Shares
Shareholders eligible to take part in the Entitlement Offer	<p>Eligible Shareholders are persons who are registered as a holder of Shares as at the Record Date that:</p> <ul style="list-style-type: none"> • have a Registered Address in Australia, New Zealand, Singapore Malaysia, the United Kingdom or the British Virgin Islands; and; • is not located in the United States and are not a US Person or acting for the account of or benefit of a person in the United States or a US Person; and • are (in all cases) eligible under applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.
Price per share	\$0.018 per Share
Condition precedent to issue	Nil
Proposed issue date	Please refer to the Timetable detailed in this Announcement below.

Offtake Advance

The Offtake Advance was paid upon the completion of the Tranche 2 Placement.

CHILE EXPLORATION CONCESSIONS

After completing a comprehensive desktop and in-field review of the Company’s Chilean Exploration Concessions it was decided not to renew the 5 concession within Salar de Miraje upon the expiration of their initial 3-year term which concluded on 10 May 2019.

Speciality Metals will benefit from a recently signed collaboration alliance between its in-country consultants and Santo Tomas University. The objective of this alliance is to attract young talent to do a tectonostratigraphic model of the Pampa del Tamarugal Basin.

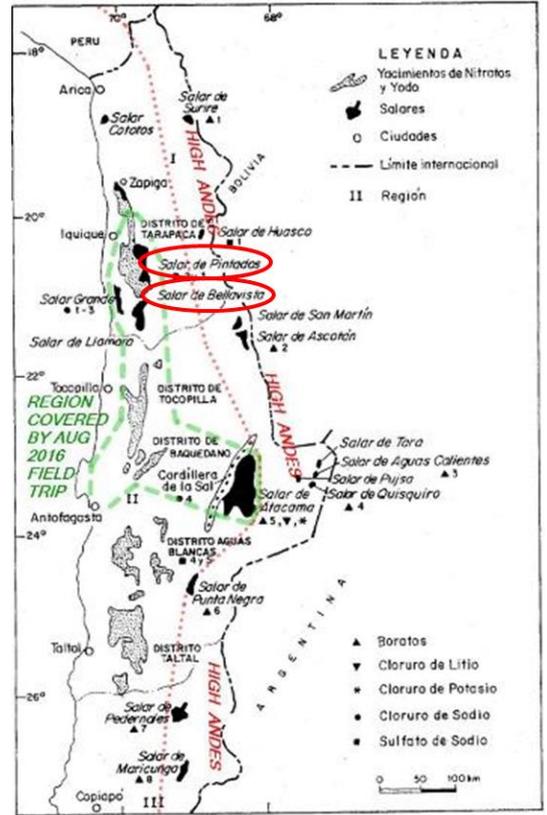
During July 2019 efforts will be put in sourcing all available relevant information, consisting of old ENAP seismic lines and oil & gas holes drilled in the 60’s – 70’s. Additionally, public information from Sernageomin and DGA (Chilean Water Bureau) will be used to link geology, seismic lines and aquifers in the model.

The selection of the students has also been completed. Work on the project started on 15 July 2019 and it is expected to be finalised by the end of September 2019.

The main objective of this study will be to determine potential brine target depths within Speciality Metals’ concessions, define the stratigraphic sequence and associated aquifers and establish a preliminary 3D model of the area aiming to define drill targets.

A letter of relevance has also been lodged with the Environmental Evaluation Agency of the Tarapacá Region to request a pronouncement from the authority declaring it unnecessary to submit the exploration project in the Pinta and Bellavista mining concessions for assessment through the Environmental Impact System prior to executing exploration activities. In this regard, the Environmental Evaluation Agency has forwarded the file to the National Forest Corporation requesting additional information before issuing a definitive resolution.

In addition, a number of meetings have been held with the main environmental authorities (Regional Environmental Ministry, Regional Ministry of Mines, National Forest Corporation, General Water Bureau, Environmental Evaluation Agency and National Mining and Geology Service) of the Tarapacá Region to introduce the Company and the development activities it intends to undertake within the Tarapacá Region. A meeting has also been held with local politicians such as the Governor of the Tarapacá Region and the Mayor of Pozo Almonte, in order to introduce them to the project and the Company. The general reception has been highly positive as it will bring increased investment to the Region. A final resolution from the Environmental Evaluation Agency regarding the letter of relevance is expected during the September 2019 quarter.



Summary map of northern Chile, showing location of Salars de Bellavista and Pintados

CORPORATE

SUBSEQUENT TO QUARTER ENDED 30 JUNE 2019

RIGHTS ISSUE CLOSURE & NOTIFICATION SHORTFALL

Subsequent to the end of the quarter, the Company announced that it had closed its underwritten pro-rata non-renounceable 1 for 5 entitlement offer (entitlement offer) with the below results.

EVENT	NO OF SHARES	APPLICABLE FUNDS
Shares on issue before the Offer	798,107,881	
Total shares applied for under the Offer	112,733,514	\$2,029,203
Shortfall shares remaining after close of the Offer	46,888,236	\$843,988

The acceptance shares were issued and allotted to eligible shareholders pursuant to the timetable.

The underwriter to the entitlement offer, Rymill Global Ventures Ltd, is expected to place the shortfall shares in the coming days, and will apply for ASX for quotation of those shares.

TENEMENT INFORMATION REQUIRED UNDER LISTING RULE 5.3.3

In accordance with Listing Rule 5.3.3 the following information is submitted with respect to the tenements held 100% by Speciality Metals or its wholly owned subsidiaries:-

Tenement Number	Tenement Location
Queensland, Australia	
EPM 14871	Mt Carbine
EPM 14872	Mt Carbine
ML 4867	Mt Carbine**
ML 4919	Mt Carbine**
New South Wales, Australia	
EL 6648	Crow Mountain
EL 8024	Broken Hill
Chile	
Miraje 1 – 5* ¹	Salar de Miraje
Bellavista 1 – 5*	Salar de Bellavista
Pinta 1 – 15*	Salar de Pintados

* Exploration concessions are held by Speciality Metals' wholly owned Chilean subsidiary company, Special Metals Chile SpA.

** Acquired as part of the Mt Carbine Quarries Pty Ltd acquisition which was settled on 28 June 2019.

¹ Exploration Concessions not renewed after initial 3-year term concluded on 10 May 2019.

No farm-in or farm-out agreements were entered into during the period.



R H Krause
Executive Chairman

SPECIALITY METALS INTERNATIONAL LIMITED AT A GLANCE

Directors

Mr R.H. (Russell) Krause, Executive Chairman
Mr R.W. (Rolly) Nice, Non-Executive Director
Mr S. (Stephen) Layton, Non-Executive Director

Company Secretary - Mr Adrien Wing

Registered Office

Level 17, 500 Collins Street, Melbourne VIC 3000
Telephone: +61 3 9614 0600

Principal Place of Business

6888 Mulligan Highway, Mt Carbine QLD 4871
Telephone: +61 7 4094 3072 | Fax: +61 7 4094 3036

Website and Emails

Please visit Speciality Metals' website for the latest announcements and news: www.specialitymetalsintl.com.au. To receive Speciality Metal's announcements by email, email to: info@specialitymetalsintl.com.au.

General Enquiries

Contact Mr Russell Krause on (03) 9614 0600

Issued Capital and Market Capitalisation

At 26 July 2019 Speciality Metal's issued capital was 798,107,881 ordinary shares. At a share price of \$0.031 on 26 July 2019 the market capitalisation was \$24.74 million.

Number of Shareholders and Major Shareholders

At 26 July 2019 Speciality Metals had 1,442 shareholders. The share register records the following as major shareholders at 26 July 2019 accounting for 54.05% of the issued shares:

Shareholder	%
Hilux Resources Pty Ltd	8.77
Whitfords Holding Investments Ltd	6.78
Lynewood Holdings Ltd	4.89
Dr Leon Eugene Pretorius	3.97
Shawlane Capital Ltd	3.86
Covenant Holdings (WA) Pty Ltd <The Boyd No 3 A/c>	3.80
Bodie Investments Pty Ltd	3.76
Baglora Pty Ltd <Mott Family Super Fund A/c>	2.56
Mota Engil Minerals & Mining Investments BV	2.00
Mr Malcolm John McClure	1.88
Ang Kay Tiong	1.83
Sonnenallee Investments Pty Ltd	1.60
BNP Paribas Noms Pty Ltd <DRP>	1.50
TA Securities Holdings Berhad	1.36
Turbine Capital Limited	1.25
TBB NSW Pty Ltd <The Watson No 1 A/c>	1.21
WGS Pty Ltd	0.82
Alan Scott Nominees Pty Ltd <Alan Scott Super A/c>	0.81
Mr Keith Pires	0.72
Holland Strategic Wealth Pty Ltd <Hollands Family A/c>	0.68

Cash Balance

At 30 June 2019 Speciality Metals' cash balance was approximately \$218,000.

Shareholder Enquiries

Matters relating to shares held and changes of address should be directed to the share registry:

Computershare Investor Services Pty Limited | Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067
Telephone (within Australia): 1300 850 505 | Telephone (international): +61 3 9415 4000

ASX Listing Code

The Company's ASX listing code is SEI.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

SPECIALITY METALS INTERNATIONAL LIMITED

ABN

77 115 009 106

Quarter ended ("current quarter")

30 JUNE 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(50)	(203)
(b) development	(307)	(765)
(c) production	-	-
(d) staff costs	(26)	(94)
(e) administration and corporate costs	(159)	(606)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	23
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refund	-	-
1.8 Other – Diesel Fuel Rebate	9	11
1.9 Net cash from / (used in) operating activities	(528)	(1,634)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(5)	(13)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) Mt Carbine Quarry & Mining Leases	(8,000)	(8,000)
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Deposit refunded	-	670
2.6	Net cash from / (used in) investing activities	(8,005)	(7,343)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	4,248	4,248
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(98)	(104)
3.5	Proceeds from borrowings	-	200
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Offtake Advance – Cronimet Asia Pte Ltd	4,268	4,268
3.10	Net cash from / (used in) financing activities	8,418	8,612

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	353	603
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(529)	(1,635)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8,024)	(7,362)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,418	8,612
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	218	218

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	218	250
5.2 Call deposits	-	103
5.3 Bank overdrafts	-	-
5.4 Other	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	218	353

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

42

-

Payment for consulting services at commercial rates and reimbursement of travel expenses.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	200	200
8.2 Credit standby arrangements	-	-
8.3 Other	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Third party shareholder unsecured loans with a re-negotiated repayment date on or before 30 August 2019 with an interest rate of 10%.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	20
9.2 Development	200
9.3 Production	-
9.4 Staff costs	35
9.5 Administration and corporate costs	130
9.6 Other (Provide details if material)	-
9.7 Total estimated cash outflows	385

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Chilean Exploration Concessions Miraje 1-5	100%	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

Compliance statement

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



Sign here: _____
Company Secretary

Date: 31 July 2019

Print name: Adrien M. Wing

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.