



Quarterly Activities Report

Quarter Ended 31 March 2019

HIGHLIGHTS

MT CARBINE

- Speciality Metals International Limited (ASX: SEI, Speciality Metals or the Company) advised on 28 February 2019 that Cronimet Holding GmbH's ("CRONIMET") due diligence on the Mt Carbine Tungsten Project ("Project") is nearing completion and that the contractual arrangements associated with their participation in the staged development of this Project are in the process of being finalised. Since this update:
 - The legal documentation is currently undergoing final review; and
 - Foreign Investment Review Board (FIRB) approvals have been received.

In anticipation of the completion of financing arrangements, Speciality Metals has also commenced work on the refurbishment of the Mt Carbine Retreatment Plant.

CHILE

- The Company's in-country consultants have conducted face to face meetings with the following Government Departments as part of their planning preparations for the implementation of a drilling program:
 - General Water Bureau;
 - Environmental Evaluation Agency;
 - Regional Office of the Ministry of the Environment;
 - National Geology and Mining Services; and
 - Regional Office of the Ministry of Mines.

The Consultants are also currently preparing to submit Letters of Relevance.

Formal discussions will commence with the local indigenous community located some 30kms from the Company's exploration concessions.

CORPORATE

- Mr Adrien Wing was appointed as Company Secretary as from 1 February 2019. Mr Wing and his team commenced duties from this date.

EXECUTIVE SUMMARY

Work, this past quarter, has continued at a frantic pace in order to conclude the CRONIMET transaction and settle the purchase of Mt Carbine Quarry and Mining Leases ML 4919 and ML 4867. The due diligence test work has been completed to the satisfaction of all concerned. FIRB approval has been received and the legal agreements required to finalise this transaction are in the final stages of review. Once all legal agreements are finalised to both CRONIMET's and Speciality Metals' satisfaction, this transaction can be executed and implemented with full and final settlement of all the various parts to be completed in the current quarter.

The existing Retreatment Plant is currently being serviced and where necessary repaired, to ensure all parts are operational. There will be some modifications required to the plant prior to it being recommissioned. The design work for this has commenced and is currently being overseen by both Speciality Metals and CRONIMET's technical teams. Some additional test work on the raw material, both from the tailings and stockpile, has commenced and is scheduled to be undertaken over the next few weeks. These tests are aimed at optimising recovery through the plant and will determine the exact type of additional equipment which will be required for its upgrade.

Commencement of production will begin shortly after the plant upgrade has been completed. At this point most of the equipment required is standard and basically available off the shelf, so we are not anticipating any delays due to the unavailability of equipment.

Your Company will provide full details of the likely production timing following the successful completion of the Mt Carbine transaction.

Speciality Metals has also continued with its marketing campaign with International and Domestic Fund Managers and is booked to speak and roadshow at various events over the next two months.

The Company's Chilean consultants have been working with the Government Departments mentioned earlier in the Highlights Section of this report. The consultants have advised that these meetings were very positively received, and the Government Departments are happy with the way we are progressing our exploration program. The Company still needs to submit Letters of Relevance, which are primarily exploration plans, to several of the Departments that the consultants have already spoken with as well as discussing our plans with the local indigenous community. This community is located some 30kms from our concessions and it is anticipated that our exploration activities will not impact upon their community.

Adrien Wing has commenced his Company Secretarial duties and has contributed significantly to the legal process associated with finalising the Mt Carbine transaction.

Whilst the process of finalising the Mt Carbine transaction has been complex and time consuming your Board is confident, we are now very close to completion. This will usher in a very new and exciting development phase for your Company.

EXPLORATION AND DEVELOPMENT ACTIVITIES

QUARTER ENDED 31 MARCH 2019

FINANCING ARRANGEMENTS UPDATE– MT CARBINE QUARRY & MINING LEASES

On 28 February 2019 Speciality Metals provided the following update in relation to Cronimet Holding GmbH's ("CRONIMET") participation in the staged development of the Mt Carbine Tungsten Project and the purchase of the Mt Carbine Quarry and Mining Leases, ML4867 and ML4919, through alternative financial instruments.

As CRONIMET's due diligence on the Mt Carbine Tungsten Project ("**Project**") is nearing completion, the contractual arrangements associated with their participation in the staged development of this Project are in the process of being finalised.

Speciality Metals has also received confirmation from CRONIMET that the crushing, tabling and assay results for the test work carried out on the tailings material and stockpiled crushed rock have been finalised and the results are in the process of being interpreted by their technical team. Some additional ultra-fine recovery test work is planned for the coming two weeks which will complete this segment of CRONIMET's due diligence.

In anticipation of completion of the financing arrangements detailed in the ASX announcement dated 24 December 2018, Speciality Metals has now commenced work on the refurbishment of the Mt Carbine Retreatment Plant and has engaged an electrician as well as the services of one of the Company's former Plant Manager's to assist CRONIMET's Process Engineer and Metallurgist with their on-site assessment. The on-site assessment is being completed to support a later redesign of the Retreatment Plant, in order to accommodate the latest reclaim technology.

Executive Chairman of Speciality Metals, Mr Russell Krause stated:

"The Board are comfortable with the progress that has been made to date and values the strong working relationship it has fostered with CRONIMET's senior management team during this time. We are looking forward to the expertise that CRONIMET's Process Engineer and Metallurgist will bring to the Project starting from their initial on-site visit to assist with the refurbishment and redesign of the existing Retreatment Plant in anticipation of the finalisation of the financing arrangements between the parties."

"Speciality Metals and CRONIMET are committed to finalising these arrangements within the shortest possible timeframe and whilst they are taking a little longer than initially anticipated both parties are still aiming to be in production shortly after the conclusion of this transaction."

Mr Krause added:

"Our respective legal teams are close to finalising the documentation associated with this transaction."

"The Board looks forward to working closely with CRONIMET in realising the value of its Mt Carbine Tungsten Project."

CHILE

The below map shows the location of Speciality Metals’ Chilean Exploration Concessions. The Company’s in-country consultants have conducted face-to-face meetings with a number of Government Departments as part of their planning preparations for the implementation of a drilling program.



Summary map of Northern Chile, showing location of Salars de Miraje, Bellavista & Pintados

CORPORATE

CHANGE OF COMPANY SECRETARY

The Board of Directors of Speciality Metals announced the appointment of Mr Adrien Wing as Company Secretary for the Company, effective from 1 February 2019.

Mr Wing is a certified practicing accountant. He previously practiced in the audit and corporate advisory divisions of a chartered accounting firm before working with a number of public companies listed on the ASX as a corporate and accounting consultant and Company Secretary.

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 (Sub-lease)
ML 4919	Mt Carbine (Sub-lease)
New South Wales, Australia	
EL 6648	Crow Mountain
EL 8024	Broken Hill
Chile	
Miraje 1 – 5*	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.

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 23 April 2019 Speciality Metal's issued capital was 554,876,418 ordinary shares. At a share price of \$0.030 on 23 April 2019 the market capitalisation was \$16.65 million.

Number of Shareholders and Major Shareholders

At 23 April 2019 Speciality Metals had 1,435 shareholders. The share register records the following as major shareholders at 23 April 2019 accounting for 42.26% of the issued shares:

Shareholder	%
Dr Leon Eugene Pretorius	6.43
Covenant Holdings (WA) Pty Ltd <The Boyd No 3 A/C>	5.46
Bodie Investments Pty Ltd	5.23
Baglora Pty Ltd <Mott Family Super Fund A/c>	3.68
Mota Engil Minerals & Mining Investments BV	2.88
Mr Malcolm John McClure	2.65
TBB NSW Pty Ltd <The Watson No 1 A/C>	2.47
Turbine Capital Limited	1.80
WGS Pty Ltd	1.39
Mr Keith Pires	1.26
Alan Scott Nominees Pty Ltd <Superannuation Fund>	1.17
Andrew Hewlett White and Associates	1.00
Max Mobile Auto Clinic Pty Ltd	0.94
Mr Paul Marchetti	0.91
JFSF Holdings Pty Ltd <The Jane Family S/F A/C>	0.90
JA Johnstone Pty Ltd <Waterhouse Super Fund A/C>	0.89
Terstan Nominees Pty Ltd <Morrows P/L Super Fund A/C>	0.87
Holland Strategic Wealth Pty Ltd <Hollands Family A/C>	0.81
Mr Peter William Clarke Tari	0.77
Andrew James Morgan	0.75

Cash Balance

At 31 March 2019 Speciality Metals' cash balance was approximately \$353,000.

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")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(46)	(153)
(b) development	(121)	(458)
(c) production	-	-
(d) staff costs	(21)	(68)
(e) administration and corporate costs	(114)	(447)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	18
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	2	2
1.9 Net cash from / (used in) operating activities	(296)	(1,106)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(8)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
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	(5)	662

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(6)
3.5 Proceeds from borrowings	200	200
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	200	194

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	454	603
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(296)	(1,106)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5)	662
4.4	Net cash from / (used in) financing activities (item 3.10 above)	200	194
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	353	353

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	250	50
5.2 Call deposits	103	404
5.3 Bank overdrafts	-	-
5.4 Other	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	353	454

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**

43

-

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	-
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 loan repayable on or before 30 June 2019 with an interest rate of 10%pa.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	50
9.2 Development	100
9.3 Production	-
9.4 Staff costs	25
9.5 Administration and corporate costs	130
9.6 Other (Provide details if material)	-
9.7 Total estimated cash outflows	305

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A	N/A	N/A	N/A
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: 29 April 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.