



Quarterly Activities Report

Quarter Ended 31 March 2020

HIGHLIGHTS

MT CARBINE

- Speciality Metals International Limited (ASX:SEI) (Speciality Metals or Company) through its Joint Venture (“JV”) with CRONIMET Australia (Pty) Ltd (“CRONIMET”) [Mt Carbine Retreatment Management Pty Ltd, (“MCRM”)] was pleased to announce on 8 April 2020 that:
 - Minor modifications to the Retreatment Plant had been completed during the ramp-up and optimisation phase resulting in further improvements on plant and process design.
 - An additional re-crushing stage had been added to achieve higher mineral liberation and thus better tungsten recovery whilst the wet screen and secondary rolls crushers had also been installed and commissioned.
 - The production data from the first weeks of the ramp-up operation confirms an average in-situ grade of the tailings stockpile of 0.08-0.12% WO₃ (tungsten trioxide), with a recoverable portion of approximately 70% (refer ASX announcement “Mt Carbine Resource Clarification” dated 5 June 2008 and the Icon Resources Ltd Prospectus lodged with the ASX on 3 June 2008) and the Icon Resources Ltd Prospectus lodged with the ASX on 3 June 2008).
 - The X-Ray Ore Sorting Plant is on-site with trials scheduled to commence once electrical installation and commissioning has been completed.
- The Company and CRONIMET have teamed up with the Sustainable Minerals Institute of The University of Queensland and other partners, to participate in one Queensland Government backed and one Federal Government backed grant program. The consortium has submitted grant proposals and is currently awaiting their evaluation. The focus of both proposals is on mine waste transformation and the recovery of critical minerals through advanced process technologies.

CHILE

- In line with the Company’s previous announcement not to pursue further exploration activities within Chile, the Company’s existing Exploration Concessions (Pinta 1 – 15 and Bellavista 1 – 5) were not renewed upon the expiry of their initial term (refer ASX Announcement “Quarterly Activities & Cashflow Report” released on 31 January 2020”).

CORPORATE

- The Company successfully raised \$4,500,000 via the placement of 125,000,000 fully paid ordinary shares at a price of 3.6 cents in early March 2020. The placement was undertaken pursuant to the Company's placement capacity under Listing Rule 7.1 (15% Rule).
- The Company's Half Year Financial Report was released on 11 March 2020.
- Automic was appointed as the Company's share registry provider as from 16 March 2020.
- The closure of the Company's Chilean subsidiary has been initiated and is awaiting confirmation from the local authorities.
- The Company's Executive Chairman, Mr Russell Krause, resigned and left the Company on 24 April 2020. The Board has started to revisit the Company's organizational structure and has commenced interviews with qualified candidates for the CEO position, with further announcements to be expected soon.

EXECUTIVE SUMMARY

The Board is pleased to provide the following update for Speciality Metals:

MT CARBINE DEVELOPMENTS AND UPDATES

UNINCORPORATED JOINT VENTURE & MT CARBINE RETREATMENT PLANT REFURBISHMENT

The Retreatment Plant successfully went into a 2x12 hours (7 days/week) shift modus, allowing the management to collect further operations data throughout the fourth quarter, in order to refine a benchmark for mid- to long-term operation targets for the Retreatment Plant.

CRONIMET has sampled and assayed production lots from the commissioning and ramp-up phase and worked closely with 'Tableland Analytics' on concentrate separation and cleaning options. The Company received confirmation from CRONIMET that the concentrate quality is in line with the target specification defined in the Offtake Agreement between the parties. Subject to further testing scheduled for the fourth quarter, the Retreatment Plant is aiming at producing separate scheelite- and wolframite concentrates.

COVID-19 had minimal impact to date on the Mt Carbine operations itself, only minor disruptions on logistics of essential spare- and wear parts. The Company has put additional preventative health measures in place and continues to take advice from State and Federal Governments, including the Department of Natural Resources, Mines and Energy.

The Company and CRONIMET have teamed up with the Sustainable Minerals Institute of The University of Queensland and other partners, to participate in one Queensland Government backed and one Federal Government backed grant program. The consortium has submitted grant proposals and is currently awaiting their evaluation. The focus of both proposals is on mine waste transformation and the recovery of critical minerals through advanced process technologies. A grant award would allow the joint venture operations to accelerate the development and expansion of the X-Ray Ore Sorting Plant.

MT CARBINE QUARRY

Given the yearly seasonality of the quarry business and major disruption on the construction sector due to COVID-19, the Mt Carbine Quarrying Operations ran at a minimum capacity throughout the quarter. The Company nevertheless received an order in April 2020 in a magnitude of \$500,000, which shall provide the Quarrying Operations a solid revenue for the fourth quarter.

MT CARBINE EXPLORATION

Early in the quarter the Company engaged additional consultants to reassess historical and partly still archived data of the Mt Carbine tungsten asset. Waiting the final assessment report the Board will first start to evaluate the work and review the permitting process required, prior to commencing any exploration program on the Mt Carbine open pit and Iron Duke respectively.

In any case, given the COVID-19 disruptions since early March 2020, the Company until further notice would not engage any consultants for further site related geological works around Mt Carbine, in order to keep the number of external contractors at site to an absolute minimum.

GOLD EXPLORATION LICENCES

PANAMA HAT – BROKEN HILL DISTRICT (EL 8024) & CROW MOUNTAIN – NEW ENGLAND REGION (EL 6648)

The Board is aware of the strong fundamentals emerged in the Australian gold mining sector in the recent months, whereas the COVID-19 measures unfortunately limiting any possible field related work at the Company's EL 8024 and EL 6648 at least for the coming quarter.

Nonetheless, the Board is committed to further review the work and expert opinions compiled for those exploration assets over the recent months and will evaluate its strategic options moving forward.

CORPORATE

CHANGE OF SHARE REGISTRY DETAILS

As of 16 March 2020, the Company's share registry service provider was transferred from Computershare Investor Services Pty Ltd to Automic Pty Ltd ('Automic').

Contact details for the new share registry:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

GPO Box 5193
Sydney NSW 2000

Despite the Company having changed share registrars, **shareholders are not required to take any action.**

Shareholders with any queries in relation to their Speciality Metals' holdings are advised to contact Automic at hello@automic.com.au or on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia).

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
EPM 27394	Mt Carbine (Application Pending)
ML 4867	Mt Carbine
ML 4919	Mt Carbine
New South Wales, Australia	
EL 6648	Crow Mountain
EL 8024	Broken Hill
Chile	
Bellavista 1 – 5*	Salar de Bellavista
Pinta 1 – 15*	Salar de Pintados

** Exploration concessions held by Speciality Metals' wholly owned Chilean subsidiary company, Special Metals Chile SpA. The initial term for these Exploration Concessions expired during the quarter and renewals were not sought in-line with the Company's previous announcement not to pursue exploration activities within Chile given the country's current geo-political climate (refer ASX Announcement "Quarterly Activities & Cashflow Report" released on 31 January 2020")*

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

With the authority of the Board,



Adrien M Wing
Company Secretary

COMPETENT PERSONS' STATEMENT

The information in this Report that relates to Exploration Results and Mineral Resources and Ore Reserves is based on information compiled by Dr Andrew White, who is a Fellow of the Australian Institute of Geoscientists and a consultant to the Company. Dr White has sufficient experience relevant to the style of mineralisation, mining and processing the type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr White consents to the inclusion of the matters based on his information in the form and context in which it appears.

SPECIALITY METALS INTERNATIONAL LIMITED AT A GLANCE

Directors

Mr R.H. (Russell) Krause, Executive Chairman (resigned on 24 April 2020)
 Mr O. (Oliver) Kleinhempel, Non-Executive Director
 Mr S. (Stephen) Layton, Non-Executive Director
 Mr Y. (Yeo) Zhui Pei, 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 Adrien M Wings on (03) 9614 0600.

Issued Capital and Market Capitalisation

At 29 April 2020 Speciality Metal's issued capital was 1,110,229,631 ordinary shares. At a share price of \$0.025 on 29 April 2020 the market capitalisation was \$27.75 million.

Number of Shareholders and Major Shareholders

At 29 April 2020 Speciality Metals had 1,454 shareholders. The share register records the following as major shareholders at 29 April 2020 accounting for 58.74% of the issued shares:

Shareholder	%
Hilux Resources Pty Ltd	6.30
Whitfords Holding Investments Ltd	5.85
Archer Pacific Holding Limited	4.95
Citicorp Nominees Pty Limited	4.61
Lynewood Holdings Ltd	4.22
Bodie Investments Pty Ltd	3.87
Covenant Holdings (WA) Pty Ltd <The Boyd No 3 A/c>	3.33
Shawlane Capital Ltd	3.33
Dr Leon Eugene Pretorius	2.93
Hemmingway United Investment Ltd	2.80
Ang Kay Tiong	2.33
Baglora Pty Ltd <Mott Family Super Fund A/c>	2.29
TA Securities Holdings Berhad	2.04
Shawlane Capital Ltd	1.62
Mr Malcolm John McClure	1.61
Penause Pty Ltd	1.46
Mota Engil Minerals & Mining Investments BV	1.44
Sonnenallee Investments Pty Ltd	1.38
BNP Paribas Noms Pty Ltd <DRP>	1.30
Turbine Capital Limited	1.08

Cash Balance

At 31 March 2020 Speciality Metals' consolidated cash balance was approximately \$4,161,000.

Shareholder Enquiries

Matters relating to shares held and changes of address should be directed to the share registry:
 Automatic, Level 5, 126 Phillip Street, Sydney NSW 2000
 Tel.: 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia)

ASX Listing Code

The Company's ASX listing code is SEI.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Speciality Metals International Limited

ABN

77 115 009 106

Quarter ended ("current quarter")

31 March 2020

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	92	516
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(51)	(189)
(b) development	(34)	(886)
(c) production	(301)	(500)
(d) staff costs	(308)	(546)
(e) administration and corporate costs	(250)	(740)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	9
1.5 Interest and other costs of finance paid	-	(23)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (Diesel Fuel Tax Credits)	3	9
1.9 Net cash from / (used in) operating activities	(847)	(2,350)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	(2)
(c) property, plant and equipment	(123)	(851)
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(123)	(853)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,500	7,503
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(270)	(530)
3.5	Proceeds from borrowings	-	29
3.6	Repayment of borrowings	(2)	(205)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Offtake & Working Advance)	(7)	341
3.10	Net cash from / (used in) financing activities	4,221	7,138

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	908	218
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(847)	(2,350)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(123)	(853)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,221	7,138

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	2	8
4.6	Cash and cash equivalents at end of period	4,161	4,161

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	4,161	908
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,161	908

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

124

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Payments to Directors for fees and consultancy including travel expense reimbursements.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	25	25
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	25	25

7.5 Unused financing facilities available at quarter end

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Secured 3 Year Equipment Finance Loan at an Interest Rate of 4.91% p.a.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(847)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(847)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	4,161
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	4,161
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	4.9

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

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.

Date: 30 April 2020



Authorised by: Adrien Wing – Company Secretary

By the authority of the Board of Speciality Metals International Limited

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.