



Australian Government

Takeovers Panel

MEDIA RELEASE

No: TP20/28

Monday, 20 April 2020

Strategic Minerals Corporation NL 06 – Panel Receives Application

The Panel has received an application from Ms Veronica Oma in relation to the affairs of Strategic Minerals Corporation NL.

Details of the application, as submitted by the applicant, are below.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

Details

On 2 July 2018, QGold Pty Ltd disclosed a relevant interest in Strategic Minerals of 86.75% following the close of its second takeover bid for Strategic Minerals on 29 June 2018.

In 2018 (after the close of the bid) and in 2019, Strategic Minerals undertook two rights issues following which QGold's relevant interest in Strategic Minerals increased to 87.91% and 88.96%, respectively.

Strategic Minerals has proposed another rights issue which is scheduled to close on 27 April 2020. Strategic Minerals has been informed by QGold that QGold will exercise its right of compulsory acquisition if it is entitled to do so.

The applicant submits, among other things, that:

- The 2020 rights issue has been structured, together with the 2018 and 2019 rights issues, in a way that *“cannot fail in delivering”* more than 90% of the equity in Strategic Minerals to QGold.
- Strategic Minerals has delayed undertaking or releasing studies required to populate a prefeasibility study in relation to its Big Vein South (BVS) gold deposit such that any valuation of the company for compulsory acquisition purposes *“will not be based on the much greater economic value of the BVS deposit with a pre development status”* demonstrated through a prefeasibility study released to the market.

- In effect insufficient safeguards have been put in place to manage conflicts of interests in undertaking the 2020 rights issue.

The applicant submits in effect that the circumstances are contrary to the policy objectives under section 602.¹

The applicant seeks an interim order to halt the 2020 rights issue being completed.

The applicant seeks final orders including to halt the 2020 rights issue and require Strategic Minerals to investigate the sale of a non-core asset to raise funds or to seek shareholder approval for a restructured rights issue, to prevent QGold's equity from exceeding 90% while a prefeasibility study is completed, and to prevent delisting until after any compulsory acquisition process.

Allan Bulman
Director, Takeovers Panel
Level 16, 530 Collins Street
Melbourne VIC 3000
Ph: +61 3 9655 3500
takeovers@takeovers.gov.au

¹ Unless otherwise indicated, all statutory references are to the *Corporations Act 2001* (Cth), and all terms used in Chapter 6 or 6C have the meaning given in the relevant Chapter (as modified by ASIC)