



& Controlled Entities

ABN 90 147 867 301

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**Annual Report**

**For the Year Ended 30 June 2015**

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## Corporate Information

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### NON-EXECUTIVE CHAIRMAN

Mr Andrew Pierce

### NON-EXECUTIVE DIRECTORS

Mr John Shepherd

Mr Daniel Moore

### COMPANY SECRETARY & CFO

Mr Damon Sweeny

### PRINCIPAL & REGISTERED OFFICE

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Brisbane QLD 4000

Phone: +61 7 3222 9777

### SHARE REGISTRAR

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Nedlands WA 6009

Phone: +61 8 9389 8033

### STOCK EXCHANGE LISTING

Australian Securities Exchange Limited

ASX Code: SXT

### BANKERS

Macquarie Bank Limited

345 Queen Street

Brisbane QLD 4000

### INTERNET ADDRESS

[www.stratummetals.com.au](http://www.stratummetals.com.au)

### AUSTRALIAN BUSINESS NUMBER

ABN 90 147 867 301

## Review of Operations

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### Exploration

An assessment of the company's Gidgee Project resulted in a decision not to continue to invest in the project. The company believed, while there is significant potential in the Gum Creek Greenstone Belt, a return on investment was unlikely to be achieved in the near term, and exploration focus should be on the East Menzies Goldfield Project (EMGP), as below.

Results related to field work on EMGP's northern group of tenements were received and initial review identified positive gold responses on tenements P29/2244 and P29/2245. Sampling on P29/2244 confirmed potential for two gold mineralised zones north of the existing Granny Venn Mine.

The company continued the Mobile Metal Ion (MMI) soil sampling program aimed at better understanding the gold and nickel potential of the area. Samples from three areas, totalling 202, were submitted to SGS Laboratory for analysis.

### Compliance Statement

The information outlined in the Exploration section of this report is a high level summary of the Quarterly Activity Reports for the period. Full results and associated competent persons statements can be found in those public releases available via [www.asx.com.au](http://www.asx.com.au) or from [www.stratummetals.com.au/investor-centre](http://www.stratummetals.com.au/investor-centre). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcements.

### Corporate

Key corporate activities during the year ended 30 June 2015 were as follows and are explained in more detail below:

- Mr Daniel Moore was appointed as a Non-Executive Director following the resignation of Mr Rick Anthon (as a Non-Executive Director).
- Capital Raising Update.
- Royalty Financing Mandate signed in relation to the Company's East Menzies Goldfield Project (EMGP).
- Option agreement entered to acquire 100% of WinWin Holdings Pty Ltd, and terminated.

### Director appointment and resignation

On 11 December 2014 the Company announced the appointment of Mr Daniel Moore to its Board as a Non-Executive Director.

Mr Moore has spent the last 10 years working as a Financial Advisor for Wilson HTM. His main focus in that time was emerging companies and equity capital markets. Before that he worked for Morgan Stanley in London for 4 years. He holds a Bachelor of Economics and Law.

The Company also advised that Mr Rick Anthon had resigned from the Board, effective 11 December 2014, to pursue other opportunities. The Board is extremely grateful to Rick for his contribution to Stratum Metals Limited since its IPO in 2011.

### **Capital Raising Update**

On 10 September 2014 Stratum Metals Limited (**Stratum, SXT or Company**) announced that it had signed a Mandate appointing Armada Capital Limited (**Armada**) as Lead Manager to raise up to \$2.3 million via a two stage capital raising (**Mandate**).

Stage 1 comprised unsecured loans to Stratum of up to \$250,000 repayable on the earlier of six months or completion of Stage 2 raising (**Stratum Loans**). Stratum has received shareholder approval for the loans to be converted into Stratum shares at a price of \$0.006 or 80% of the Stage 2 raising price, whichever is the lesser. Each converted share will have one free attaching option (exercisable at \$0.02 on or before 29 February 2016). The lenders may elect to be repaid in cash or shares (and attaching options), or a combination thereof. The Stage 1 raising was completed in January, and during the period, \$100,000 worth of loans have been converted into Stratum shares and options.

Stage 2 comprised the issue of up to 274,333,333 new shares at \$0.0075 per share with one free attaching option (exercisable at \$0.02 on or before 29 February 2016) for every two shares issued to raise a total of up to \$2,057,500. Shareholder approval for the Stage 2 raising has been received. In anticipation of the WinWin acquisition noted below, Stratum completed a private placement to sophisticated and professional investors of 53,333,333 Stratum Shares together with one attaching Stratum Option to raise a total of \$400,000 before costs. No further funds will be raised under this Stage 2 raising.

On 15 May Stratum issued 40,000,000 fully paid ordinary shares to investors (as described in Section 708 of the Corporations Act 2001) from its capacity pursuant to Listing Rules 7.1 and 7.1A, raising \$280,000 before costs.

During the period the Company has issued 902,465 Stratum Shares as payment for convertible note interest, plus a further 17,182,437 Shares and 17,182,437 Options (exercisable at \$0.02 on or before 29 February 2016) upon conversion of \$100,000 of unsecured convertible loans.

### **East Menzies Goldfield Project (EMGP)**

Stratum's mandate to introduce royalty finance provider(s) to raise \$1.8 million in the Company's 100% owned subsidiary, Menzies Goldfield Ltd (**MGL**) expired after its 90 day term.

### **WinWin acquisition**

On 5 January 2015 Stratum announced that it has executed an exclusive option agreement to acquire 100% of the issued capital in emerging US based technology company, WinWin Holdings Pty Ltd (ACN 164 148 270) (**WinWin**). On 15 April Stratum announced that it was not satisfied with its due diligence investigations in respect of WinWin and that the agreement terminated without any further liability.

## Directors' Report

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Your Directors present their report of Stratum Metals Limited (**Stratum** or the **Company**) and its subsidiaries (the **Group**) for the year ended 30 June 2015.

The following persons were Directors of Stratum Metals Limited during the financial year and up to the date of this report, unless otherwise stated:

Mr Andrew Pierce  
Mr John Shepherd  
Mr Daniel Moore (appointed 11 December 2014)  
Mr Richard Anthon (resigned 11 December 2014)

### **Mr Andrew Pierce - Non-Executive Chairman**

Mr Pierce is an accomplished and highly regarded accountant and director, having served on the boards of Variety The Childrens Charity (NSW), Guide Dogs NSW/ACT, Royal Guide Dogs Australia and Centre For Eye Health Limited. He is highly skilled in the areas of financial reporting, company regulatory and governance areas.

Mr Pierce is a Fellow of Chartered Accountants Australia and New Zealand, having been in private practice as a partner or principal since 1972.

Mr Pierce is a member of the Audit and Risk Management Committee.

During the past three years, Mr Pierce has not served as a director of any other ASX listed companies.

### **John Shepherd - Non-Executive Director**

Mr Shepherd has had a long, successful career as an investment banker and management consultant, specialising in corporate strategy, corporate recovery, corporate finance and investment analysis for private and public companies.

Mr Shepherd's vast experience includes involvement in a number of mining, exploration and mining related companies all around the world such as Cordillera Gold Ltd (2010-2011), Shoreline Minerals Ltd (2008-2010), The MAC Services Group of Companies (2003-2004), First AU Strategies Corp. (TSXV 2001-2003) and Diversified Mineral Resources (1995-1999).

Mr Shepherd is Chair of the Audit and Risk Management Committee.

During the past three years, Mr Shepherd has not served as a director on any other ASX listed companies.

### **Mr Daniel Moore, BEcon LLB - Non-Executive Director - (appointed 11 December 2014)**

On 11 December 2014 the Company announced the appointment of Mr Daniel Moore to its Board as a Non-Executive Director.

Mr Moore has spent the last 10 years working as a Financial Advisor for Wilson HTM. His main focus in that time was emerging companies and equity capital markets. Before that he worked for Morgan Stanley in London for 4 years. He holds a Bachelor of Economics and Law.

During the past three years, Mr Moore has not served as a director on any other ASX listed companies.

### **Mr Richard Anthon, LLB, BA - Non-Executive Director - (resigned 11 December 2014)**

Mr Anthon had twenty five years' experience in corporate and commercial law with particular expertise in the mining exploration, mineral development and energy sectors. Mr Anthon combines legal knowledge with the commercial experiences he has gained through sitting on the boards of publicly listed companies. Mr Anthon's recent work has focused on venture capital raisings and IPO's where he has combined legal, compliance and project management roles. The Board is extremely grateful to Rick for his contribution to Stratum Metals Limited since its IPO in 2011.

During the past three years, Mr Anthon has also served as a director of the following ASX listed companies: Laneway Resources Ltd, Metals Finance Limited, Bass Metals Limited, Lamboo Resources Limited and Baru Resources Limited.

During the financial year and up to the date of this report, the following persons were appointed as Company Secretary of Stratum Metals Limited:

- Damon Sweeny (since 1 April 2015)
- Duncan Cornish (resigned 31 March 2015)

#### **Damon Sweeny, MBA, ACIS, AGIA - Company Secretary and CFO**

Mr Sweeny was appointed Company Secretary and CFO on 1 April 2015.

Damon Sweeny is a Chartered Secretary and holds an MBA from Curtin University Australia, along with a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

With over 25 years' experience in the mining, accounting and governance fields, Damon has held directorships or company secretarial positions in a number of private and ASX-listed entities for over 10 years. He has a strong management and financial reporting background. He is also company secretary of ASX listed Leopard Resources NL, Promesa Ltd and Radar Iron Ltd.

#### **Duncan Cornish, B.Bus (Acc), CA - Company Secretary and CFO**

Mr Cornish resigned as Company Secretary and CFO effective 31 March 2015. The Board is extremely grateful to Duncan for his contribution to the Company.

He had more than 20 years' experience in the accountancy profession both in England and Australia, mainly with the accountancy firms Ernst & Young and PriceWaterhouseCoopers. He has extensive experience in all aspects of Group financial reporting, corporate regulatory and governance areas, business acquisition and disposal due diligence, capital raising and group listings and group secretarial responsibilities.

Mr Cornish holds a Bachelor of Business (Accounting) and is a member of Chartered Accountants Australia and New Zealand. He is also Company Secretary and CFO of several other listed companies.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Group during the financial year were general exploration activities and assessment of new business opportunities.

### **OPERATING RESULTS**

The net loss of the Group for the year, after provision for income tax, amounted to \$6,927,095 (2014: \$1,869,301).

### **DIVIDENDS PAID OR RECOMMENDED**

There were no dividends paid or recommended during the financial year.

### **REVIEW OF OPERATIONS**

Information on the operations of the Group during the financial year, and up to the date of this report, is set out separately in the Annual Report under Review of Operations.

### **REVIEW OF FINANCIAL CONDITION**

#### **Capital structure**

On 2 December 2013, 1,350,000 convertible notes (with a face value of \$1.00 each) were issued as partial consideration of the final 40% interest of Menzies Goldfield Ltd. During the period 902,465 ordinary shares were issued in payment of interest at 8% p.a. at a deemed price of \$0.12 per share pursuant to convertible note deed poll terms.

On 15 July 2014, 3,300,000 ordinary shares were issued at \$0.01 each in satisfaction of corporate advisory fees related to the prior period entitlement offer.

Between 8 October 2014 and 15 January 2015, \$250,000 was raised in loan agreements convertible into ordinary shares at \$0.006, along with one free attaching unlisted option (expiring 29-Feb-16 exercisable at \$0.02) per share. Shareholder approval for the conversion was gained at the 10 November AGM, and between 19 and 30 January 2015 17,182,437 ordinary shares and 17,182,437 options were issued in satisfaction of \$100,000 of loans.

On 15 January 2015 53,333,333 ordinary shares were issued to Sophisticated Investors at a price of \$0.0075 each along with 26,666,667 free attaching unlisted options (expiring 29-Feb-16 exercisable at \$0.02) to raise gross proceeds of \$400,000.

On 15 May 2015 40,000,000 ordinary shares were issued to Sophisticated Investors at a price of \$0.007 each to raise gross proceeds of \$280,000 and 54,246 were issued at a deemed price of \$0.12 in satisfaction of convertible note interest.

### Financial position

The net assets of the Consolidated Entity have decreased by \$6,124,553 from \$4,154,832 at 30 June 2014 to a net liability of \$1,969,721 at 30 June 2015. This decrease has largely resulted from the impairment of expenditure on exploration projects and operating losses being greater than amounts raised from capital raisings (equity and convertible notes).

The Consolidated Entity's working capital deficiency, being current assets less current liabilities has increased from \$1,657,247 in 2014 to \$1,971,075 in 2015.

### Treasury policy

The Consolidated Entity does not have a formally established treasury function. The Board is responsible for managing the Consolidated Entity's finance facilities. The Consolidated Entity does not currently undertake hedging of any kind and is not directly exposed to currency risks.

### Liquidity and funding

The Consolidated Entity currently does not have sufficient funds to finance its operations and exploration activities, and to allow the Consolidated Entity to take advantage of favourable business opportunities, not specifically budgeted for, or to fund unforeseen expenditure. As noted below (in Events Subsequent to Reporting Date) the Company has recently announced that it progressing with a capital raising to address this issue.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Apart from the funding issue raised above, there were no significant changes in the state of affairs of the Group in the financial year.

### EVENTS SUBSEQUENT TO REPORTING DATE

#### LPE acquisition

On 3 July 2015 Stratum announced that it had executed an exclusive option agreement (**HOA**) to acquire 100% of the issued capital in energy retailer Locality Planning Energy Pty Ltd (**LPE**) (ACN 148 958 061) (**Acquisition**).

LPE is an energy retailer authorised by the Australian Energy Regulator to supply and sell electricity to residential customers throughout the National Energy Market. LPE supplies and manages electricity sales to strata communities, both existing and new developments, generating significant savings on electricity delivered to strata community common areas and its occupants.

#### **Key Acquisition Terms**

- Stratum paid option facilitation fees of \$50,000.
- Upon exercising the option, Stratum paid a further option facilitation fee of \$50,000 to LPE in consideration for the LPE shareholders granting an option to Stratum (exercisable on or before 30 July 2015) to acquire 100% of the issued capital in LPE (**Option**).
- In consideration for 100% of the issued capital in LPE, Stratum agrees to issue the following securities to the LPE shareholders in proportion to the number of LPE shares held (refer to Settlement conditions below):
  - such number of fully paid ordinary shares in the capital of Stratum (**Stratum Shares**) as is equal to the number of Stratum Shares deemed to be on issue on the date of settlement (**Settlement Date**)

- (including any Stratum Shares issued under the Capital Raising, defined below, and including any Stratum Shares issued upon conversion of any Stratum convertible notes and convertible loans on issue on or before the Settlement Date) (the **Consideration Shares**);
- such number of performance shares (**Performance Shares**) that together with the Consideration Shares represent 70% of the Stratum Shares deemed to be on issue on the Settlement Date (including any Stratum Shares issued under the Capital Raising, the Consideration and Performance Shares and including any Stratum Shares issued upon conversion of any Stratum convertible notes and convertible loans on issue on or before the Settlement Date). The Performance Shares will convert automatically into Stratum Shares upon satisfaction of the following milestones (subject to ASX approval);
    - One third of the Performance Shares shall convert upon LPE having under management (supply and sell under contract) 50 Giga Watts (GW) of annualised energy contracts within 18 months from the Settlement Date;
    - One third of the Performance Shares shall convert upon LPE having under management (supply and sell under contract) 75GW of annualised energy contracts within 24 months from the Settlement Date;
    - One third of the Performance Shares shall convert upon LPE having under management (supply and sell under contract) 100GW of annualised energy contracts within 30 months from the Settlement Date.
  - Stratum agrees not to issue any additional options exercisable into SXT Shares unless agreed in writing by LPE
  - Settlement of the acquisition (**Settlement**) is conditional upon the satisfaction (or waiver by Stratum) of the following conditions precedent by no later than 4 months following exercise of the Option by Stratum (unless indicated otherwise):
    - completion of due diligence by Stratum on LPE's business and operations, to the sole satisfaction of Stratum within 30 days following the execution of the HOA (**Execution Date**);
    - completion of due diligence by LPE on Stratum's business and operations, to the sole satisfaction of LPE within 30 days following the Execution Date;
    - ASX approving the terms of the Performance Shares under ASX Listing Rules 6.1 and 6.2;
    - Stratum entering into agreements with all holders of notes convertible into Stratum Shares under which they agree to their notes being converted into Stratum Shares at or before Settlement;
    - the conditional approval by ASX to reinstate the securities of Stratum to trading on ASX (after Stratum re-complies with Chapters 1 and 2 of the ASX Listing Rules) and those conditions being satisfied to the reasonable satisfaction of Stratum and LPE;
    - Stratum undertaking and successfully completing a capital raising with valid applications for at least \$4,000,000 (**Capital Raising**); and
    - Stratum holding a shareholder meeting to:
      - obtain all approvals that are required to give effect to the transactions contemplated; and
      - change the name of Stratum to "Locality Planning Energy Limited" (or such other name as is agreed between LPE and Stratum).
      - Armada Capital Pty Ltd will receive 75,000,000 Options (exercisable at a 25% premium to the price of the Capital Raising on or before 30 June 2017) in consideration for introducing and assisting with the implementation of the proposed acquisition of LPE by Stratum.

### ***Listing Rule Re-Compliance and Placement***

Since the acquisition of LPE will result in a significant change to the nature and scale of Stratum's activities, it will require Stratum's shareholder approval under ASX Listing Rule 11.1.2 and will also require Stratum to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Subject to the receipt of shareholder approval, Stratum will also undertake the Placement to raise at least AUD\$4,000,000, to be completed under a prospectus.



### ***Indicative Timetable and Capital Structure***

Details of the indicative timetable and capital structure in relation to the LPE transaction were provided in the Company's announcement dated 16 July 2015 and further updates will be provided in this regard as they become available.

Stratum is continuing to progress the settlement conditions, including (but not limited to) preparation of shareholder meeting materials and prospectus. Further updates will be provided as key milestones are achieved.

### **Capital Raising**

Subsequent to 30 June 2015, the Company has:

- raised \$250,000 through unsecured loans convertible into shares at 2 cents each (subject to shareholder approval). The capital raising was managed by Armada Capital. The material terms of the loans are that they will be convertible at completion of the acquisition of Locality Planning Energy Pty Ltd (LPE) or 9 months following any termination of same. The interest rate of 24% was paid in advance by issuing 3,000,000 shares, from Stratum's existing capacity under Listing Rule 7.1.
- issued 7,666,667 Shares after the exercise of Options at \$0.02 raising \$ 153,333
- issued a further 451,235 Stratum Shares in satisfaction of convertible note interest
- converted \$13,200 of Stage 1 Stratum Loans into shares and options from Stratum's existing capacity under Listing Rule 7.1.

No other matters or circumstances that have arisen since 30 June 2015 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

### **FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

Likely developments in the operations of the Consolidated Entity and the expected results of those operations in subsequent financial years have been discussed where appropriate in the Annual Report under Review of Operations.

There are no further developments of which the Directors are aware which could be expected to affect the results of the Consolidated Entity's operations in subsequent financial years.

### **Business Results**

The prospects of the Group in progressing their exploration projects in Australia may be affected by a number of factors. These factors are similar to most exploration companies moving through exploration phase and attempting to progress projects into development. Some of these factors include:

- Exploration - the results of the exploration activities may be such that the estimated resources are insufficient to justify the financial viability of the projects. Stratum undertakes extensive exploration and product quality testing prior to establishing JORC compliant resource estimates and to (ultimately) support mining feasibility studies. The Company engages external experts to assist with the evaluation of exploration results and relies on third party competent persons to prepare JORC resource statements. Economic feasibility modelling of projects will be conducted in conjunction with third party experts and the results of which will usually be subject to independent third party peer review.
- Regulatory and Sovereign - the Company operates in Australia and deals with local regulatory authorities in relation to the exploration of its properties. The Company may not achieve the required local regulatory approvals to continue exploration or properly assess development prospects. The Company takes appropriate legal and technical advice to ensure it manages its compliance obligations appropriately.
- Social Licence to Operate – the ability of the Company to secure and undertake exploration and development activities within prospective areas is also reliant upon satisfactory resolution of native title and (potentially) overlapping tenure. To address this risk, the Company develops strong, long term effective relationships with landholders with a focus on developing mutually acceptable access arrangements. The Company takes appropriate legal and technical advice to ensure it manages its compliance obligations appropriately.
- Environmental - All phases of mining and exploration present environmental risks and hazards. Stratum's operations in Australia are subject to environmental regulation pursuant to a variety of state and municipal

laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The Company assesses each of its projects very carefully with respect to potential environmental issues, in conjunction with specific environmental regulations applicable to each project, prior to commencing field exploration. Periodic reviews are undertaken once field exploration commences.

- **Safety** - Safety is of critical importance in the planning, organisation and execution of Stratums' exploration activities. Stratum is committed to providing and maintaining a working environment in which its employees are not exposed to hazards that will jeopardise an employee's health, safety or the health and safety of others associated with our business. Stratum recognise that safety is both an individual and shared responsibility of all employees, contractors and other persons involved with the operation of the organisation. The Company has a comprehensive Safety and Health Management system which is designed to minimise the risk of an uncontrolled safety and health event and to continuously improving safety culture within the organisation.
- **Funding** - the Company will require additional funding to continue exploration and potentially move from the exploration phase to the development phases of its projects. There is no certainty that the Company will have access to available financial resources sufficient to fund its exploration, feasibility or development costs at those times. The Company currently does not have sufficient cash reserves to meet the businesses operating costs for at least the next 12 months. As noted above (in Events Subsequent to Reporting Date), the Company has recently announced that it is progressing with a capital raising to address this issue. The Company has no material financial commitments.
- **Market** - there are numerous factors involved with exploration and early stage development of its projects, including variance in commodity price and labour costs which can result in projects being uneconomical.

## **ENVIRONMENTAL ISSUES**

The Group's operations are subject to significant environmental regulation under the law of the Commonwealth and State. The Group has a policy of complying with its environmental obligations and at the date of this report, is not aware of any breach of such regulations.

## **NATIVE TITLE**

Mining tenements that the Group currently holds, or has applied for, are subject to Native Title claims. The Group has a policy that is respectful of the Native Title rights and is continuing to negotiate with relevant indigenous bodies.

## REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director of Stratum, and for the executives.

### Remuneration policy

The remuneration policy of Stratum has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The Board of Stratum believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as to create goal congruence between directors, executives and shareholders. The policy complies with the four key principles of IFSA Guidance Note 02-16.

Executives are also entitled to participate in the employee share and option arrangements.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology. There are no schemes for retirement benefits other than statutory superannuation for executive directors.

### Directors

The appointment conditions of the Non-Executive Chairman, Andrew Pierce and Non-Executive Directors, John Shepherd and Daniel Moore are formalised in service agreements. All Non-Executive Directors have contracts for service. Under the Constitution of the Group, these appointments, if not terminated sooner, end on the date of retirement by rotation. The Constitution requires one third of directors retire each year at a general meeting of shareholders. If re-elected at future general meetings of shareholders, the appointments continue for further terms.

The Company has a services agreement with Ampere Pty Ltd (**Ampere**) and Damon Sweeny, the CFO and Company Secretary (since 1 April 2015). Both Stratum and Ampere are entitled to terminate the agreement upon giving not less 90 days written notice.

### Key Management Personnel

The Board determines the proportion of fixed and variable compensation for each key management personnel. Directors and key management personnel or closely related parties of key management personnel are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

### Details of Key Management Personnel

#### (i) Directors

Mr Andrew Pierce	Non-Executive Chairman	
Mr John Shepherd	Non-Executive Director	
Mr Daniel Moore	Non-Executive Director	Appointed 11 December 2014
Mr Richard Anthon	Non-Executive Director	Resigned 11 December 2014

#### (ii) Senior Management

Mr Todd Axford	Exploration Manager	(Termination effective 14 March 2015)
Mr Damon Sweeny	Company Secretary and CFO	Appointed 1 April 2015
Mr Duncan Cornish	Company Secretary and CFO	Resigned 31 March 2015

### Remuneration details

The following tables detail, in respect to the financial years ended 30 June 2015 and 2014, the components of remuneration for each key management person of the Group.

**REMUNERATION REPORT (AUDITED) (continued)**  
**2015**

Key Management Personnel	Benefits				Post-employment Benefits	Share based payment	Total
	Cash salary	Cash bonus	Non-cash benefit	Other	Superannuation		
	\$	\$	\$	\$	\$		
<b>Directors</b>							
Mr Andrew Pierce	30,000	-	-	-	-	-	30,000
Mr John Shepherd	30,000	-	-	24,814	-	-	54,814
Mr Daniel Moore	16,694	-	-	-	-	-	16,694
Mr Richard Anthon	13,387	-	-	-	-	-	13,387
<b>Senior Management</b>							
Mr Todd Axford*	190,000	-	-	-	-	-	190,000
Mr Damon Sweeny**	-	-	-	-	-	-	-
Mr Duncan Cornish	90,000	-	-	-	-	-	90,000

\*Mr Axford ceased his contractual full-time employment on 14 March 2015 and is not considered a KMP from that date. Mr Axford consults to the Company from time to time.

\*\*Mr Sweeny does not receive any direct remuneration from Stratum Metals. However Mr Sweeny is an employee of a company that provides accounting and corporate secretarial services to Stratum Metals and other entities. Mr Sweeny is paid a salary by that company.

**2014**

Key Management Personnel	Benefits				Post-employment Benefits	Share based payment	Total
	Cash salary	Cash bonus	Non-cash benefit	Other	Superannuation		
	\$	\$	\$	\$	\$		
<b>Directors</b>							
Mr Andrew Pierce	8,710	-	-	-	-	-	8,710
Mr Richard Anton	58,850	-	-	-	3,394	-	62,244
Mr John Shepherd	17,500	-	-	15,871	-	-	33,371
Mr Michael Addison	26,931	-	-	-	2,491	-	29,422
Mr Terrance Grammer	31,051	-	-	-	3,024	-	34,075
Mr Martin Holland	163,001	-	3,880	-	14,709	-	181,590
Mr Kent Hunter	10,321	-	-	-	955	-	11,276
Mr Ralph Stagg	6,694	-	-	-	-	-	6,694
<b>Senior Management</b>							
Mr Todd Axford*	387,522	-	-	-	-	-	387,522
Mr Duncan Cornish	80,000	-	-	-	-	-	80,000

**INTERESTS IN SHARES AND OPTIONS**

As at the date of this report, the interests of the Directors in the shares and options of Stratum Metals Limited are shown in the table below:

	Ordinary Shares	Options
Andrew Pierce	4,970,641	-
John Shepherd	-	-
Daniel Moore	432,000	500,000 (\$0.40 expiring 15 April 2016)
Damon Sweeny	-	-

**End of Remuneration Report**

## DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of directors) held during the year and the number of meetings attended by each Director, are as follows:

	Board		Audit & Risk Management Committee	
	Number of meetings held while in office	Meetings attended	Number of meetings held while in office	Meetings attended
Andrew Pierce	11	11	1	1
Richard Anthon	7	7	1	1
John Shepherd	10	10	1	1
Daniel Moore	5	5	-	-

## INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITOR

Each of the Directors and the CFO/Company Secretary of Stratum have entered into a Deed with Stratum whereby Stratum has provided certain contractual rights of access to books and records of Stratum to those Directors and CFO/Company Secretary.

Stratum has insured all of the Directors and Officers of Stratum. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act does not require disclosure of the information in these circumstances.

Stratum has not indemnified or insured its auditor.

## PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

Moreover, the Group was not a party to any such proceedings during the year.

## NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the period ended 30 June 2015, fees for non-audit services of \$12,000 were paid to the external auditors (2014: Nil). This related to technical advice and assistance in relation to a proposed business acquisition which did not proceed. The services did not directly impact the subject matter of the audit.

## AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 15 of the Directors' Report.

## CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Stratum support and have adhered to the principles of corporate governance. Stratum's Corporate Governance Statement can be found on page 16.

This report is signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'A. Pierce', with a large, stylized loop at the top.

Andrew Pierce  
Non-Executive Chairman

Sydney  
Date: 30 September 2015

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF STRATUM METALS LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



Bentleys Brisbane (Audit) Pty Ltd



Stewart Douglas

Director

Brisbane

30 September 2015

## Corporate Governance Statement

This Corporate Governance Statement is current as at 30 September 2015 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company has, during the financial year ending 30 June 2015, followed the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that have not been followed for any part of the reporting period have been identified and reasons provided for not following them along with what (if any) alternative governance practices were adopted in lieu of the recommendation during that period.

The Company has adopted various corporate governance policies and procedures which provide the written terms of reference for the Company's corporate governance duties.

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees, aside from the established Risk and Audit Committee, and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the experience and skill set of the current Board is sufficient to perform these roles. The Company's various corporate governance policies and procedures are available on the Company's website at [www.stratummetals.com.au](http://www.stratummetals.com.au).

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<b>Recommendation 1.1</b> A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.	YES	The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management.  The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.  A copy of the Company's Board Charter is available on the Company's website.
<b>Recommendation 1.2</b> A listed entity should: <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and</li> <li>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.</li> </ul>	YES	<ul style="list-style-type: none"> <li>(a) The Company has guidelines for the appointment and selection of the Board in its Director Selection Procedure. The Director Selection Procedure requires the Board ensure appropriate checks (including checks in respect of character and experience) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director.</li> <li>(b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.</li> </ul>
<b>Recommendation 1.3</b> A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	YES	The Company's Director Selection Procedure requires the Board to ensure that once the Board decides to appoint a new director, that director would be expected to sign the terms and conditions for appointment of non-executive directors and a directors consent to act.  The Company has had written agreements with each of its Directors and senior executives for the past financial year.



RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION																
<p><b>Recommendation 1.4</b></p> <p>The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>	YES	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>																
<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary or it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p style="padding-left: 40px;">the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p style="padding-left: 40px;">if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act.</p>	NO	<p>(a) The Company has not adopted a Diversity Policy. Whilst the Group does not currently have a Diversity policy due to its size and nature of its operations, it strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background.</p> <p>(b) N/A</p> <p>(c)</p> <p>(i) The Board did not set measurable gender diversity objectives for the past financial year, because:</p> <p>(A) the Board did not anticipate there would be a need to appoint any new Directors or senior executives due to limited nature of the Company's existing and proposed activities and the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans; and</p> <p>(B) if it became necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit: and</p> <p>(ii) As at 30 June 2015, the proportion of women in the whole organisation is as follows:</p> <table border="1" data-bbox="895 1563 1422 1854"> <thead> <tr> <th></th> <th>Number</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Board Members</td> <td>3</td> <td>100%</td> <td>0%</td> </tr> <tr> <td>Officers</td> <td>1</td> <td>100%</td> <td>0%</td> </tr> <tr> <td>Other</td> <td>0</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table>		Number	Male	Female	Board Members	3	100%	0%	Officers	1	100%	0%	Other	0	N/A	N/A
	Number	Male	Female															
Board Members	3	100%	0%															
Officers	1	100%	0%															
Other	0	N/A	N/A															

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	NOT FULLY	<p>(a) The Company's Chairperson and Board are responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Board Performance Evaluation Policy, which is available on the Company's website.</p> <p>(b) The Company's Board Performance Evaluation Policy does not require the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. Whilst the Company has a written policy, the Board recognises that as a result of the Company's size and the stage of the entity's life, the assessment of the directors' overall performance and its own succession plan is conducted on an informal basis. The Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place.</p>
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	NO	<p>(a) The Company does not have and disclose a process for periodically evaluating the performance of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non executive Director.</p> <p>(b) Whilst the Company does not have a written policy, the Board recognises that as a result of the Company's size and the stage of the entity's life, the assessment of the executives' overall performance is conducted on an informal basis. The Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place</p>
<b>Principle 2: Structure the Board to add value</b>		
<p><b>Recommendation 2.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and</p>	YES	<p>(a) The Company's Remuneration and Nomination Committee Charter provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director.</p> <p>(b) The Company did not have a Nomination Committee for the past financial year as the Board did not consider the Company would benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Remuneration and Nomination Committee Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively:</p> <p>(i) developing and regularly reviewing a policy on Board structure.</p> <p>(ii) developing criteria for Board membership.</p> <p>(iii) identifying and screening specific candidates for nomination.</p> <p>(iv) ensuring there is an appropriate induction and orientation program in place.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>		<ul style="list-style-type: none"> <li>(v) making recommendations to the Board for committee membership.</li> <li>(vi) ensuring there is an appropriate Board succession plan in place.</li> <li>(vii) ensuring the performance of the Board and its members is regularly reviewed.</li> <li>(viii) developing with Directors an appropriate training and development program.</li> <li>(ix) overseeing management's succession planning including the Managing Director and his/her direct reports.</li> <li>(x) assisting the Chairman in advising Directors about their performance and possible retirement.</li> <li>(xi) reviewing the policy in respect of tenure, remuneration and retirement of Directors.</li> </ul>
<p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	NO	<p>The Company does not have a board skills matrix, however full details as to each Director and senior executive's relevant skills and experience are available in the Company's Annual Report and on the Company's website.</p> <p>The Board believes that the current skill mix is appropriate given the Company's size and the stage of the entity's life.</p>
<p><b>Recommendation 2.3</b></p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) the names of the Directors considered by the Board to be independent Directors;</li> <li>(b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</li> <li>(c) the length of service of each Director</li> </ul>	YES	<ul style="list-style-type: none"> <li>(a) The Company has disclosed those Directors it considered to be independent in its Annual Report. The Board considers the following Directors are independent: <ul style="list-style-type: none"> <li>(i) John Shepherd</li> <li>(ii) Andrew Pierce; and</li> <li>(iii) Daniel Moore</li> </ul> </li> <li>(b) The Company has disclosed in its Annual Report any instances where this applies and an explanation of the Board's opinion why the relevant Director is still considered to be independent.</li> <li>(c) The length of service of each independent Director, is as follows: <ul style="list-style-type: none"> <li>(i) John Shepherd since 29 November 2013</li> <li>(ii) Andrew Pierce since 17 March 2014</li> <li>(iii) Daniel Moore since 11 December 2014</li> </ul> </li> </ul>
<p><b>Recommendation 2.4</b></p> <p>A majority of the Board of a listed entity should be independent Directors.</p>	YES	<p>The Company's Board Charter requires that, where practical, the majority of the Board should be independent.</p> <p>There was an independent majority of the Board during all of of the past financial year.</p> <p>The Board currently comprises a total of three (3) directors, of whom two (2) are considered to be independent. As such, independent directors currently comprise the majority of the Board.</p>
<p><b>Recommendation 2.5</b></p> <p>The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the</p>	YES	<p>The Chair of the Company during the past financial year was an independent Director and was not the CEO/Managing Director.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
same person as the CEO of the entity.		
<p><b>Recommendation 2.6</b></p> <p>A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.</p>	YES	<p>In accordance with the Company's Remuneration and Nomination Committee Charter, the Nominations Committee (or, in its absence, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.</p>
<b>Principle 3: Act ethically and responsibly</b>		
<p><b>Recommendation 3.1</b></p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its Directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	YES	<p>(a) The Company's Code of Conduct for Directors and Key Executives applies to the Company's Directors, senior executives and employees.</p> <p>(b) The Company's Code of Conduct for Directors and Key Executives is available on the Company's website.</p>
<b>Principle 4: Safeguard integrity in financial reporting</b>		
<p><b>Recommendation 4.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, who is not the Chair of the Board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and</p>	YES	<p>(a) The Company had an Audit and Risk Committee for the past financial year. The Company's Audit and Risk Committee Charter provides for the creation of an Audit Committee (if it is considered it will benefit the Company), with at least two members, the majority of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair.</p> <p>The members of the Audit and Risk Committee, their relevant qualification and experience, the number of times the committee met during the last financial year, and the individual attendances of the members, are disclosed in the Annual Report.</p> <p>The Board considers that the given size of the Board along with the level of activity of the Company, an audit committee comprised of 2 independent directors is sufficient.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		
<p><b>Recommendation 4.2</b></p> <p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	YES	<p>The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms.</p> <p>The Company has obtained a sign off on these terms for each of its financial statements in the past financial year.</p>
<p><b>Recommendation 4.3</b></p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	YES	<p>The Company's external auditor attended the Company's last AGM during the past financial year.</p>
<b>Principle 5: Make timely and balanced disclosure</b>		
<p><b>Recommendation 5.1</b></p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	YES	<p>(a) The Company's Disclosure Strategy details the Company's continuous disclosure policy.</p> <p>(b) The Disclosure Strategy is available on the Company's website.</p>
<b>Principle 6: Respect the rights of security holders</b>		
<p><b>Recommendation 6.1</b></p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	YES	<p>Information about the Company and its governance is available on the Company's website.</p>
<p><b>Recommendation 6.2</b></p> <p>A listed entity should design and</p>	YES	<p>The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
implement an investor relations program to facilitate effective two-way communication with investors.		range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's various corporate governance policies and procedures.
<p><b>Recommendation 6.3</b></p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	YES	Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.
<p><b>Recommendation 6.4</b></p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	YES	<p>The Shareholder Communication Strategy provides that ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and email addresses of the Company all directors (via the website) for shareholders to make their enquiries.</p> <p>Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>
<b>Principle 7: Recognise and manage risk</b>		
<p><b>Recommendation 7.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director,</li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	YES	<p>(b) The Company had an Audit and Risk Committee for the past financial year. The Company's Audit and Risk Committee Charter provides for the creation of an Risk Committee (if it is considered it will benefit the Company), with at least two members, the majority of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair.</p> <p>The members of the Audit and Risk Committee, their relevant qualification and experience, the number of times the committee met during the last financial year, and the individual attendances of the members, are disclosed in the Annual Report.</p> <p>The Board considers that the given size of the Board along with the level of activity of the Company, an audit committee comprised of 2 independent directors is sufficient</p>

<p><b>Recommendation 7.2</b></p> <p>The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	NO	<p>(a) The Company's Risk Management Strategy requires that the Board should, at least annually, satisfy itself that the Company's risk management framework continues to be sound.</p> <p>(b) The Company's Board has not completed a review of the Company's risk management framework in the past financial year, and plans such a review in the near future..</p>
<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	YES	<p>(a) The Audit Committee Charter provides for the Audit Committee to monitor the need for an internal audit function. The Company had an internal audit function for the past financial year. The function was structured as follows</p> <p>(i) The Audit Committee is authorised by the Board to investigate any activity within its charter. The Audit Committee has access to management and auditors with or without management present and has rights to seek explanations and additional information. The Audit Committee is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Audit Committee.</p> <p>(ii) The Audit Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.</p> <p>(iii) The Audit Committee is required to make recommendations to the Board on all matters within the Audit Committee's charter.</p> <p>(iv) The Audit Committee is required to review the audited annual and half yearly financial statements and any reports which accompany published financial statements before submission to the Board, recommending their approval, focusing particularly on:</p> <p>(A) any changes in accounting policies and practices;</p> <p>(B) major judgmental areas;</p> <p>(C) significant adjustments, accounting and financial reporting issues resulting from the internal and external audit;</p> <p>(D) compliance with accounting policies and standards; and</p> <p>(E) compliance with legal requirements.</p> <p>(v) The Audit Committee will review the evaluation by management of factors related to the independence of the Company's public accountant and to assist them in the preservation of such independence.</p> <p>(vi) The Audit Committee will oversee management's appointment of the company's public accountant.</p> <p>(vii) The Audit Committee will monitor and review the propriety of any related party transactions.</p>

<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	NO	<p>Company does not currently disclose whether it has any material exposure to economic, environmental and social sustainability risks as the Company does not believe that it is currently exposed to any material risks</p>
<p><b>Principle 8: Remunerate fairly and responsibly</b></p>		
<p><b>Recommendation 8.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	YES	<p>(a) The Company's Remuneration and Nomination Committee Charter provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom must be independent Directors, and which must be chaired by an independent Director.</p> <p>(b) The Company did not have a Remuneration Committee for the past financial year as the Board did not consider the Company would benefit from its establishment, and does not currently have one. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration and Nomination Committee Charter.</p> <p>The Board currently set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> <p>The Board devotes time at the annual Board meeting to assess the level and composition of remuneration for Directors and senior executives;</p>
<p><b>Recommendation 8.2</b></p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.</p>	YES	<p>The Company's Remuneration and Nomination Committee Charter does not require the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, however these details are disclosed on the company website at:</p> <p><a href="http://www.stratummetals.com.au/corporate/corporate-governance/">http://www.stratummetals.com.au/corporate/corporate-governance/</a></p>



<p><b>Recommendation 8.3</b></p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>NOT APPLICABLE</p>	<p>(a) The Company did not have an equity based remuneration scheme during the past financial year..</p>
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## Consolidated Statement of Comprehensive Income

### For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue and other income	2	2,470	34,048
Audit fees		(72,000)	(45,507)
Consultants	3	(216,439)	(291,261)
Depreciation		(1,800)	(1,800)
Director's fees		(93,144)	(369,129)
Share based payment		-	(7,230)
Travel expenses		(11,645)	(54,778)
Occupancy expenses		(1,967)	(52,300)
Amortisation of Convertible Notes		(45,000)	(92,867)
Interest Paid on Convertible Notes		(122,955)	(94,510)
Exploration written off	3	(6,201,076)	(654,697)
Other expenses		(413,275)	(440,720)
<b>Operating Loss</b>		<b>(7,176,831)</b>	<b>(2,070,751)</b>
Loss before income taxes		<b>(7,176,831)</b>	<b>(2,070,751)</b>
Income tax benefit/(expense)	4	249,736	201,450
<b>Net profit/(loss) for the year</b>		<b>(6,927,095)</b>	<b>(1,869,301)</b>
Other comprehensive income		-	-
<b>Other comprehensive income net of tax</b>		-	-
<b>Total comprehensive loss for the year</b>		<b>(6,927,095)</b>	<b>(1,869,301)</b>
Loss for the year and total comprehensive income attributable to :			
- Members of the parent entity		<b>(6,965,176)</b>	<b>(1,873,958)</b>
- Non-controlling interests		<b>38,081</b>	<b>4,657</b>
		<b>(6,927,095)</b>	<b>(1,869,301)</b>
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic/diluted loss per share (cents per share)	7	(6.51)	(2.37)

The accompanying notes form part of these financial statements

## Consolidated Statement of Financial Position

### As at 30 June 2015

	Note	2015 \$	2014 \$
<b>Current Assets</b>			
Cash and cash equivalents	8	48,810	108,455
Trade and other receivables	9	2,322	227,606
Other current assets	12	-	2,500
<b>Total Current Assets</b>		<b>51,132</b>	<b>338,561</b>
<b>Non-Current Assets</b>			
Plant and equipment	10	1,354	3,154
Exploration and evaluation expenditure	11	-	5,808,925
<b>Total Non-Current Assets</b>		<b>1,354</b>	<b>5,812,079</b>
<b>TOTAL ASSETS</b>		<b>52,486</b>	<b>6,150,640</b>
<b>Current Liabilities</b>			
Trade and other payables	13	522,207	690,808
Convertible Note	14	1,500,000	1,305,000
<b>Total Current Liabilities</b>		<b>2,022,207</b>	<b>1,995,808</b>
<b>TOTAL LIABILITIES</b>		<b>2,022,207</b>	<b>1,995,808</b>
<b>NET ASSETS</b>		<b>(1,969,721)</b>	<b>4,154,832</b>
<b>Equity</b>			
Issued capital	15	11,640,748	10,838,206
Accumulated losses		(14,099,214)	(7,134,038)
Convertible Note	14	168,400	168,400
Other Reserve	16	(641,382)	(641,382)
Options reserve	16	961,862	961,862
Equity attributable to owners of the Company		<b>(1,969,586)</b>	<b>4,193,048</b>
Non-controlling interest		(135)	(38,216)
<b>TOTAL EQUITY</b>		<b>(1,969,721)</b>	<b>4,154,832</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity

### For the year ended 30 June 2015

	Issued Capital	Accumulated Losses	Options Reserve	Other Reserve	Convert Note	Total Parent	Non- Controlling Interest	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	9,643,773	(5,260,079)	954,632	-	-	5,338,326	- 1,101,673	6,439,999
Total comprehensive income for the year	-	(1,873,958)	-	-	-	(1,873,958)	4,657	(1,869,301)
Shares issued during the year	1,228,036	-	-	-	-	1,228,036	-	1,228,036
Share issue expenses	(33,603)	-	-	-	-	(33,603)	-	(33,603)
Loan forgiveness to acquire additional shares in subsidiary	-	-	-	(641,382)	-	(641,382)	205,454	(435,929)
Options issued during the year	-	-	7,230	-	-	7,230	-	7,230
Convertible Notes issued during the period	-	-	-	-	168,400	168,400	-	168,400
Change in ownership of subsidiary	-	-	-	-	-	-	(1,350,000)	(1,350,000)
<b>Balance at 30 June 2014</b>	<b>10,838,206</b>	<b>(7,134,038)</b>	<b>961,862</b>	<b>(641,382)</b>	<b>168,400</b>	<b>4,193,048</b>	<b>(38,216)</b>	<b>4,154,832</b>
Total comprehensive income for the year	-	(6,965,176)	-	-	-	(6,965,176)	38,081	(6,927,095)
Shares issued during the year	924,746	-	-	-	-	924,746	-	924,746
Share issue expenses	(122,204)	-	-	-	-	(122,204)	-	(122,204)
Loan forgiveness to acquire additional shares in subsidiary	-	-	-	-	-	-	-	-
Options issued during the year	-	-	-	-	-	-	-	-
Convertible Notes issued during the period	-	-	-	-	-	-	-	-
Change in ownership of subsidiary	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2015</b>	<b>11,640,748</b>	<b>(14,099,214)</b>	<b>961,862</b>	<b>(641,382)</b>	<b>168,400</b>	<b>(1,969,586)</b>	<b>(135)</b>	<b>(1,969,721)</b>

*The accompanying notes form part of these financial statements.*

## Consolidated Statement of Cash Flows

### For the year ended 30 June 2015

	Note	2015 \$	2014 \$
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers and employees		(964,612)	(1,032,430)
Interest received		700	4,734
Payments for exploration, evaluation and development		(391,986)	(784,835)
Other receipts		452,957	-
<b>Net cash provided by (used in) operating activities</b>	<b>18</b>	<b>(902,941)</b>	<b>(1,812,531)</b>
<b>Cash Flows from Investing Activities</b>			
Payments for business acquisitions		-	-
Payments to acquire financial assets		-	-
Proceeds from sale of financial assets		2,500	62,594
<b>Net cash provided by (used in) investing activities</b>		<b>2,500</b>	<b>62,594</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of convertible notes		250,000	755,000
Proceeds from issue of shares		680,000	366,538
Payments for cost of issue of shares		(89,204)	(33,603)
<b>Net cash provided by (used in) financing activities</b>		<b>840,797</b>	<b>1,087,935</b>
Net increase/(decrease) in cash held		(59,645)	(662,002)
Cash and cash equivalents at beginning of year		108,455	770,457
<b>Cash and cash equivalents at end of financial year</b>	<b>8</b>	<b>48,810</b>	<b>108,455</b>

*The accompanying notes form part of these financial statements.*

## Notes to the Financial Statements for the year ended 30 June 2015

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Stratum Metals Limited for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the Directors. These consolidated financial statements and notes represent those of Stratum Metals Limited and its controlled entity ("Stratum", "Company" or "Group").

The separate financial statements of the parent entity, Stratum Metals Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on the date the Directors' Report was signed by the Directors of the Company.

Stratum Metals Limited is a public company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

#### a. Going Concern

The financial report for the year ended 30 June 2015 is prepared on a going concern basis.

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity markets, or sale of projects, and managing cash flow in line with available funds. As set out in the Financial Statements, the Group currently has a negative net current asset/liability position. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

As noted in the Director's Report and in Note 26 (Subsequent Events) of the Financial Statements the Company has signed a mandate with Armada Capital to raise a minimum of \$4 million as part of the LPE acquisition (LPE Raising).

Based on a cash flow forecast, which incorporates the LPE Raising completing in the next two to three months, the directors are satisfied that the going concern basis of preparation is appropriate.

However should the LPE Raising be unsuccessful, the Group may be unable to continue as a going concern and may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. Under these circumstances the Group may also be unable to meet its debt as and when they fall due. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and/or unable to meet its debts as and when they fall due.

#### b. Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### c. Basis of Consolidation

##### *Controlled Entities*

The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at date of acquisition.

Details of controlled entities at balance date are included in Note 22.

#### d. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for future periods reporting, but have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****d. New standards and interpretations not yet adopted (Continued)****(i) New Standard****AASB 9 Financial Instruments**

- Replaces AASB 139 for reporting periods beginning on or after 1 January 2018
- Revised guidance on classification and measurement of financial instruments
- New 'expected credit loss' model for calculating impairment on financial assets
- Changes to the conditions required to apply hedge accounting

Apart from changing naming conventions, the Group does not expect to have any impact as the Group does not have any complex financial instruments

**AASB 15 Revenue from Contract with Customers**

- Replaces AASB 118 Revenue, AASB 111 Construction Contracts and Interpretation 13 Customer Loyalty Programs for reporting periods beginning on or after 1 January 2017
- Establishes a comprehensive framework for determining whether, how much and when revenue is recognised.
- The 5-step process for recognising revenue removes the focus from the transfer of "risk and reward" to identification and completion of "performance obligations."

At this stage the Group has not entered into any contracts with customers and it is therefore difficult to predict what form any future contracts may take. As a result it is impractical to attempt to quantify the potential impact of this standard.

**AASB 14 Regulatory Deferral Accounts**

- Sets out accounting principles for entities that undertake rate-regulated activities.

None of the Group's operations are subject to a rate regulator, so this standard is not expected to have an impact.

**(ii) Changes To Standards AASB 11 Joint Operations**

- Changes to accounting for acquisition of Interests in Joint Operations. No impact is expected as Group is not party to any joint operations.

**AASB 116 Property, Plant and Equipment**

- Clarification of acceptable methods of depreciation. No impact is expected to the Group.

No impact is expected as client is not involved in the agricultural sector.

**AASB 141 Agriculture: Bearer Plants**

No impact is expected as client is not involved in the agricultural sector.

**e. Changes in Accounting Policies**

The Group has consistently applied the accounting policies set out in Note 1 to all periods presented in these consolidated financial statements.

**f. Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****f. Income Tax (Continued)**

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right to set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**g. Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

**Plant and equipment**

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

All repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

**Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	7.5% -40%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**h. Exploration and Evaluation Expenditure**

Costs in relation to exploration and evaluation expenditure are capitalised to the extent that:

- i. the rights to tenure of the areas of interest are current and the Group controls the area of interest in which the expenditure has been incurred;
- ii. such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- iii. exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

The statement of comprehensive income will recognise expenses arising from the excess of the carrying values of exploration and evaluation assets over the recoverable amounts of these assets. Expenditure capitalised under the above policy is amortised over the life of the area of interest from the date that that commercial production of the related mineral occurs. In the event that an area of interest is abandoned or if the directors consider the expenditure to be of no value, accumulated expenditure carried forward is written off in the year in which that assessment is made.

**i. Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**j. Investments**

Investments are valued at cost or recoverable amount. The carrying cost of investments is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the shares' current market value. Expected net cash flows have not been discounted in determining recoverable amounts.



**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****k. Financial Instruments****Recognition**

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**Loans and receivables**

These financial assets consist of trade and other receivables, which are measured at cost less any accumulated impairment losses. There is a significant concentration of credit risk with the Australia Taxation Office, however management considers credit risk of this entity to be extremely low.

**Convertible Notes and Loans**

Stratum has on issue 1,350,000 Convertible Notes (the Notes) convertible into ordinary shares of the parent entity and had on issue at balance date \$150,000 in Stage 1 unsecured loans convertible by agreement (Loans).

During the period the Notes were assigned to new holders. The assignment including varying some of the key terms and conditions of the Notes (subject to shareholder approval), including:

- The face value of the Notes has been reduced (from \$1.00) to \$0.50, resulting in a reduction of the liability in Stratum's accounts (from \$1.35m to \$675,000). However as this has not been approved by shareholders the reduction in liability has not yet been recognised in this financial report.
- Automatic conversion of the Notes upon the earlier of settlement of the LPE acquisition, or 31 December 2015.
- Note conversion = one share plus one option for every two shares issued. Shares converted at 80% of the price of the capital raising conducted concurrently with the LPE acquisition. Options exercisable at \$0.02 and expiring on or before 29 February 2016.
- Interest calculated at 1.0% per month and paid in shares with a deemed price of \$0.01 per share.

\$250,000 in Loans were issued during between October 2014 and January 2015. The loans are convertible into ordinary shares at \$0.006 (or if there is a change in control of the Company, at 80% of the 20 day VWAP), with one free attaching option exercisable at \$0.02 on or before 29 February 2016 for every share issued. \$100,000 of loans were converted with shareholder approval at \$0.006 in January 2015.

**Financial Assets at fair value through profit or loss**

Financial assets are valued at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

**Held-to-maturity investments**

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by the Group are stated at amortised cost.

**Available-for-sale financial assets**

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity, except where losses are considered to be prolonged and extensive, in which case such losses are recognised in profit or loss.

**Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

**Derivative instruments**

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

At present, the Group does not have any derivative instruments.

**Fair Value**

Fair value is determined based on current bid prices for all quoted investments.

**Impairment**

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****l. Impairment of Assets**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**m. Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Other non-current employment benefit obligations are discounted using market yields on government bonds.

**n. Equity settled compensation**

The Group operates share-based compensation plans for employees and directors/officers. The element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the statement of comprehensive income. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

**o. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of twelve months or less, and bank overdrafts. Where applicable, bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**p. Revenue**

Interest revenues are recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

**q. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**r. Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefit will result and that outflow can be reliably measured.

No provision has yet been recognised for mine restoration and rehabilitation costs because the definition above has not yet been satisfied in relation to any of the areas of interest operated by the Group.

**s. Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance recognised as a current liability with the amount being normally within 30 days of reconciliation of the liability.

**t. Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

*Key Estimates — Impairment*

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Impairment expense of \$6,201,076 has been recognised for the period ended 30 June 2015, in respect of capitalised exploration costs. This impairment was made after considering declining commodity prices and poor market sentiment towards junior resource companies and the difficulties encountered during the period in raising funds to explore the Group's exploration projects. While the directors continue to believe in the exploration and development upside and continue to actively pursue ways to extract value from the Group's exploration projects, they believe it is appropriate to make this accounting adjustment at this time.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****t. Critical Accounting Estimates and Judgments (Continued)***Key Estimates — Capitalisation of Exploration Costs*

In determining whether costs incurred relate to capitalised areas of interest or are administrative in nature and thus need to be recognised as expenses in profit or loss, the directors act on the advice of exploration staff and contractors.

**u. Foreign Currency Transactions and Balances***Functional and presentation currency*

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

**v. Government Grants**

To the extent that grants/contributions/rebates are received from taxation authorities, they are recognised in the Statement of Comprehensive Income as an Income Tax Benefit.

	2015	2014
	\$	\$

**NOTE 2 REVENUE**

Interest Revenue - Bank	700	4,599
Realised gain on sale of exploration assets	3,000	-
Unrealised gain/(loss) on shares in listed companies	-	1,250
Realised gain/(loss) on shares in listed companies	(1,230)	28,199
<b>Total Revenue</b>	<b>2,470</b>	<b>34,048</b>

**NOTE 3 LOSS FOR THE PERIOD**

Loss for the period is derived after charging the following significant expenses:

Exploration impairment	(6,201,076)	(654,697)
Consultants	(216,439)	(291,261)
Other expenses – legal	(178,293)	-
Other expenses – stamp duty	(27,228)	(235,839)

**NOTE 4 INCOME TAX EXPENSE****(a) Recognised in the statement of comprehensive income**

Current tax benefit	(249,736)	(201,450)
Deferred tax benefit	-	-
<b>Total income tax expense/(benefit) reported in statement of comprehensive income</b>	<b>(249,736)</b>	<b>(201,450)</b>

**The pre-tax net loss is reconciled to the income tax expense/(benefit) as follows:**

Net profit/(loss) before tax	(7,176,831)	(2,070,751)
Income tax expense/(benefit) on above at 30%	(2,153,049)	(621,255)
Increase in income tax due to tax effect of:		
- Non-deductible expenses	135,872	94,045
- Current year tax losses not recognised	294,890	408,539
- Loss on investment in associate/subsidiary	-	-
- Current year capital losses not recognised	22,494	7,888
- Movement in unrecognised temporary differences	1,745,339	148,967

**NOTE 4 INCOME TAX EXPENSE (Continued)**

	2015	2014
	\$	\$
Decrease in income tax expense/(benefit) due to:		
- R&D Tax Incentive	(249,736)	(201,450)
- Deductible equity raising costs	(45,546)	(38,214)
<b>Income tax expense/(benefit) attributable to the Group</b>	<b>(249,736)</b>	<b>(201,450)</b>

**(b) Deferred tax recognised directly in equity**

Relating to origination and reversal of temporary differences	-	-
Deferred tax assets not brought to account	-	-
<b>Income tax reported in equity</b>	<b>-</b>	<b>-</b>

**(c) Deferred tax assets and liabilities****Deferred tax liabilities**

Exploration and evaluation expenditure	-	319,938
Other assessable temporary differences	370	1,127
Off set of deferred tax assets	(370)	(321,065)
<b>Net deferred tax liabilities</b>	<b>-</b>	<b>-</b>

**Deferred tax assets**

Tax revenue losses	1,982,984	1,854,585
Tax capital losses	30,382	7,888
Deductible temporary differences	733,659	784,914
	2,747,026	2,647,387
Off set of deferred tax liabilities	(370)	(321,065)
<b>Net deferred tax assets not brought to account</b>	<b>2,746,656</b>	<b>2,326,322</b>

**NOTE 5 KEY MANAGEMENT PERSONNEL COMPENSATION**

The aggregate compensation made to directors and other members of key management personnel of the Company and the Group is set out below:

Key management personnel compensation	2015	2014
	\$	\$
Short-term benefits	394,895	810,331
Post-employment benefits	-	24,573
Share-based payments	-	-
	<u>397,251</u>	<u>834,904</u>

**NOTE 6 AUDITOR'S REMUNERATION**

Remuneration of the auditor of the Group for

- auditing or reviewing the financial report	60,000	45,507
- non-audit services	12,000	-
	<b>72,000</b>	<b>45,507</b>

**NOTE 7 LOSS PER SHARE**

Reconciliation of earnings to profit or loss:

Loss for the year	(6,927,095)	(1,869,301)
Earnings used to calculate basic EPS	(6,927,095)	(1,869,301)
Earnings used in the calculation of dilutive EPS	(6,927,095)	(1,869,301)

	2015 Number	2014 Number
Weighted average number of ordinary shares on issue in calculating basic EPS	106,343,201	79,000,749
Weighted average number of options outstanding	32,343,573	12,639,041
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	106,343,201	79,000,749
Anti-dilutive options on issue not used in dilutive EPS calculation	32,343,573	12,639,041

**NOTE 8 CASH AND CASH EQUIVALENTS**

Cash at bank	48,810	108,455
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The cash and cash equivalents balance above reconciles to the statement of cash flows.

**NOTE 9 TRADE AND OTHER RECEIVABLES****CURRENT**

Trade and other receivables	2,322	227,606
<b>Total Receivables</b>	<b>2,322</b>	<b>227,606</b>

**NOTE 10 PLANT AND EQUIPMENT****PLANT AND EQUIPMENT**

Plant and equipment:

At cost	7,200	7,200
Accumulated depreciation	(5,846)	(4,046)
<b>Total Plant and Equipment</b>	<b>1,354</b>	<b>3,154</b>

	2015 Number	2014 Number
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**NOTE 11 EXPLORATION AND EVALUATION EXPENDITURE**

Balance at beginning of financial year	5,808,925	5,608,987
Capitalised	392,151	854,635
Fair value of exploration assets acquired	-	-
Impaired	(6,201,076)	(654,697)
<b>Exploration and evaluation expenditure capitalised – at cost</b>	<b>-</b>	<b>5,808,925</b>

**NOTE 11 EXPLORATION AND EVALUATION EXPENDITURE (Continued)**

The ultimate recoupment of the exploration expenditure carried forward is dependent on the successful development and commercial exploitation and/or sale of the relevant areas of interest, at amounts at least equal to book value.

Having assessed the carrying value of the exploration expenditure the directors have determined that it is not appropriate to continue carrying forward any value for the capitalised exploration expenditure. This conclusion was reached after considering the following factors:

- Stratum's declining share price (and therefore market capitalisation) indicating that the market puts a low value on the Group's only current activity, its exploration projects.
- The difficulties encountered during 2014 in raising funds to explore the Group's exploration projects.
- Declining commodity prices and poor market sentiment towards junior resource companies.

While the directors continue to believe in the exploration and development upside and continue to actively pursue ways to extract value from the Group's exploration projects, they believe it is appropriate to make this accounting adjustment at this time.

	2015	2014
	\$	\$

**NOTE 12 OTHER CURRENT ASSETS****CURRENT**

Fair value through profit and loss financial assets – investments in listed companies	-	2,500
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**NOTE 13 TRADE AND OTHER PAYABLES****CURRENT**

Trade payables	370,043	473,559
Sundry payables and accrued expenses	102,164	167,249
Loan from former director	50,000	50,000
	<b>522,207</b>	<b>690,808</b>

**NOTE 14 CONVERTIBLE NOTE**

The Company has on issue 1,350,000 convertible notes. Further detail may be found at Note 1(k).

**NOTE 15 ISSUED CAPITAL**

Fully paid ordinary shares	12,399,853	11,475,108
Share issue costs	(759,105)	(636,902)
	<b>11,640,748</b>	<b>10,838,206</b>

*These shares have no par value.*

	2015 Number	2015 \$	2014 Number	2014 \$
<b>(a) Ordinary Shares</b>				
At the beginning of financial year	121,422,277	10,838,206	63,440,484	9,643,773
Shares issued during the period				
- Issued for cash (19/11/13 & 2/12/13)	-	-	1,000,000	65,000
- Issued for services (17/12/13)	-	-	1,163,345	69,801
- Issued for cash (11/3/14)	-	-	10,050,000	301,500
- Issued for services (15/7/14)	3,300,000	33,000	-	-
- Issued for cash (12/1/15 & 13/1/15)	93,333,333	680,000	-	-
- Issued for conversion of convertible notes (various dates)	16,000,000	100,000	45,205,241	724,506
- Issued for convertible notes interest (various dates)	2,084,899	111,746	563,207	67,229
- Less capital raising costs	-	(122,204)	-	(33,603)
<b>Balance at end of financial year</b>	<b>236,140,509</b>	<b>11,640,748</b>	<b>121,422,277</b>	<b>10,838,206</b>

**NOTE 15 ISSUED CAPITAL (Continued)**

Ordinary shares participate in dividends and the proceeds on the winding up of the Group in proportion to the number of shares held. At Shareholders meetings, on a show of hands, every member present in person or by proxy, or attorney or representative has one vote and upon a Poll every member present in person, or by proxy, attorney or representative shall in respect of each fully paid share held, have one vote for the share, but in respect of partly paid shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those shares (excluding amounts credited).

**(b) Share Options**

At the end of the period, the following options over unissued ordinary shares were outstanding:

- 3,000,000 options expiring 7 June 2016 at an exercise price of \$0.25 each
- 3,000,000 options expiring 7 June 2016 at an exercise price of \$0.35 each
- 500,000 options expiring 15 April 2018 at an exercise price of \$0.25 each
- 600,000 options expiring 23 January 2017 at an exercise price of \$0.25 each
- 250,000 options expiring 15 April 2016 at an exercise price of \$0.25 each
- 5,500,000 options expiring 15 April 2016 at an exercise price of \$0.40 each
- 43,849,104 options expiring 29 February 2016 at an exercise price of \$0.02 each

For information relating to the Group's employee option plan, including details of options issued, exercised and lapsed during the financial period and the options outstanding at period-end, refer to Note 19 Share-based Payments.

No share options were issued to key management personnel during the financial period.

**(c) Capital Management**

The Board controls the capital of the Group in order to minimise debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

The Board effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues.

There have been no changes in the strategy by management to control the capital of the Group since the prior year.

**NOTE 16 RESERVES**

The options reserve records items recognised as expenses on valuation of share options.

The other reserve is to record changes in ownership of subsidiaries that did not impact on control.

**NOTE 17 TENEMENT COMMITMENTS**

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group, however the maximum amount that would have to be expended if the Group decided to keep all of its tenements in good standing would be:

	2015	2014
	\$	\$
Not longer than one year	487,780	630,700
Longer than one year, but not longer than five years	780,060	1,297,240
Total	1,267,840	1,927,940

The Group has the option to negotiate new terms or relinquish the tenements and also to meet expenditure requirements by joint venture or farm-in arrangements.

	2015	2014
	\$	\$
<b>NOTE 18 CASH FLOW INFORMATION</b>		
<b>Reconciliation of Cash Flow from Operations with Loss after Income Tax</b>		
Loss after income tax	(6,927,095)	(1,869,301)
Non-cash flows in loss		
Depreciation	1,800	1,800
Equity settled transactions	-	7,230
Exploration expenditure impaired	6,201,076	654,697
(Gain)/loss on available for sale financial assets	-	(29,449)
Amortisation on convertible notes	45,000	92,867
Interest accrued on convertible notes& loans	122,955	94,510
Operating cash flows not in loss		
Payments for exploration and evaluation	(391,986)	(784,835)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in receivables & prepayments	227,784	(150,648)
Increase/(decrease) in trade payables and accruals	(182,475)	170,598
<b>Cash flow from operations</b>	<b>(902,941)</b>	<b>(1,812,531)</b>

The Group had no credit standby, overdraft or other financing arrangements with Banks and other financial institutions at the end of the financial period.

#### NOTE 19 SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2015:

##### a. Unlisted Options

	30 June 2015	
	Number of Options	Weighted Average Exercise Price (\$)
Outstanding at 1 July 2014	12,350,000	0.335
Granted	43,849,104	0.02
Expired	-	-
<b>Outstanding at period-end</b>	<b>56,199,104</b>	<b>0.0920</b>
<b>Exercisable at period-end</b>	<b>56,199,104</b>	<b>0.0920</b>

There were no unlisted options exercised during the financial year ended 30 June 2015.

##### b. Share-based Payments

Included under share based payments expense in the statement of comprehensive income is nil (2014: \$7,230), and relates, in full, to equity-settled share-based payment transactions.



**NOTE 20 OPERATING SEGMENTS**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographic basis, that is, the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the Board of Directors which is at the Consolidated Entity level. The Group does not have any products or services it derives revenue from.

Accordingly, management currently identifies the Group as having only one reportable segment, being the exploration of mineral assets in Australia. There have been no changes in the operating segments during the year. Accordingly, all significant operating decisions are based upon analysis of the Consolidated Entity as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

**NOTE 21 FINANCIAL RISK MANAGEMENT****Financial Risk Management Policies**

The Group's financial instruments consist mainly of deposits with banks, short term investments, convertible notes and loans, accounts receivable and accounts payable.

The main risks and related risk management policies arising from the Group's financial instruments are summarised below.

**Credit Risk**

The maximum exposure to credit risk at balance date to recognised financial assets, net of any provisions for impairment, is disclosed in the statement of financial position and notes to and forming part of the financial report. The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

**Interest Rate Risk**

The Group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Group's exposure to interest rate risk is minimal. Interest rates on convertible notes and loans are fixed.

**Liquidity Risk**

The Group manages liquidity risk by monitoring forecast cash flows. The Group's operations require the raising of capital on an on-going basis to fund its planned exploration program and to commercialise its tenement assets.

**Net Fair Values**

The net fair values of financial assets and financial liabilities approximate their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form except for the investment disclosed in Note 12. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial report.

The Group's exposure to interest rate risk and effective average interest rate for classes of financial assets and financial liabilities is set out below.

	Weighted Average Effective Interest Rate	Floating Interest Rate Less than 1 year	Fixed Interest Rate Maturing Less than 1 year	Non-Interest Bearing	Total
<b>2015</b>					
<b>Financial Assets</b>					
Cash and cash equivalent assets	1.0%	48,810	-	-	48,810
Receivables		-	-	2,322	2,322
Investments		-	-	-	-
<b>Total Financial Assets</b>		<b>48,810</b>	<b>-</b>	<b>2,322</b>	<b>51,132</b>
<b>Financial Liabilities</b>					
Payables			50,000	472,007	522,207
Convertible Notes and Loans			1,500,000	-	1,500,000
<b>Total Financial Liabilities</b>		<b>-</b>	<b>1,550,000</b>	<b>472,007</b>	<b>2,022,207</b>

**NOTE 21 FINANCIAL RISK MANAGEMENT (Continued)****2014****Financial Assets**

Cash and cash equivalent assets	1.0%	108,455	-	-	108,455
Receivables		-	-	227,606	227,606
Investments		-	-	2,500	2,500
<b>Total Financial Assets</b>		<b>108,455</b>	<b>-</b>	<b>230,106</b>	<b>338,561</b>

**Financial Liabilities**

Payables		-	-	690,808	690,808
Convertible Notes and Loans			1,350,000	-	1,350,000
<b>Total Financial Liabilities</b>		<b>-</b>	<b>1,350,000</b>	<b>690,808</b>	<b>2,040,808</b>

**Foreign exchange risk**

Exposure to foreign exchange risk may result in fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group makes purchases or holds financial instruments which are other than the AUD functional currency.

The foreign currency risk in the books of the Group is considered immaterial and is therefore not shown.

2015	2014
\$	\$

**NOTE 22 STRATUM METALS LIMITED PARENT INFORMATION****(a) Stratum Metals Limited****ASSETS**

Current assets	50,505	330,461
Non-current assets	1,354	8,655,197
<b>TOTAL ASSETS</b>	<b>51,859</b>	<b>8,985,658</b>

**LIABILITIES**

Current liabilities	2,020,923	1,940,370
Non-current Liabilities	-	-
<b>TOTAL LIABILITIES</b>	<b>2,020,923</b>	<b>1,940,370</b>

**NET ASSETS**

<b>(1,969,064)</b>	<b>7,045,288</b>
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**EQUITY**

Issued capital	12,399,813	11,475,067
Share issue costs	(759,105)	(636,902)
	11,640,708	10,838,165
Options reserve	961,862	961,862
Convertible Notes	168,400	168,400
Accumulated Losses	(14,740,034)	(4,923,139)
<b>TOTAL EQUITY</b>	<b>(1,969,064)</b>	<b>7,045,288</b>

**FINANCIAL PERFORMANCE**

<b>Loss for the period</b>	<b>(9,816,894)</b>	<b>(1,773,024)</b>
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Includes impairment of loans receivable from subsidiaries which is eliminated on consolidation.

**NOTE 22 STRATUM METALS LIMITED PARENT INFORMATION –(Continued)****(b) Subsidiary of Stratum Metals Limited**

Company Name	Country of Incorporation	Percentage Owned (%)*	
		2015	2014
Stratum Coal Pty Ltd**	Australia	100	100
Menzies Goldfield Limited	Australia	100	100
Riqo Pty Ltd	Australia	80	80

\*Percentage of voting power is in proportion to ownership

\*\* deregistered 24/09/2015

**(c) Amounts Outstanding from Related Parties**

These amounts relate principally to loans from the Parent to its subsidiaries.

	2015	2014
	\$	\$
Beginning of the year	4,255,974	3,013,815
Loans advanced	393,886	1,242,159
Loan provision for non-recovery	(4,649,860)	-
<b>End of Year</b>	<b>-</b>	<b>4,255,974</b>

No interest is being charged on loans.

**(d) Amounts Outstanding to Related Parties**

The amounts outstanding at 30 June 2015 relate to accrued and unpaid director fees.

	2015	2014
	\$	\$
Beginning of the year	140,846	9,144
Amounts repaid	(140,846)	(9,144)
Fees outstanding	19,967	140,846
<b>End of Year</b>	<b>19,967</b>	<b>140,846</b>

No interest is being charged on loans.

**NOTE 23 CONTINGENT ASSETS**

The Group is in the process of lodging an application for ATO R&D refund for the 2015 financial year. The Group successfully applied and received a refund of \$249,736 relating to the 2014 financial year and expects to receive approximately \$80,000 for the 2015 financial year.

As described in note 1(k) the Group has reassigned \$1.35 million of convertible notes to new holders which has reduced their face value to \$675,000. However this has not yet been brought to account as the arrangement has not yet been approved by shareholders. If the arrangement does receive approval, liabilities will be reduced by \$675,000.

In June the Group agreed to sell its IP, data and materials associated with its former Gidgee project for \$30,000 excluding GST to Australian Mineral Partners Pty Ltd (AMP). \$3,000 deposit was received in the period and booked in the accounts as a gain. The balance of \$27,000 is only receivable after the successful grant to AMP of the tenement over that area which AMP it has under application. The Group has therefore taken the conservative approach and discloses it as a contingent asset, with revenue only being booked upon receipt.

## NOTE 24 CONTINGENT LIABILITIES

A contingent liability exists in relation to contingent deferred consideration in the acquisition of 80% of the issued capital of Riqo Pty Ltd. The Riqo Transaction provides for deferred consideration of \$5 per ounce for the first 400,000 ounces of JORC defined resource on the Riqo Menzies Project, announced to the ASX by Stratum. The payment is to be made by Stratum on every 50,000 ounces defined by Stratum on the Riqo Menzies Project and can be payable in cash or fully paid ordinary shares in Stratum.

To the best of their knowledge, the directors are of the belief that there are no other contingent liabilities as at 30 June 2015.

## NOTE 25 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

### Key Management Personnel

During the year, \$90,000 was paid to Corporate Administration Services Pty Ltd for the provision of Group Secretarial services performed by Duncan Cornish (resigned 31 March 2015).

Director's fees were paid through the following intermediaries, the total amounts for which are disclosed in the Remuneration Report:

Bedar Holdings Pty Ltd (Andrew Pierce)  
Richard Group Pty Ltd (John Shepherd)  
Larrekeyah Pty Ltd (Daniel Moore)

## NOTE 26 SUBSEQUENT EVENTS

### LPE acquisition

On 3 July 2015 Stratum announced that it had executed an exclusive option agreement (**HOA**) to acquire 100% of the issued capital in energy retailer Locality Planning Energy Pty Ltd (**LPE**) (ACN 148 958 061) (**Acquisition**).

### Key Acquisition Terms

- Stratum paid option facilitation fees of \$50,000.
- Upon exercising the option, Stratum paid a further option facilitation fee of \$50,000 to LPE in consideration for the LPE shareholders granting an option to Stratum (exercisable on or before 30 July 2015) to acquire 100% of the issued capital in LPE (**Option**).
- In consideration for 100% of the issued capital in LPE, Stratum agrees to issue the following securities to the LPE shareholders in proportion to the number of LPE shares held (refer to Settlement conditions below):
  - such number of fully paid ordinary shares in the capital of Stratum (**Stratum Shares**) as is equal to the number of Stratum Shares deemed to be on issue on the date of settlement (**Settlement Date**) (including any Stratum Shares issued under the Capital Raising, defined below, and including any Stratum Shares issued upon conversion of any Stratum convertible notes and convertible loans on issue on or before the Settlement Date) (the **Consideration Shares**);
  - such number of performance shares (**Performance Shares**) that together with the Consideration Shares represent 70% of the Stratum Shares deemed to be on issue on the Settlement Date (including any Stratum Shares issued under the Capital Raising, the Consideration and Performance Shares and including any Stratum Shares issued upon conversion of any Stratum convertible notes and convertible loans on issue on or before the Settlement Date). The Performance Shares will convert automatically into Stratum Shares upon satisfaction of the following milestones (subject to ASX approval);
    - One third of the Performance Shares shall convert upon LPE having under management (supply and sell under contract) 50 Giga Watts (GW) of annualised energy contracts within 18 months from the Settlement Date;
    - One third of the Performance Shares shall convert upon LPE having under management (supply and sell under contract) 75GW of annualised energy contracts within 24 months from the Settlement Date;
    - One third of the Performance Shares shall convert upon LPE having under management (supply and sell under contract) 100GW of annualised energy contracts within 30 months from the Settlement Date.
- Stratum agrees not to issue any additional options exercisable into SXT Shares unless agreed in writing by LPE

**NOTE 26 SUBSEQUENT EVENTS (Continued)**

- Settlement of the acquisition (**Settlement**) is conditional upon the satisfaction (or waiver by Stratum) of the following conditions precedent by no later than 2 months following exercise of the Option by Stratum (unless indicated otherwise):
  - completion of due diligence by Stratum on LPE's business and operations, to the sole satisfaction of Stratum within 30 days following the execution of the HOA (**Execution Date**);
  - completion of due diligence by LPE on Stratum's business and operations, to the sole satisfaction of LPE within 30 days following the Execution Date;
  - ASX approving the terms of the Performance Shares under ASX Listing Rules 6.1 and 6.2;
  - Stratum entering into agreements with all holders of notes convertible into Stratum Shares under which they agree to their notes being converted into Stratum Shares at or before Settlement;
  - the conditional approval by ASX to reinstate the securities of Stratum to trading on ASX (after Stratum re-complies with Chapters 1 and 2 of the ASX Listing Rules) and those conditions being satisfied to the reasonable satisfaction of Stratum and LPE;
  - Stratum undertaking and successfully completing a capital raising with valid applications for at least \$4,000,000 (**Capital Raising**);
  - Stratum holding a shareholder meeting to:
    - obtain all approvals that are required to give effect to the transactions contemplated; and
    - change the name of Stratum to "Locality Planning Energy Limited" (or such other name as is agreed between LPE and Stratum).
    - Armada Capital Pty Ltd will receive 75,000,000 Options (exercisable at a 25% premium to the price of the Capital Raising on or before 30 June 2017) in consideration for introducing and assisting with the implementation of the proposed acquisition of LPE by Stratum.

Further detail may be found in the directors report.

**Capital Raising**

Subsequent to 30 June 2015, the Company has;

- raised \$250,000 through unsecured loans convertible into shares at 2 cents each (subject to shareholder approval). The capital raising was managed by Armada Capital. The material terms of the loans are that they will be convertible at completion of the acquisition of Locality Planning Energy Pty Ltd (LPE) or 9 months following any termination of same. The interest rate of 24% was paid in advance by issuing 3,000,000 shares, from Stratum's existing capacity under Listing Rule 7.1
- issued 7,666,667 Shares after the exercise of Options at \$0.02 raising \$ 153,333
- issued a further 451,235 Stratum Shares in satisfaction of convertible note interest
- converted \$13,200 of Stage 1 Stratum Loans into shares and options from Stratum's existing capacity under Listing Rule 7.1..

On 28 September 2015 the Company gave notice of a General Meeting to be held on 2 November 2015 to approve the LPE acquisition described above. Amongst other things it involves a change to nature and scale of activities, a reconstruction of capital and approval of various securities and issues.

On 30 September 2015 Stratum appointed Armada Capital Lead Manager and Corporate Advisor to coordinate the proposed acquisition and re-compliance listing described above. The raising will be via prospectus with a minimum of \$4,000,000 and maximum of \$6,000,000 at a price of \$0.02 per share. Fee's include a placing fee of 5%, a management fee of \$50,000, corporate advisor options (75,000,000 exercisable at \$0.025 by 30 June 2017, subject to shareholder approval) a corporate advisory retainer of \$10,000 per month and reimbursement of reasonable expenses.

No other matters or circumstances that have arisen since 30 June 2015 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

The financial report was authorised for issue on the date the Director's Report was signed. The Board has the power to amend and re-issue the financial report.

**NOTE 27 GROUP DETAILS**

The registered office and principal place of business of the Group is:

Suite 8, 55 Hampden Road  
Nedlands WA 6009  
Phone: +61 8 9389 5885

## Declaration by Directors

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The directors of the Group declare that:

1. the financial statements and notes, as set out on pages 25 to 45 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards which, as stated in Note 1(b) to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Group;
2. the Chief Financial Officer has declared\* that:
  - (a) the financial records of the Group for the financial period have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

\*Note: Stratum Metals Limited does not currently have a Managing Director, or any person who fills that role.

This declaration is made in accordance with a resolution of the Board of Directors.



Andrew Pierce  
Non-Executive Chairman

30 September 2015

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF STRATUM METALS LTD**



***Report on the Financial Report***

We have audited the accompanying financial report of Stratum Metals Limited and controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2015 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes, and the directors' declaration.

***Directors' Responsibility for the Financial Report***

The directors of the Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies' and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: Presentation of Financial Statements, that compliance with Australian equivalent to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial reporting Standards.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee as well as evaluating the overall presentation of the financial report.

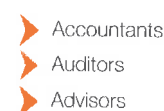
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Independence***

In conducting our audit, we have complied with the independence requirement of the *Corporations Act 2001*.



A member of Bentleys, an association of independent accounting firms in Australia. The member firms of the Bentleys association are affiliated only and not in partnership. Liability limited by a scheme approved under Professional Standards Legislation.



**Auditor's Opinion**

In our opinion:

- a. the financial report of Stratum Metals Limited is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
  
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the Group's operations are dependent on the raising of capital on an on-going basis to fund its operations. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's Opinion**

In our opinion the Remuneration Report for Stratum Metals Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



Bentleys Brisbane (Audit) Pty Ltd



Stewart Douglas  
Director  
Brisbane

30 September 2015



## Shareholder Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 29 September 2015.

### (a) Distribution of equity securities

The number of holders, by size of holding, in each class of security, are:

Ordinary Shares			Unlisted Options		
	No. Holders	No. Shares		No. Holders	No. Options
1 - 1,000	9	1,999	1 - 1,000	-	-
1,001 - 5,000	14	47,723	1,001 - 5,000	-	-
5,001 - 10,000	107	1,023,973	5,001 - 10,000	2	13,750
10,001 - 100,000	227	11,192,458	10,001 - 100,000	1	75,000
100,001 and over	281	236,764,177	100,001 and over	27	47,967,881
<b>Total</b>	<b>638</b>	<b>249,030,330</b>	<b>Total</b>	<b>30</b>	<b>48,056,631</b>

The number of security investors holding less than a marketable parcel of 25,000 securities is 184 and they hold 2,018,679 securities.

### (b) Twenty largest holders

The names of the twenty largest holders, in each class of quoted security are:

#### Ordinary shares:

	Number of shares	% of total shares
1 LSAF HOLDINGS PTY LTD <OWEN FAMILY A/C>	26,500,000	10.64
2 CLIVE WATERSON SUPERFUND PTY LTD <CLIVE WATERSON S/F A/C>	12,200,000	4.90
3 MR JASON PETERSON & MRS LISA PETERSON <J & L PETERSON S/F A/C>	10,666,667	4.28
4 CHIFLEY PORTFOLIOS PTY LIMITED <DAVID HANNON RET FUND A/C>	10,129,506	4.07
5 MAN HOLDINGS PTY LTD <THE NELSON HYBRID A/C>	6,660,634	2.67
6 BEDAR HOLDINGS PTY LIMITED <THE ANDREW R PIERCE S/F A/C>	4,960,641	1.99
7 MR PAUL WILLIAM BRIDGWOOD <BRIGHTSPARK A/C>	4,600,000	1.85
8 MR JOHN CHARLES VASSALLO & MR SEAN JAMES VASSALLO <VASSALLO FAMILY S/F A/C>	4,200,000	1.69
9 MR JOHN HENRY TOLL <TOLL FAMILY DISCRINARY A/C>	4,000,000	1.61
10 MR JOHN DAVID ROSS TURNEY & MS JANIS EDNA GRUMMITT	3,500,000	1.41
11 RNAJ PTY LTD <RNAJ STAGG SUPER FUND A/C>	3,493,156	1.40
12 TALEX INVESTMENTS PTY LTD	3,330,000	1.34
13 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,267,800	1.31
14 ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	3,170,837	1.27
15 ROSS MAXWELL DAISLEY & MARIETTA LOUISE DAISLEY <DJ DAISLEY & SONS S/F A/C>	3,000,000	1.20
16 MR DAVID FRASER	3,000,000	1.20
17 MR PETER CHARLES PRITCHARD FARRIS & MRS SUSAN MARY PATRICIA FARRIS	3,000,000	1.20
18 MR DAVID JOSEPH PERRI	2,530,000	1.02
19 BOND STREET CUSTODIANS LIMITED <WIMPL - V21664 A/C>	2,416,667	0.97
20 SHAHEEN LATIF PTY LTD <SHAHEEN LATIF FAMILY A/C>	2,400,000	0.96
<b>Top 20</b>	<b>117,025,908</b>	<b>46.99%</b>
<b>Total</b>	<b>249,030,330</b>	<b>100.00%</b>

**(c) Substantial shareholders**

The Company notes that, as at 29 September 2015, the following shareholders own substantial shareholdings ( $\geq 5.0\%$ ) in Stratum:

Name of Shareholder:	Ordinary Shares:	% of total shares:
LSAF Holdings Pty Ltd <Owen Family A/C>	26,500,000	10.64%

**(d) Voting rights**

All ordinary shares carry one vote per share without restriction.

Options do not carry voting rights.

**(e) Restricted securities**

The Group currently has no restricted securities on issue.

**(f) On-market buy-back**

There is not a current on-market buy-back in place.

**(g) Business objectives**

The Group has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

## Interests in Tenements

Stratum Metals Limited held the following interests in tenements as at 29 September 2014:

Tenement	Project	Location	Tenement Holder	% Ownership
E29/0872	Menzies	WA, Australia	MGL	100
M29/0141	Menzies	WA, Australia	MGL	100
P29/1928	Menzies	WA, Australia	MGL	100
P29/1929	Menzies	WA, Australia	MGL	100
P29/1930	Menzies	WA, Australia	MGL	100
P29/1931	Menzies	WA, Australia	MGL	100
P29/2101	Menzies	WA, Australia	MGL	85
P29/2102	Menzies	WA, Australia	MGL	85
P29/2103	Menzies	WA, Australia	MGL	85
P29/2106	Menzies	WA, Australia	MGL	100
P29/2107	Menzies	WA, Australia	MGL	100
P29/2108	Menzies	WA, Australia	MGL	100
P29/2109	Menzies	WA, Australia	MGL	100
P29/2110	Menzies	WA, Australia	MGL	100
P29/2111	Menzies	WA, Australia	MGL	100
P29/2113	Menzies	WA, Australia	MGL	100
P29/2114	Menzies	WA, Australia	MGL	100
P29/2124	Menzies	WA, Australia	MGL	100
P29/2125	Menzies	WA, Australia	MGL	100
P29/2126	Menzies	WA, Australia	MGL	100
P29/2127	Menzies	WA, Australia	MGL	100
P29/2128	Menzies	WA, Australia	MGL	100
P29/2129	Menzies	WA, Australia	MGL	100
P29/2133	Menzies	WA, Australia	MGL	85
P29/2140	Menzies	WA, Australia	MGL	85
P29/2141	Menzies	WA, Australia	MGL	85
P29/2145	Menzies	WA, Australia	MGL	100
P29/2146	Menzies	WA, Australia	MGL	100
P29/2147	Menzies	WA, Australia	MGL	100
P29/2148	Menzies	WA, Australia	MGL	100
P29/2149	Menzies	WA, Australia	MGL	100
P29/2150	Menzies	WA, Australia	MGL	100
P29/2161	Menzies	WA, Australia	MGL	100
P29/2162	Menzies	WA, Australia	MGL	100
P29/2163	Menzies	WA, Australia	MGL	100
P29/2164	Menzies	WA, Australia	MGL	100
P29/2174	Menzies	WA, Australia	MGL	100
P29/2175	Menzies	WA, Australia	MGL	100
P29/2220	Menzies	WA, Australia	MGL	100
P29/2221	Menzies	WA, Australia	MGL	100
P29/2222	Menzies	WA, Australia	MGL	100
P29/2223	Menzies	WA, Australia	MGL	100
P29/2224	Menzies	WA, Australia	MGL	100
P29/2225	Menzies	WA, Australia	MGL	100
P29/2226	Menzies	WA, Australia	MGL	100
P29/2227	Menzies	WA, Australia	MGL	100

Tenement	Project	Location	Tenement Holder	% Ownership
P29/2228	Menzies	WA, Australia	MGL	100
P29/2270	Menzies	WA, Australia	MGL	100
P29/2272	Menzies	WA, Australia	MGL	100
P29/2273	Menzies	WA, Australia	MGL	100
P29/2274	Menzies	WA, Australia	MGL	100
P29/2275	Menzies	WA, Australia	MGL	100
P29/2276	Menzies	WA, Australia	MGL	100
P29/2277	Menzies	WA, Australia	MGL	100
P29/2278	Menzies	WA, Australia	MGL	100
P29/2279	Menzies	WA, Australia	MGL	100
P29/2280	Menzies	WA, Australia	MGL	100
P29/2281	Menzies	WA, Australia	MGL	100
P29/2282	Menzies	WA, Australia	MGL	100
P29/2283	Menzies	WA, Australia	MGL	100
P29/2284	Menzies	WA, Australia	MGL	100
P29/2285	Menzies	WA, Australia	MGL	100
P29/2337	Menzies	WA, Australia	MGL	100
L29/0061	Menzies	WA, Australia	RQO	80
M29/0189	Menzies	WA, Australia	RQO	80
P29/2242	Menzies	WA, Australia	RQO	80
P29/2243	Menzies	WA, Australia	RQO	80
P29/2244	Menzies	WA, Australia	RQO	80
P29/2245	Menzies	WA, Australia	RQO	80
P29/2246	Menzies	WA, Australia	RQO	80
P29/2247	Menzies	WA, Australia	RQO	80
P29/2248	Menzies	WA, Australia	RQO	80
P29/2249	Menzies	WA, Australia	RQO	80

**Abbreviations and Definitions:**

E	Exploration Licence	SXT	Stratum Metals Limited
L	Miscellaneous Licence	MGL	Menzies Goldfield Limited
M	Mining Lease	RQO	Riqo Pty Ltd
P	Prospecting Licence		