

29 April 2015

## **QUARTERLY ACTIVITIES REPORT – March 2015**

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### **Highlights:**

- Menzies - Soil geochemistry confirms gold targets north of Granny Venn Pit
- Menzies – Costean sampling generates positive gold response
- Capital Raising Update
- \$1.35m Convertible Notes reassigned & reduced to \$675,000
- Royalty Financing Mandate expires.
- WinWin acquisition agreement terminates automatically
- Change in Company administration

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

Results related to field work on the northern group of tenements, discussed in the last quarterly report, have been received and initial review has identified positive gold responses on tenements P29/2244 and P29/2245. Results related to other tenements remain to be assessed.

The sampling on P29/2244 has confirmed potential for two gold mineralised zones north of the existing Granny Venn Mine.

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### **EMGP Northern tenements**

The last quarterly report outlined field work on a group of seven prospecting licences across the north end of the project area. A total of 328 MMI samples were collected along with 26 rock chip samples from the two costeans located on P29/2245. These work areas are shown below on Figure 1. Assay results have now been received and assessment began during the reporting period.

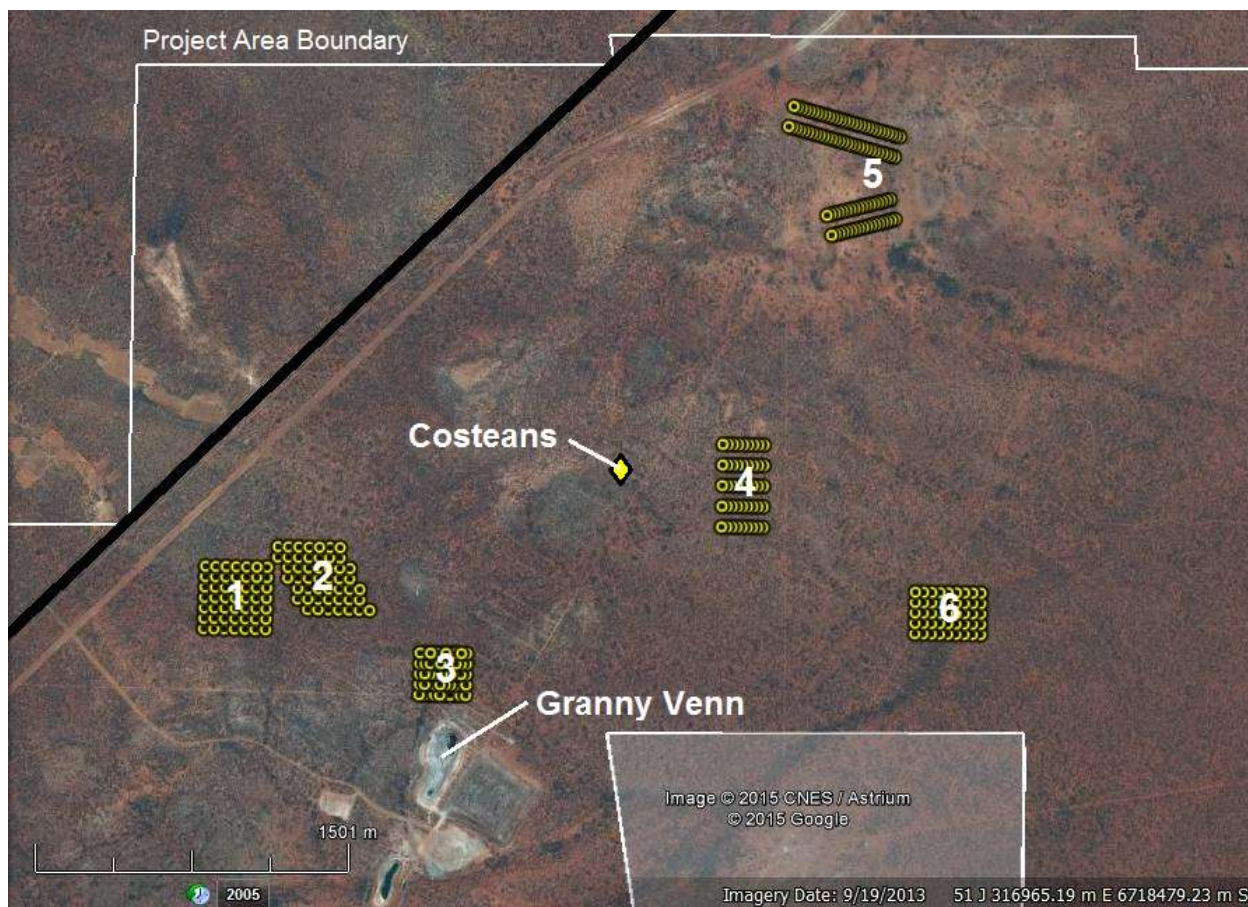


Figure 1: Location of recent MMI sampling on P29/2242 – P29/2248 over Google Earth Image

The assessment of assay results has so far focused on the area sampled north of the Granny Venn mine (area 3 on figure above) and the costean sampling.

The area immediately north of Granny Venn was targeted as a result of the detailed technical study aimed at understanding the controls on gold mineralisation in and around the Auntie Nellie and Granny Venn open pits (on M29/189). This **technical** study was completed as one of the first priorities upon acquiring rights to the East Menzies Goldfield Project (EMGP) group of tenements. The study identified the likely timing of mineralisation, structural controls, and preferred lithological gold hosts. As a suffix to the study likely target areas were determined, with two of these targets extending north of the existing open pit (targets 1 & 2 on Figure 2).

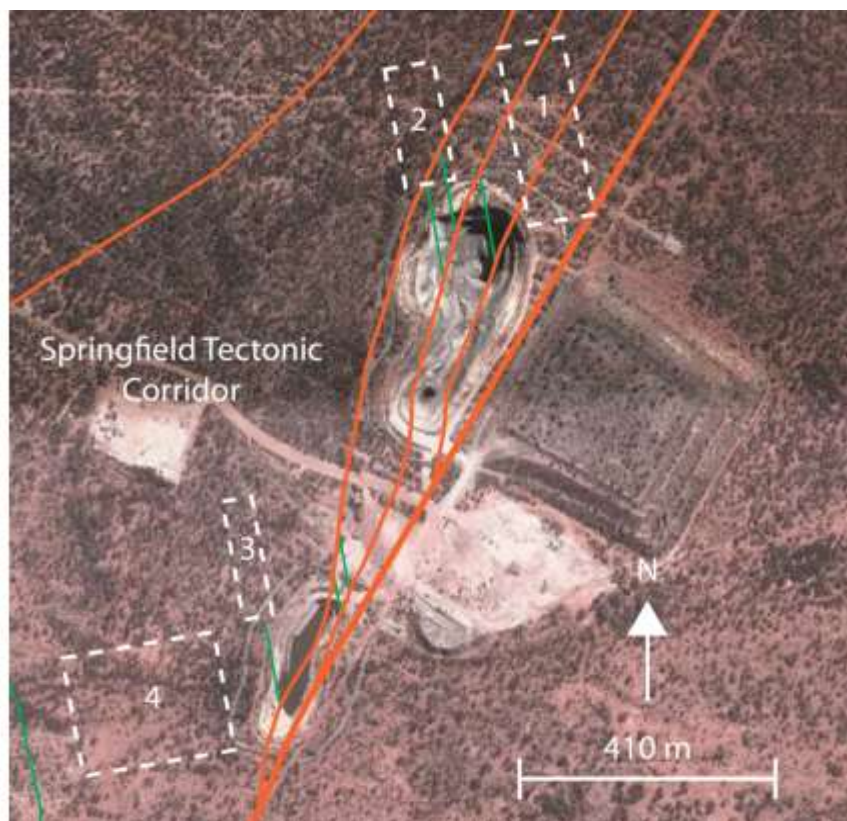
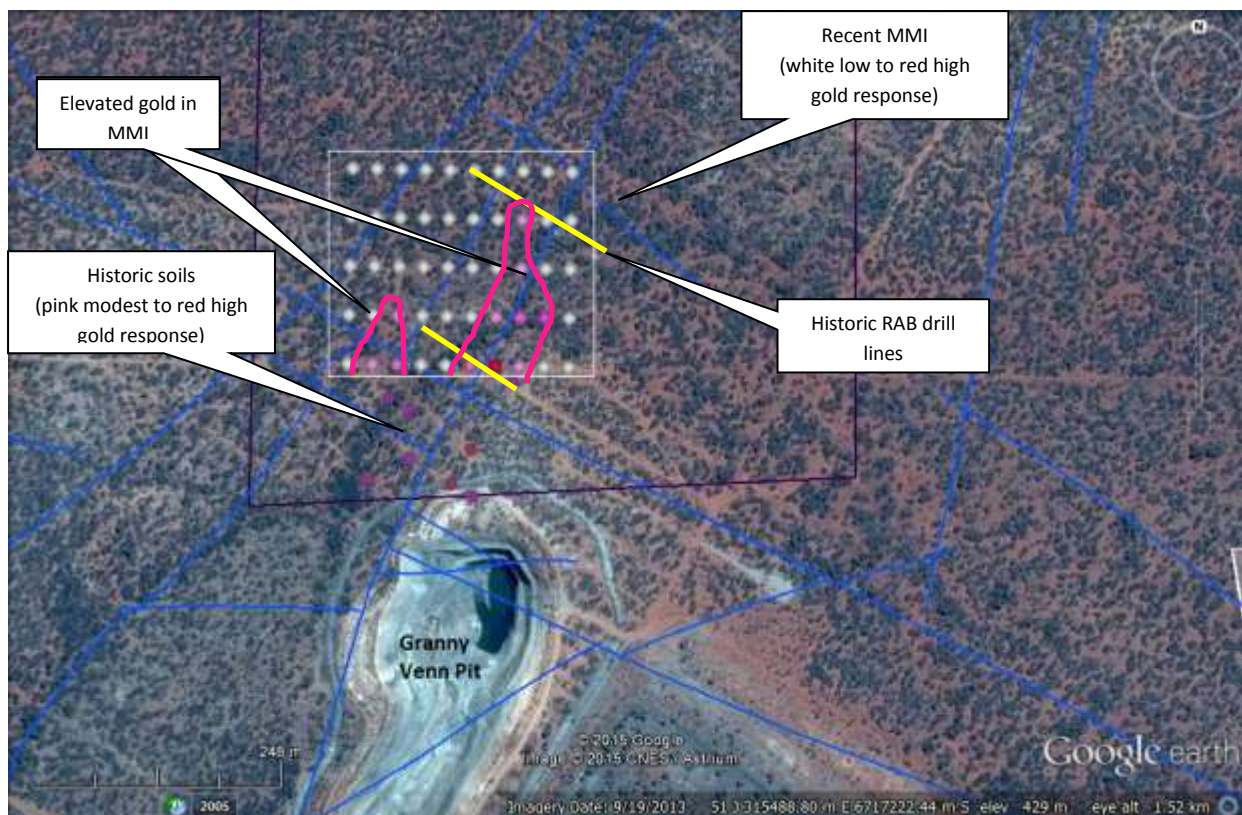


Figure 2: targets generated from the Granny Venn & Auntie Nellie gold mineralisation study

The recent MMI soil sampling results, shown below in Figure 3 and detailed in ASX announcement 26 March 2015, support the predicted targets.

Traditionally mineralisation was thought to be controlled by the late stage NNE trending Springfield-Venn structure. The current model involves mineralisation occurring in brittle rocks along northerly trending structures, with the brittle units subsequently pulled apart in the development of the Springfield-Venn Fault. This model has allowed significant mineralisation potential to be identified extending north of the Auntie Nellie Open Pit (ASX announcement 4 June 2013), and now appears to have led to the definition of further potential north of the Granny Venn Open Pit.



**Figure 3: Recent MMI gold response north of Granny Venn**

Costean mapping and sampling was completed on P29/2245 and the recently received assay results provide evidence of near surface gold mineralisation.

The costeans were mapped and sampled in early January 2015 and assays indicate modest level gold (up to 0.63 g/t). Channel sampling along one face of each costean was completed, with sample lengths of 2 metres. One costean returned 2m @ 0.63 g/t Au in association with a blocky mafic zone (meta-basalt). The other costean, which was excavated oblique to shearing with the ultramafic, returned 4 consecutive samples >0.20 g/t including 4m @ 0.58 g/t Au. A small area of meta-basalt is associated with the higher grade area. Refer to Figure 4 below and full results detailed in tables 1 and 2 at the end of this document.

It appears the meta-basalt (blocky mafic) is associated with gold mineralisation and is analogous to the Granny Venn mineralisation in that the more competent rock is fractured, mineralised and dragged into the ultramafic, with some gold permeating into shears within the ultramafic where adjacent to the 'boudins'.

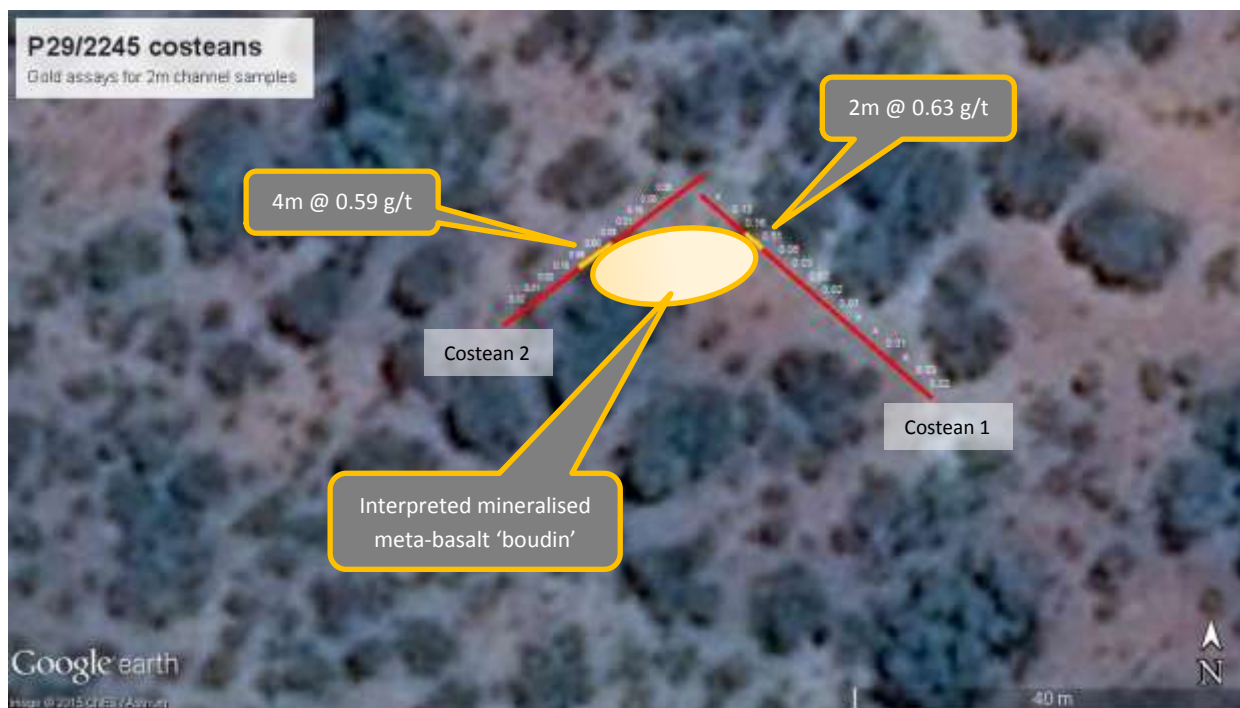


Figure 4: Costean sampling on P29/2245, showing schematic mineralised boudin

With the costeans located 1.5 km NNE of the Granny Venn Pit the recent results are encouraging and provide support to continue to target the Granny Venn style mineralisation along the Springfield Venn corridor to the NNE of Granny Venn Pit.

### Gidgee Project

An assessment of the company's Gidgee Project resulted in a decision not to continue to invest in the project. The company believes, while there is significant potential in the Gum Creek Greenstone Belt, a return on investment is unlikely to be achieved in the near term. The potential of near term cash flows from East Menzies Goldfield Project justifies the full focus of company resources.

Exploration licence E53/1494 and neighbouring Prospecting licences P53/1552, P53/1553, and P53/1554 were discontinued during the quarter.

### Tenement Movements

Please refer to appendix 1: DISCLOSURES REQUIRED UNDER ASX LISTING RULE 5.3.3

## Corporate

Key corporate activities during the March quarter were as follows and are explained in more detail below:

- Capital Raising Update
- \$1.35m Convertible Notes reassigned & reduced to \$675,000
- Royalty Financing Mandate expires.
- WinWin acquisition agreement terminates automatically
- Change in Company administration

## Capital Raising Update

On 10 September 2014 Stratum Metals Limited (**Stratum** 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**). Loans totalling \$45,000 were received during the quarter, completing the Stage 1 raising. Stratum has 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. During the quarter, \$100,000 worth of loans have been converted in to 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 was given in the December quarter. \$400,000 of the Stage 2 raising was completed during the quarter, and approval for the Stage 2 raising has subsequently expired.

## Mountain Gold Convertible Notes reassigned & reduced

On 5 March Stratum announced that \$1,350,000 worth of existing debt had been assigned to other parties and that the new convertible note holders have agreed to a reduction in the liability by \$675,000 (subject to shareholder approval).

1,350,000 convertible notes previously held by Mountain Gold International, each had a face value of \$1.00. The assignment including varying some of the key terms and conditions of the convertible 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).
- repayment in cash within six months, or automatic conversion to shares and options at 6 months

- 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 WinWin 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.

## East Menzies Goldfield Project (EMGP) – Royalty Financing Mandate expired

Stratum signed a mandate to appoint RRT Management Pty Ltd (**RRT**) to introduce royalty finance provider(s) to raise \$1.8 million in the Company's 100% owned subsidiary, Menzies Goldfield Ltd (**MGL**) (**Mandate**). The Mandate was for a 90 day period and non-exclusive, and expired during the period. The Board is continuing to evaluate alternative initiatives to progress EMGP.

## WinWin acquisition agreement terminated

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). Completion of the acquisition was conditional upon SXT completing due diligence on WinWin's business and operations to the sole satisfaction of SXT. The agreement automatically terminated during the quarter, and both parties have been released from their obligations under the Heads of Agreement, and to each other, without any further liability to the other for any reason whatsoever.

## Change of Company Secretary, CFO and business address

At the end of the quarter Mr Damon Sweeny took over as Chief Financial Officer and Company Secretary, replacing Mr Duncan Cornish with whom he had been working to ensure a smooth transition. At the same time the Company moved its registered addresses to Perth, as shown in the footer.

Andrew Pierce  
Non-Executive Chairman

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### **Keep up to date with Stratum's progress.**

For additional updates on the company's progress throughout the year please visit [www.stratummetals.com.au](http://www.stratummetals.com.au) and join our newsletter mail list.

### **Attribution**

The information in this release that relates to Exploration Targets, and Exploration Results is based on information compiled by Todd Axford, who is a member of the Australasian Institute of Mining and Metallurgy. Todd Axford is a contracted to the company, and has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Todd Axford consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

### **About Stratum Metals Limited**

Stratum Metals Limited was formed to utilise some of the latest innovations in geosciences to target areas in Western Australia prospective for the discovery of gold and copper-gold ore bodies.

Stratum Metals has acquired a tenement portfolio located in the prospective gold and copper mineralisation region of Yilgarn in Western Australia. These tenements cover a range of mineralising systems in known and emerging mineral provinces in Western Australia, where potential exists for new gold, copper and nickel discoveries.

Stratum Metals has commenced comprehensive and intensive exploration of the targets identified in the search for new ore bodies.



## APPENDIX 1

## TENEMENT MOVEMENT

## DISCLOSURES REQUIRED UNDER ASX LISTING RULE 5.3.3

## 1. Mining tenements held at the end of the quarter and their location

Project	Tenement	Location	% Ownership
GIDGEE	P53/1590	WA	100%
GIDGEE	P53/1591	WA	100%
MENZIES	E29/0872	WA	100%
MENZIES	L29/0061	WA	80%
MENZIES	M29/0141	WA	100%
MENZIES	P29/1928	WA	100%
MENZIES	P29/1929	WA	100%
MENZIES	P29/1930	WA	100%
MENZIES	P29/1931	WA	100%
MENZIES	P29/2101	WA	85%
MENZIES	P29/2102	WA	85%
MENZIES	P29/2103	WA	85%
MENZIES	P29/2106	WA	100%
MENZIES	P29/2107	WA	100%
MENZIES	P29/2108	WA	100%
MENZIES	P29/2109	WA	100%
MENZIES	P29/2110	WA	100%
MENZIES	P29/2111	WA	100%
MENZIES	P29/2113	WA	100%
MENZIES	P29/2114	WA	100%
MENZIES	P29/2124	WA	100%
MENZIES	P29/2125	WA	100%
MENZIES	P29/2126	WA	100%
MENZIES	P29/2127	WA	100%
MENZIES	P29/2128	WA	100%
MENZIES	P29/2129	WA	100%
MENZIES	P29/2133	WA	85%
MENZIES	P29/2140	WA	85%

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Project	Tenement	Location	% Ownership
MENZIES	P29/2141	WA	85%
MENZIES	P29/2145	WA	100%
MENZIES	P29/2146	WA	100%
MENZIES	P29/2147	WA	100%
MENZIES	P29/2148	WA	100%
MENZIES	P29/2149	WA	100%
MENZIES	P29/2150	WA	100%
MENZIES	P29/2161	WA	100%
MENZIES	P29/2162	WA	100%
MENZIES	P29/2163	WA	100%
MENZIES	P29/2164	WA	100%
MENZIES	P29/2174	WA	100%
MENZIES	P29/2175	WA	100%
MENZIES	P29/2220	WA	100%
MENZIES	P29/2221	WA	100%
MENZIES	P29/2223	WA	100%
MENZIES	P29/2224	WA	100%
MENZIES	P29/2225	WA	100%
MENZIES	P29/2226	WA	100%
MENZIES	P29/2227	WA	100%
MENZIES	P29/2228	WA	100%
MENZIES	P29/2270	WA	100%
MENZIES	P29/2272	WA	100%
MENZIES	P29/2273	WA	100%
MENZIES	P29/2274	WA	100%
MENZIES	P29/2275	WA	100%
MENZIES	P29/2276	WA	100%
MENZIES	P29/2277	WA	100%
MENZIES	P29/2278	WA	100%
MENZIES	P29/2279	WA	100%
MENZIES	P29/2280	WA	100%
MENZIES	P29/2281	WA	100%
MENZIES	P29/2282	WA	100%
MENZIES	P29/2283	WA	100%

Project	Tenement	Location	% Ownership
MENZIES	P29/2284	WA	100%
MENZIES	P29/2285	WA	100%
MENZIES	P29/2242	WA	80%
MENZIES	P29/2243	WA	80%
MENZIES	P29/2244	WA	80%
MENZIES	P29/2245	WA	80%
MENZIES	P29/2246	WA	80%
MENZIES	P29/2247	WA	80%
MENZIES	P29/2248	WA	80%
MENZIES	P29/2249	WA	80%
MENZIES	P29/2222	WA	100%
MENZIES	M29/0189	WA	80%
MENZIES	P29/2337	WA	100%

## 2. Mining tenements acquired and disposed of during the quarter and their location

Project	Tenement reference	Location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
Gidgee	E53/1440	WA	Surrendered	100%	0%
Gidgee	P53/1552	WA	Surrendered	100%	0%
Gidgee	P53/1553	WA	Surrendered	100%	0%
Gidgee	P53/1554	WA	Surrendered	100%	0%

## 3. Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter and beneficial percentage interests in in farm-in or farm-out agreements acquired or disposed of during the quarter

The Company is not party to any farm-in or farm-out agreements.

## East Menzies Goldfield Project – Costean Sampling

TABLE 1 :

CRITERIA	EXPLANATION
Sampling techniques	A tape was used to determine distance from the start point of each costean. Using a geologists pick a continuous channel of sample was knocked out of the costean wall, collected and placed in pre-numbered calico bags. Each sample represented a two metre interval along the channel and individual samples consisted of ~4-5kg of material.
Drilling techniques	Not applicable
Drill sample recovery	Not applicable
Logging	Geological features (lithology & structure) were mapped from the exposed walls and floor of the costeans.
Sub-sampling techniques & sample preparation	Not applicable
Quality of assay data and laboratory tests	Due to the small number of samples and early stage of exploration, no specific QA/QC process was used in addition to SGS internal QA/QC processes.
Verification of sampling and assaying	At this early stage of exploration secondary assay checks have not been considered essential.
Location of data points	Sample positions are based on handheld GPS and can be expected to be accurate to +/-5 metres, which is sufficient at this stage of exploration and reporting.
Data spacing and distribution	Samples were collected as continuous 2 metre intervals along the wall of the costean.
Orientation of data in relation to geological structure	Not applicable
Sample security	Samples were double bagged, transported to Perth by the field crew and delivered to SGS.
Audits and reviews	At this early stage of exploration no audits or reviews have been completed
Mineral tenement and land tenure status	All samples collected were located on P29/2245 held by Riqo Pty Ltd, which is an 80% subsidiary of Stratum. The tenement is not subject to native title or any other known impediment to development.
Exploration done by	Not applicable

other parties	
Geology	The work on the tenement is at an early stage; the specific geology associated with the sample area was determined from the exposure created by the excavation of costeans. The local geology is a mix of strongly sheared ultramafics and brittle fractured meta-basalt.
Drill hole information	Not applicable
Data aggregation methods	Not applicable
Relationship between mineralisation widths and intercept lengths	Not applicable
Diagrams	Plan showing relative sample locations has been included
Balanced reporting	All results available to date have been reported.
Other substantive exploration data	Not applicable
Further work	The company is yet to confirm further work.

**Table 2: Costean Sample Locations & Gold assays**

Costean 1	MGA94 Zone 51 - East	MGA94 Zone 51 - North	Orientation (bearing from start)	Sampled length (m)
Start point	316180	6718319	310 (magnetic)	30
Sample ID	From (m)	To (m)	Gold (ppm)	
EM03117	0	2	0.02	2
EM03118	2	4	0.03	2
EM03119	4	6	X	2
EM03120	6	8	0.01	2
EM03121	8	10	X	2
EM03122	10	12	X	2
EM03123	12	14	0.01	2
EM03124	14	16	0.02	2
EM03125	16	18	0.02	2
EM03126	18	20	0.03	2
EM03127	20	22	0.06	2
EM03128	22	24	0.61	2
EM03129	24	26	0.16	2

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EM03130	26	28	0.13	2
EM03131	28	30	X	2
Costean 2	MGA94 Zone 51 - East	MGA94 Zone 51 - North	Orientation (bearing from start)	Sampled length (m)
Start point	316180	6718319	040 (magnetic)	22
Sample ID	From (m)	To (m)	Gold (ppm)	
EM03132	0	2	0.02	2
EM03133	2	4	0.01	2
EM03134	4	6	0.02	2
EM03135	6	8	0.16	2
EM03136	8	10	0.56	2
EM03137	10	12	0.60	2
EM03138	12	14	0.28	2
EM03139	14	16	0.21	2
EM03140	16	18	0.16	2
EM03141	18	20	0.08	2
EM03142	20	22	0.05	2

Gold analysis by SGS Laboratories via Fire Assay. Lower detection 0.01 ppm, upper detection 1000 ppm, x = below detection