

5 January 2015
ASX ANNOUNCEMENT

STRATUM SIGNS EXCLUSIVE OPTION AGREEMENT TO ACQUIRE 100% OF A PROPRIETARY SOCIAL COMMERCE PLATFORM THAT COMBINES ENTERTAINMENT, COMPETITIONS, DISCOUNTED SHOPPING AND CHARITIES

Highlights

- Option to acquire 100% of WinWin Holdings Pty Ltd including its 100% owned US subsidiary Competitive Shopping Network Inc.
- The Competitive Shopping™ developed as an online subscription platform, uniquely combines entertainment, competitive, discounted shopping and charities.
- WinWin has engaged ROAR, LLC, a leading entertainment management company based in Los Angeles.
- Highly scalable platform with infrastructure capable of supporting rapid revenue expansion.
- WinWin has a dynamic management team with extensive experience gained from leading technology companies, including FTD.com, Viacom/Nickelodeon, Symphony Technologies, Betfair, Amazon.com and Facebook.
- The proposed ASX listing will provide WinWin with the appropriate platform for rapid global expansion, and in particular the Asian market.

Background

Stratum Metals Limited (ASX:SXT) (**Stratum**) is pleased to announce 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**).

WinWin has developed its proprietary Competitive Shopping™ platform as an online membership offering which integrates entertainment, competitions for valuable prizes, discounted shopping and philanthropy (**WinWin Platform**). The product, which leverages the global popularity of social media and mobile devices is being launched in the US mid-2015.

WinWin's platform will operate as a unique competitive shopping challenge, offering a patent pending gaming experience where a user can compete against other members to win valuable products & entertainment experiences at no cost, while simultaneously earning credit points redeemable for onsite

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discounts. Credits which are automatically calculated from a member's are used to reduce the price of any selected product. WinWin's offering is suitable for a broad consumer base with a primary target age group 18 - 40 yrs.

WinWin will launch the WinWin platform through Competitive Shopping Network Inc., its 100% owned US subsidiary and will operate from offices near Silicon Valley, California.

WinWin has engaged ROAR, an entertainment management company based in Los Angeles that provides comprehensive services to the movie, TV, sports and music industries as well as brand management, media advisory and business development.

ROAR has offices in Los Angeles, New York, Nashville and Atlanta and ROAR is currently conducting a business model / celebrity integration review, with a view will initiate and manage negotiations with WinWin's brand suppliers (prizes), engage suitable movie, TV, sports and music celebrities, engage charities and assist with media and PR.

It is anticipated that completion of the acquisition will result in a change of Stratum's name to WinWin Limited and the appointment of two (2) new directors including co-founder and current Executive Chairman of WinWin, Mr Ross Lyndon-James.

Mr Chris Adams has been appointed as a strategic advisor to WinWin and it is anticipated that Mr Adams will be appointed as a member of the Board of Directors following the acquisition of WinWin. Mr Adams is an internationally renowned executive in the tech/media space with over 20 years' experience in innovation and accelerating businesses. Mr Adams has held senior executive positions with Facebook, HBO, Amazon.com and Lycos and his extensive industry experience and strategic knowledge is significant.

Key Acquisition Terms

- Within 5 business days of Stratum completing the Initial Capital Raising (defined below) Stratum must pay an option facilitation fee of \$75,000 to WinWin in consideration for the WinWin shareholders granting an option to Stratum (exercisable on or before 28 February 2015) to acquire 100% of the issued capital in WinWin (**Option**).
- In consideration for 100% of the issued capital in WinWin, Stratum agrees to issue the following securities to the WinWin shareholders in proportion to the number of WinWin shares held (all on a pre-consolidation basis refer to Settlement conditions below):
 - such number of fully paid ordinary share 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**) (excluding any Stratum Shares issued under the Placement, defined below, and including any Stratum Shares issued upon conversion of any Stratum convertible notes on issue on or before the Settlement Date);
 - such number of options to acquire Stratum Shares (exercisable at \$0.02 on or before 29 February 2016) (**Stratum Options**) as is equal to the number of Stratum Options

(exercisable at \$0.02 on or before 29 February 2016) deemed to be on issue on the Settlement Date (including the Armada Options, defined below);

- the issue of 351,000,000 performance shares (**Performance Shares**) (280,800,000 of which will be issued to the WinWin shareholders and 70,200,000 of which will be issued to WinWin's management team, who will also receive Performance Shares in their capacities as WinWin shareholders) which will convert automatically into Stratum Shares upon satisfaction of the following milestones (subject to ASX approval):
 - 75,000,000 Performance Shares shall convert upon Stratum satisfying the following milestones within a period of 4 months from the date of completion of the Placement:
 - the launch of the WinWin Platform in the United States of America; and
 - Roar receiving binding commercial commitments from a quantum of any of 8 brands, celebrities and charities to promote the Platform on behalf of Stratum;
 - 86,000,000 Performance Shares shall convert upon Stratum satisfying the following milestones within a period of 7 months from the launch date of the Platform:
 - the Platform having 50,000 members; and
 - the Platform generating a minimum revenue of \$175,000 per month for 3 consecutive months and such revenue is confirmed by the signed attestation of a registered company auditor, or such revenue is properly included in Stratum's audited financial statements;
 - 90,000,000 Performance Shares shall convert upon Stratum satisfying the following milestones within a period of 12 months from the launch date of the Platform:
 - the Platform having 100,000 members; and
 - the Platform generating a minimum revenue of \$375,000 per month for 3 consecutive months and such revenue is confirmed by the signed attestation of a registered company auditor, or such revenue is properly included in Stratum's audited financial statements;
 - 100,000,000 Performance Shares shall convert upon Stratum satisfying the following milestones within a period of 24 months from the launch date of the Platform:
 - the Platform having 250,000 members; and

- the Platform generating a minimum revenue of \$1,000,000 per month for 3 consecutive months and such revenue is confirmed by the signed attestation of a registered company auditor, or such revenue is properly included in Stratum's audited financial statements.
- Settlement of the acquisition (**Settlement**) is conditional upon the satisfaction (or waiver by Stratum) of the following conditions precedent by no later than 3 months following exercise of the Option by Stratum (unless indicated otherwise):
 - completion of due diligence by Stratum on WinWin's business and operations, to the sole satisfaction of Stratum within 28 days following Stratum giving WinWin notice that it exercises the Option;
 - ASX approving the terms of the Performance Shares under ASX Listing Rules 6.1 and 6.2;
 - the notes convertible into Stratum Shares held by Mountain Gold International Ltd (**Mount Gold**) (**MG Note**) being either:
 - assigned to a third party; or
 - cancelled and replaced with notes convertible into Stratum Shares to be issued to a third party;
 - Stratum entering into agreements with all holders of notes convertible into Stratum Shares (other than the MG Note) 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 WinWin;
 - Stratum undertaking a placement (**Placement**) and receiving valid applications for at least \$3,500,000 under the Placement;
 - Stratum undertaking a consolidation of its issued share capital on a 1 for 2 basis (or such other ratio as determined by Stratum in its sole discretion, provided that the ratio shall be no lower than a 1 for 2 basis) (**Consolidation**); 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 "WinWin Limited" (or such other name as is agreed between WinWin and Stratum).

Initial Capital Raising

In order to provide working capital to complete the transaction, Stratum is currently undertaking a private placement to sophisticated and professional investors of 53,333,333 Stratum Shares at \$0.0075 per Stratum Share (on a pre-Consolidation basis) together with one attaching Stratum Option (exercisable at \$0.02 on a pre-Consolidation basis on or before 29 February 2016) for every two Stratum Shares issued to raise a total of \$400,000 before costs (**Initial Capital Raising**).

Armada Capital Ltd (**Armada**) has been appointed lead manager to the Initial Capital Raising.

Armada will receive 100,000,000 Stratum Options (exercisable at \$0.02 on a pre-Consolidation basis on or before 29 February 2016) in consideration for introducing and assisting with the implementation of the proposed acquisition of WinWin by Stratum plus a 6% fee.

Listing Rule Re-Compliance and Placement

Since the acquisition of WinWin 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\$3,500,000, to be completed under a prospectus. All funds raised will be employed towards the pursuit of several WinWin business development opportunities and meeting anticipated rapid expansion in the USA and Asian markets.

Indicative Timetable*

The indicative timetable for completion of the transaction and Stratum's re-compliance with the ASX listing rules is outlined below:

Event	Date
Execute option agreement for the acquisition of WinWin	29 Dec 2014
Completion of Placement	9 Jan 2015
Exercise of Option	9 Jan 2015
Due diligence completion	23 Jan 2015
Despatch notice of meeting seeking approval for the acquisition of WinWin	30 Jan 2015
General meeting of shareholders to approve the acquisition of WinWin	2 Mar 2015
Lodgement of Placement prospectus with ASIC	3 Mar 2015
Closing date of Placement under the prospectus	17 Mar 2015
Despatch holding statements for Placement and acquisition of WinWin	20 Mar 2015

Event	Date
Re-quotation of Stratum Shares on ASX	25 Mar 2015

* Please note this timetable is indicative only and the directors of Stratum reserve the right to amend the timetable as required.

Indicative Capital Structure

The following table illustrates the change in Stratum's capital structure following the WinWin acquisition and fund raising Placement:

	Shares	Options	Convertible Notes	Performance Shares
Current	125,173,510	12,850,000	1,350,000	-
Initial Capital Raising	53,333,333	26,666,667	-	-
MG Note coupon payment ¹	226,849	-	-	-
Sub-Total	178,733,692	39,516,667	1,350,000	-
Consolidation ²	89,366,846	19,758,333	675,000	-
Conversion of Mt Gold Note ³	42,187,500	21,093,750	(675,000)	-
Conversion of all convertible loans to Stratum ⁴	22,083,333	22,083,333	-	-
Sub-Total	153,637,680	62,935,417	-	-
Consideration to acquisition of WinWin	153,637,680	106,510,417	-	175,500,000
Armada Options	-	50,000,000	-	-
Placement ⁵	175,000,000	-	-	-
TOTAL	482,275,359	219,445,833	-	175,500,000

Notes:

¹ Under the terms of the MG Note, Stratum must make quarterly coupon payments equal to 8% of the face value of the MG Note, which may be satisfied by the issue of Stratum Shares at an issue price of \$0.12 per Stratum Share.

² Assuming that the Consolidation is undertaken on a 2 for 1 basis.

³ Assuming that Mt Gold agrees to convert the face value of the MG Note at a 20% discount to the Placement price (assuming a Placement price of \$0.02 per Stratum Share) together with one free attaching Stratum Option (exercisable at \$0.04 on a post-Consolidation basis on or before 29 February 2016) for every two Stratum Shares issued. Stratum remains in discussions with Mount Gold in respect of conversion of the MG Note.

⁴ Stratum has been granted loans to the value of \$205,000 (with a further \$45,000 in funding to be provided) (**Stratum Loans**) which will convert at Settlement into Stratum Shares together with one free attaching Stratum Option (exercisable at \$0.04 on a post-Consolidation basis on or before 29 February 2016) for every Stratum Share issued. The Stratum Loans accrue simple interest at a rate of 10% per month. This value assumes that 6 months interest has accrued under the Stratum Loans prior to conversion.

⁵ Assuming a Placement price of \$0.02 per Stratum Share.

For further information, please contact Stratum's company secretary on +61 7 3212 6230.

On behalf of the Board
DP Cornish
Company Secretary

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.