

15 July 2014

ASX ANNOUNCEMENT

Shares Issued with Security Holder Approval under Listing Rule 7.1A

With reference to the share placement made today of 3,300,000 shares at \$0.01, the following information is provided in accordance with Listing Rule 7.1 A.4(b).

(a) Details of the dilution to the existing holders of ordinary securities caused by the issue:

The Company issued 3,300,000 shares under Listing Rule 7.1A. This resulted in the following dilution to existing shareholders:

Number of shares on issue prior to share issue	121,646,661	Dilution
Shares issued under Listing Rule 7.1A	3,300,000	2.71%
Total Shares on issue	124,946,661	

(b) Where the equity securities are issued for cash consideration, a statement of the reasons why the eligible entity issued the equity securities as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing ordinary security holders would have been eligible to participate.

The Company was offering 5 fully paid ordinary shares for every 2 existing shares held by eligible shareholders on 11 June 2014 at an issue price of \$0.01 per new share with 1 free attaching new option (exercisable at \$0.02 on or before 31 December 2015) for every 2 new shares issued (**Offer**).

Eligible shareholders could also apply for shortfall securities in addition to their entitlements. The Offer was underwritten for \$845,000 and subject to a minimum subscription of \$1,345,000. As announced on 11 July 2014, the minimum subscription was not reached prior to the close of the Offer.

As noted below, the underwriter has elected to re-invest its corporate fee of \$30,000 (plus GST). It is not economically viable to conduct a pro rata issue or other similar type of issue for such an amount.

(c) Details of any underwriting arrangements, including any fees payable to the underwriter.

The underwriter was paid a corporate fee of \$30,000 (plus GST) which it has elected to re-invest as 3,300,000 shares at 1.00c per share.

(d) Any other fees or costs incurred in connection with the issue

Apart from ASX related security listing fees, no other fees or costs were incurred in connection with the issue.

On behalf of the Board
DP Cornish
Company Secretary

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