

# Prospectus

**Stratum Metals Limited**

**ABN 90 147 867 301**

For:

- a renounceable pro rata Offer to Eligible Shareholders of 5 New Shares for every 2 Existing Shares held 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**), to raise up to approximately \$3.036 million before issue costs.
- an offer of Shortfall Shares to Eligible Shareholders and others on the terms set out in section 8.7 (**Shortfall Offer**).

**ASX Code: SXT**

The Offer is conditional upon raising a minimum of \$1.345 million, with Patersons Securities Limited partially underwriting the Offer for \$845,000. See section 8.4 for details of the Underwriting Agreement.

This Prospectus provides important information about the Company. You should read the entire document including the Entitlement and Acceptance Form. If you have any questions about the New Securities being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the New Securities offered under this Prospectus is highly speculative.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

### **Important Notice**

This Prospectus is dated 3 June 2014 and was lodged with ASIC on that date. Application will be made to ASX for quotation of the New Shares offered under this Prospectus within 7 days of this date.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

### **Nature of this Prospectus**

The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of New Securities on the Company and the rights attaching to the New Securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisors to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

### **Prospectus availability**

Shareholders with a registered address in Australia, New Zealand and Singapore can obtain a copy of this Prospectus during the Offer period on the Company's website at [www.stratummetals.com.au](http://www.stratummetals.com.au) or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic copy of this Prospectus available from the Company's website will not include a personalized Entitlement and Acceptance Form. Eligible Shareholders will only be able to accept the Offer by completing the personalized Entitlement and Acceptance Form which accompanies this Prospectus or by making payment using BPAY® (refer to section 7.8 of this Prospectus for further information).

### **Foreign jurisdictions**

The distribution of this Prospectus in jurisdictions outside Australia, New Zealand and Singapore may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

### **Disclaimer of representations**

No person is authorized to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

### **Forward looking statements**

This Prospectus contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 6 of this Prospectus. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions.

### **Privacy**

Please read the privacy information located in section 8.16 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

### **Definitions**

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

### **Enquiries**

If you have any questions please call the Company Secretary on +61 7 3212 6230 or Advanced Share Registry Services (**Share Registry**) on +61 8 9389 8033 at any time between 8.00am and 5.00pm (WST time) Monday to Friday until the Closing Date. Alternatively, consult your broker or other professional advisor.

## Key Investment Highlights and Risks

- ✓ Focus on East Menzies Goldfield Project (EMGP), an historic goldfield in WA.
- ✓ Strategy aiming for early gold production in 1st quarter 2015, via toll treating (subject to positive economic evaluation), initially from shallow targets in (including known unmined mineralization) and around, former open cut mines at Granny Venn and Auntie Nellie (G-VAN Project - 80% owned) that historically has produced approximately 60K ozs Au
- ✓ Consolidation of EMGP tenements in 2012/13 provided opportunity for the first time to merge the extensive database; undertake a regional view of mineralization controls and structure; and then target exploration
- ✓ Proximity to existing infrastructure, service providers and gold processing plants (< 2 hours from Kalgoorlie on sealed road)
- ✓ Significant exploration upside potential identified to continue/expand gold production eg. Goodenough Gold Mine area and Four O'Clock target
- ✓ Shaft spoil sampling programme undertaken during mid-2013 identified 444 old mine shafts over 11km of strike, including 13 shaft spoil sample sites with av. sample grade > 5 g/t Au
- ✓ Board recently reorganized, strengthening corporate, technical and operational experience to support focus on achieving early gold production
- ✓ Approx. \$3.036M Offer proceeds (assuming full subscription) to fund:
  - Stage 1 - 6 month exploration programme including MMI geochemistry, approx. 1,500m RC drilling & scoping study (est. \$485k);
  - Stage 2 - 3 month development programme including mine planning, permitting through to production (est. \$400k) at the G-VAN Project;
  - Other general exploration (est. \$100k); and
  - Balance of proceeds to repurchase the outstanding balance of convertible notes, pay Offer costs and provide additional working capital
- ✓ Offer conditional upon raising a minimum of \$1.345M, and is partially sub-underwritten by Mountain Gold International Ltd (Mountain Gold) for \$845k. Funds raised under Minimum Subscription will be used to repurchase outstanding convertible notes (\$845k), for working capital and to meet Offer costs

The Company is a junior exploration company with no producing assets and limited means to raise funds. An investment in the Company should be considered highly speculative and subject to a number of risks, including:

- If only the Minimum Subscription is raised, the Company will not be able to undertake exploration and will need to consider other fundraising options.
- If the Offer is not fully subscribed, the Company will have \$505k of convertible notes on issue, which are due on 2 December 2014.
- Possible production is dependent upon exploration successfully defining an economic ore body and a positive scoping study, and entering into suitable toll treatment arrangements.

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## Corporate Directory

### Directors

Mr Andrew Pierce (Non Exec. Chairman)  
Mr Richard Anthon (Non Exec. Director)  
Mr John Shepherd (Non Exec. Director)

### Registered and Business Office

Level 5, 10 Market Street  
Brisbane QLD 4000  
Tel: +61 7 3212 6230  
Fax: +61 7 3212 6250  
Email: [info@stratummetals.com.au](mailto:info@stratummetals.com.au)

### Underwriter

Patersons Securities Limited  
Level 23 Exchange Plaza  
2 The Esplanade  
Perth WA 6000

### Website

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

### Company Secretary/CFO

Mr Duncan Cornish

### Share Registry

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands WA 6009  
Tel: +61 8 9389 8033  
Fax: +61 8 9262 3723

### Solicitors to the Offer

Kings Park Corporate Lawyers  
Level 2, 45 Richardson Street  
West Perth WA 6005

### Auditor\*

Bentleys

\*This party is named for informational purposes only and was not involved in the preparation of this Prospectus

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## 1 TIMETABLE TO THE OFFER

Lodgment Date	3 June 2014
Ex Date - Shares trade ex Entitlement	6 June 2014
Rights trading starts	6 June 2014
Record date to determine Entitlement	11 June 2014
Prospectus with Entitlement and Acceptance Form dispatched	13 June 2014
Offer opens for receipt of Applications	13 June 2014
Rights trading ends	17 June 2014
Deferred settlement trading	18 June 2014
Closing date for acceptances ( <b>Closing Date</b> )	24 June 2014
Issue of New Securities	30 June 2014
Normal trading of New Shares expected to commence	1 July 2014

**Note:**

The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the New Shares are expected to commence trading on ASX may vary.

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## 2 KEY OFFER TERMS AND CAPITAL STRUCTURE

Shares currently on issue <sup>1</sup>	121,422,277
Options currently on issue <sup>2</sup>	12,850,000
New Shares offered under this Prospectus <sup>1</sup> at \$0.01 per New Share	303,555,693
New Options offered under this Prospectus <sup>3</sup>	151,777,846
Amount raised under this Prospectus (before costs) <sup>1</sup>	\$3,035,556.93

**Note:**

- 1 This assumes no further Shares are issued (including by way of exercise of Options) prior to the Record Date.
- 2 See section 5.5 for the terms of the Company's Options currently on issue.
- 3 See section 9.2 for the terms of the New Options.

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### 3 CHAIRMAN'S LETTER

Dear Eligible Shareholder,

On behalf of Stratum Metals Limited, I am pleased to invite you to participate in the partially underwritten 5 for 2 renounceable pro-rata entitlement offer 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 to raise up to approximately \$3.036 million (before costs).

The issue price represents a 23.1% discount to the VWAP of the closing price on the ASX over the last 10 trading days prior to the announcement to ASX on 3 June 2014.

If the Offer is fully subscribed, the funds raised will be principally applied to the Company's strategy aiming for early gold production in the 1st quarter 2015 at the G-VAN Project and repurchase all outstanding convertible notes.

The Offer is conditional upon raising a minimum of \$1.345 million, and is partially underwritten by Patersons Securities Limited (Patersons) for \$845,000. Mountain Gold has agreed to sub-underwrite the issue of 84.5 million New Shares with the proceeds applied to repurchase \$845,000 convertible notes held by Mountain Gold.

This Prospectus and personalized Entitlement and Acceptance Form should be read carefully and in their entirety before deciding whether or not to participate in this Offer. In particular Eligible Shareholders should consider the key risk factors outlined in Section 6 of this Prospectus.

Your Board has taken steps to minimise the number of Shares issued to Mountain Gold by appointing Patersons to lead manage the Offer and placement of any Shortfall and allowing Eligible Shareholders to, in addition to their Entitlement, apply for Shortfall Securities (being Entitlement not applied for, if any). Shortfall Securities will be allocated firstly to Shareholders who apply for Shortfall Securities, with any oversubscriptions scaled back pro rata to the number of Shortfall Securities applied for, then to the Underwriter for up to \$845,000.

On behalf of your Board, I invite you to consider this investment opportunity and thank you for your ongoing support for our Company.

Yours faithfully,

Mr Andrew Pierce  
Non-Executive Chairman

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#### 4 INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Securities.

Question	Response	Where to find more information
What is being offered?	<p>Under this Prospectus 303,555,693 New Shares are being offered to Eligible Shareholders (assuming no Options are exercised prior to the Record Date) at an issue price of \$0.01 on the basis of 5 New Shares for every 2 Existing Shares held on the Record Date with 1 free attaching New Option (exercisable at \$0.02 on or before 31 December 2015) for every 2 New Shares issued.</p> <p>Eligible Shareholders can, in addition to their Entitlement, also apply for Shortfall Securities.</p>	Section 5
Is the Offer conditional?	<p>The Offer is conditional upon applications for \$1.345 million being received, include from the Underwriter for \$845,000.</p> <p>In the event the Minimum Subscription is not reached within 4 months (or such other period as extended in accordance with the Corporations Act), all application monies will be returned without interest.</p>	Section 8.2
What is the Company's financial position?	<p>As at 30 April 2014 the Company had cash on hand of approximately \$300,000, creditors' claims and payables (actual and accrued) of up to approximately \$500,000 and a Convertible Notes on issue of \$1.35 million. The Company anticipates receiving an R&amp;D refund of approximately \$180,000.</p> <p>Funds raised under the Minimum Subscription together with existing funds will be used to repay creditors' claims and Convertible Notes with a face value of \$845,000.</p>	Sections 5.6 and 6.2(a)
How will the proceeds of the Offer be used?	<p>Assuming full subscription, the Company intends to use the funds raised from the Offer broadly as follows:</p> <ul style="list-style-type: none"><li>• \$985,000 for exploration and pre-production costs;</li><li>• \$1,350,000 to repurchase all outstanding Convertible Notes;</li><li>• \$609,399 for general working capital including trade and other creditors; and</li></ul>	Section 5.2

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- \$91,158 to pay the costs of the Offer.

In the event the Minimum Subscription is raised, funds will be used to repurchase \$845,000 in Convertible Notes and for working capital. Proceeds in excess of the Minimum Subscription and up to \$2.53 million will be applied between exploration and working capital. Amounts received in excess of this will be used to repurchase the balance of the Convertible Notes.

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<p>What are the key risks of a subscription under the Offer?</p>	<p>An investment in the Company has risks that you should consider before making a decision to invest. These risks include:</p> <ul style="list-style-type: none"> <li>• Funding risks - Raising the Minimum Subscription will reduce the Company's liability under the Convertible Notes by \$845,000 and provide working capital. However, the Company will not have funds for exploration, and further funding will be required.</li> <li>• Exploration risks - Whilst exploration by the Company and others justifies further exploration, the Company's tenements carry exploration risk.</li> <li>• Production risks - Possible production is dependent upon exploration successfully defining an economic ore body and a positive scoping study, and entering into suitable toll treatment arrangements.</li> <li>• The Company's future capital needs and additional funding may be required to complete the proposed exploration and development.</li> <li>• As a junior explorer with no production or income, the Company is exposed to general market and economic condition risks.</li> </ul> <p>Please carefully consider these risks and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Securities.</p>	<p>Section 6</p>
<p>Is the Offer underwritten?</p>	<p>The Offer is partially underwritten by Patersons for \$845,000.</p> <p>The underwriting is subject to conditions ordinarily found in underwriting arrangements, including termination rights in certain circumstances. Patersons will be paid a fee of \$30,000 and 1% of the amount raised from Eligible Shareholders.</p>	<p>Sections 8.4 and 10.5</p>
<p>What will be the effect on</p>	<p>Mountain Gold, an unrelated third party who is a major creditor and the registered holder of 0.24% of the</p>	<p>Section 5.7</p>



control of the Offer?	<p>Company's Existing Shares, has agreed to sub-underwrite the issue of 84.5 million New Shares.</p> <p>Assuming only the Minimum Subscription is raised under the Offer and no other Shares are issued, the maximum voting power that Mountain Gold will acquire is approximately 33.13%.</p>	
How do I apply for Shares under the Offer?	<p>Applications can be made by Eligible Shareholders completing the personalized Entitlement and Acceptance Form and sending it to the Share Registry.</p> <p>Eligible Shareholders may also apply for Shortfall Securities by following the instructions in section 7.3.</p>	Section 7
How do I sell my Rights under the Offer?	<p>Eligible Shareholders can sell all or part of their Rights under the Offer either on ASX or by completing a renunciation form.</p>	Sections 7.4 to 7.6
How will the Shortfall Securities be allocated?	<p>Any New Securities not applied for as Entitlement will be allocated as follows:</p> <ul style="list-style-type: none"> <li>(a) firstly, to Eligible Shareholders who apply for Shortfall Securities, with any oversubscriptions to be scaled back pro rata to the number of Shortfall Securities applied for; and</li> <li>(b) then, to the Underwriter for up to the Underwritten Securities, and</li> <li>(c) finally, at the Directors' discretion.</li> </ul>	Section 8.7
How can I obtain further advice?	<p>Contact the Company Secretary on +61 7 3212 6230 or the Share Registry on +61 8 9389 8033 at any time between 8.00am and 5.00pm (WST) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional advisor.</p>	

## 5 PURPOSE AND EFFECT OF THE OFFER

### 5.1 Introduction

The Company is seeking to raise up to approximately \$3.036 million before issue costs under the Offer, a renounceable pro rata offer to Eligible Shareholders at a price of \$0.01 per New Share on the basis of 5 New Shares for every 2 Existing Shares held as at the Record Date with 1 free attaching New Option (exercisable at \$0.02 on or before 31 December 2015) for every 2 New Shares issued.

The Offer is conditional upon raising a minimum of \$1.345 million and Patersons has agreed to partially underwrite the Offer for \$845,000. See section 8.4 for details.

In the event the Minimum Subscription is not raised, the Offer will be withdrawn and the Company will consider alternative plans to capitalise the Company and repay the Convertible Notes. Any alternatives may be on less favorable terms to Shareholders than the Offer.

### 5.2 Purpose of the Offer

The Directors intend to apply the proceeds from the Offer as follows:

Use of funds (\$) (approx.)	Minimum Subscription	Full Subscription
East Menzies Goldfield Project - exploration and development:		
G-VAN Project - Stage 1:		
Geochemistry		50,000
Drilling 1,500m RC & assays		200,000
Scoping study		75,000
Project management		160,000
G-VAN Project - Stage 2:		
Mine Planning		50,000
Permitting		100,000
Mobilisation		150,000
Project Management		100,000
East Menzies Goldfield Project - other exploration:		
Data review & project priority		25,000
Geochemistry		35,000
Gidgee - other exploration (Fieldwork including geochemistry)		40,000
Repurchase of Convertible Notes <sup>1</sup>	845,000	1,350,000
Trade and other creditors	200,000	200,000
Working Capital	230,380	409,399
Costs of the Offer <sup>2</sup>	69,620	91,158
<b>Total</b>	<b>1,345,000</b>	<b>3,035,557</b>

- 1 See section 5.3 below.
- 2 See section 10.5 for details of costs of the Offer.

In the event the Company raises more than the Minimum Amount but not full Subscription, the funds raised (after payment of expenses of the Offer) will be applied:

- (a) proportionally between exploration and working capital, up to \$1.185 million; and
- (b) then to repurchase the balance of Convertible Notes (see section 5.3 below).

This table is a statement of current intentions as at the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the way funds will be applied. The Board reserves the right to vary the way funds are applied on this basis.

### 5.3 Convertible Notes

The Company currently has convertible notes on issue with an outstanding liability of \$1.35 million held by Mountain Gold, an unrelated third party (**Convertible Notes**). Unless converted, the Convertible Notes are repayable on 2 December 2014. Under their terms, the Company may repurchase all or part of the Convertible Notes for their face value.

Before 2 December 2014, under defined circumstances, Mountain Gold has the right to convert the Convertible Notes at a conversion price of \$0.12 per Share and after 2 December 2014, a conversion price of the lessor of \$0.12 and 80% of the 15 day VWAP. Interest at 8% is paid quarterly through the issue of shares at a deemed issue price of \$0.12 per Share.

Mountain Gold has agreed to partially sub-underwrite the Offer for up to 84.5 million New Shares, or \$845,000. The effect of the sub-underwriting and intended repurchase of Convertible Notes from funds raised under the Offer is that no cash will be raised from Mountain Gold's sub-underwriting.

The Company will, in the event less than full subscription is received and as set out in section 5.2 above, use surplus funds after exploration and working capital commitments to repurchase the balance of Convertible Notes. Any remaining Convertible Notes will, if not repurchased by 2 December 2014, at Mountain Gold's election either:

- (a) be repayable;
- (b) or converted at a conversion price of the lessor of \$0.12 and 80% of the 15 day VWAP,

unless the Company and Mountain Gold agree otherwise.

### 5.4 Effect of the Offer on the Company's securities

The effect of the Offer will, assuming that no Options are exercised and that Entitlements are taken up in full, be as follows:

- (a) Cash reserves will increase by approximately \$1.59 million (after costs and repurchase of the Convertible Notes).
- (b) The number of Options on issue will increase from 12,850,000 to 164,627,846.
- (c) The number of Shares on issue will increase from 121,422,277 to 424,977,970.

## 5.5 Consolidated capital structure

Assuming that no Options are exercised prior to the Record Date, at the close of the Offer, the capital structure of the Company will be:

Shares	Minimum Subscription		Full Subscription	
	Number	%	Number	%
Existing Shares	121,422,277	47.44	121,422,277	28.57
New Shares	134,500,000	52.56	303,555,693	71.43
<b>Total Shares</b>	<b>255,922,277</b>	<b>100.00</b>	<b>424,977,970</b>	<b>100.00</b>

Options <sup>1</sup>	Minimum Subscription	Full Subscription
Options exercisable at \$0.25 each on or before 7 June 2016	3,000,000	3,000,000
Options exercisable at \$0.35 each on or before 7 June 2016	3,000,000	3,000,000
Options exercisable at \$0.25 each on or before 15 April 2018	500,000	500,000
Options exercisable at \$0.25 each on or before 23 January 2017	600,000	600,000
Options exercisable at \$0.25 each on or before 15 April 2016	250,000	250,000
Options exercisable at \$0.40 each on or before 15 April 2016	5,500,000	5,500,000
New Options offered under this Prospectus exercisable at \$0.02 on or before 31 December 2015	67,250,000	151,777,846
<b>Total Options</b>	<b>80,100,000</b>	<b>164,627,846</b>

1 In accordance with the terms of the Options, the exercise price for each Option will reduce in accordance with Listing Rule 6.22.2. The Company will announce the reduced exercise price following the Offer.

## 5.6 Statement of financial position

Set out in schedule 1 is the reviewed Consolidated Statement of Financial Position of the Company and the unaudited Consolidated Pro-Forma Statement of Financial Position, as at 31 December 2013 and on the basis of the following assumptions:

- (a) the Offer was effective on 31 December 2013;
- (b) Offer take up:
  - (i) Minimum Subscription of \$1,345,000;
  - (ii) Full subscription of \$3,035,557;
- (c) costs of the Offer:
  - (i) Minimum Subscription - \$69,620;
  - (ii) Full subscription - \$91,158;
- (d) conversion of convertible notes with a face value of \$730,000, which took place prior to the date of this Prospectus;
- (e) no further Shares (including by way of exercise of Options) or Options are issued other than all New Securities offered under this Prospectus; and
- (f) Repurchase of Convertible Notes:
  - (i) Minimum Subscription - Convertible Notes with a face value of \$845,000
  - (ii) Full subscription - Convertible Notes with a face value of \$1,350,000.

The significant accounting policies upon which the Statement of Financial Position and the Pro-Forma Statement of Financial Position are based are contained in the audited financial report for year ended 30 June 2013.

## 5.7 Effect on control and potential dilution

### (a) Underwriter

The Underwriter has advised the Company that neither it, nor any of its associates, currently has a relevant interest in any Shares, and will not, as a result of the Offer, have a voting power of 20% or more in the Company; and

### (b) Mountain Gold

Mountain Gold has agreed to sub-underwrite the issue of 84,500,000 New Shares. Mountain Gold currently has a relevant interest in 293,425 Shares, or 0.24% of the Company's issued Shares.

Under the Offer Mountain Gold may acquire a relevant interest in up to 84,793,425 Shares and increase its voting power in the Company up to 33.13%.

	Mountain Gold	
	Number	%
Existing	293,425	0.24%
Minimum Subscription	84,793,425	33.13%
Full subscription	84,793,425	19.95%

Assuming it subscribes for its full underwriting commitment, Mountain Gold will also be issued 42,250,000 New Options. Mountain Gold may only exercise these Options

under an exception to the 20% prohibition in the Corporations Act (such as with shareholder approval or under the 3% creep exception).

Mountain Gold is a corporate entity for a group of passive investors based in Singapore who take strategic investments in companies. It has informed the Company that, in the event it is issued Shortfall Securities and increases of its voting power in the Company and based upon the Company's present circumstances, it currently does not intend:

- (i) to make any significant changes to the Company's existing business;
- (ii) to become involved in decisions regarding the employment of the Company's present employees and contractors, and contemplates that they will continue in the ordinary course of business;
- (iii) for any property to be transferred between the Company and Mountain Gold or any of its associates; or
- (iv) to change the Company's existing financial policies.

The above statements are of current intention only, and may change as new information becomes available or circumstances change. Implementing the current intention is also subject to the legal obligations of the Directors at the time.

(c) Others

As the Offer is renounceable, for the purposes of Listing Rule 7.7.1(c) and section 615 of the Corporations Act, the Company has appointed a nominee to arrange for the sale of the entitlements that would have been given to Ineligible Shareholders and to account to them for the net proceeds of the sale. Shareholders may rely upon item 10 of section 611 of the Corporations Act to have a voting power of 20% or more by taking up their Entitlements under the Offer.

(d) Dilution

Shareholders who do not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect, assuming only the Minimum Subscription is raised and no further Shares are issued or Options exercised:

Holder	Holding at Record Date		Entitlement	Holding following the Offer if no Entitlement taken up	
	Number	%		Number	%
1	20,000,000	16.47	50,000,000	20,000,000	7.81
2	10,000,000	8.24	25,000,000	10,000,000	3.91
3	5,000,000	4.12	12,500,000	5,000,000	1.95
4	2,000,000	1.65	5,000,000	2,000,000	0.78

Following is a table that sets out the dilutionary effect where the Minimum Subscription is subscribed for and the New Options are exercised (assuming no other Shares are issued):

Holder	Holding at Record Date		Entitlement	Holding following the Offer if no Entitlement taken up	
	Number	%		Number	%
1	20,000,000	16.47	50,000,000	20,000,000	6.19
2	10,000,000	8.24	25,000,000	10,000,000	3.09
3	5,000,000	4.12	12,500,000	5,000,000	1.55
4	2,000,000	1.65	5,000,000	2,000,000	0.62

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## 6 RISK FACTORS

An investment in the New Securities the subject of this Prospectus is highly speculative as the Company is a resource exploration company. Please consider the risks described below and the information contained in other sections of this Prospectus. You should also consider consulting with your professional advisers before deciding whether or not to apply for the New Securities.

The following is a list of the material risks that may affect the financial position of the Company, the value of an investment in the Company, as well as the Company's operations.

### 6.1 Risks specific to the Offer

(a) Dilution, liquidity and control

Upon completion of the Offer, assuming no Options are exercised prior to the Record Date and the Minimum Subscription is raised, the number of Shares the Company will have on issue will increase from 121,422,277 to 255,922,277. Shareholders who do not participate in the Offer will be diluted by at least 52.59% (as compared to their current holdings). The dilution effect will be greater if more than the Minimum Subscription is raised under the Offer. Examples of dilution are set out in section 5.7.

Assuming only the Minimum Subscription is raised, Mountain Gold's voting power in the Company may increase up to a maximum of 33.13%. There is a risk that this may result in reduced liquidity for the Company's Shares and Mountain Gold exerting increased control over the Company and its affairs.

(b) Sufficiency of funds and requirement for further capital

The Minimum Subscription for the Offer is \$1.345 million, of which \$845,000 is underwritten. As set out in section 5.2, under the Minimum Subscription, the Company will have approximately \$300,000 available for working capital. No funds will be specifically set aside for exploration, and the Company will need to consider alternatives to meet the expenditure commitments on its tenements.

Furthermore, there is a risk that any funds raised in excess of the Minimum Subscription may not be sufficient to complete the proposed exploration and development, and that further funding will be required.

The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

(c) Share price



It is not possible to predict the value of the Company or its Shares following the Offer, and the Directors do not make any representations to such matters. The last sale price of the Company's Shares is 1.3 cents per Share, and there is a risk that the New Shares may not trade for this price.

(d) Convertible Notes

In the event only the Minimum Subscription is raised the Company will remain indebted to Mountain Gold for \$505,000 and outstanding interest of 8% per annum (payable in shares issued at a price of \$0.12 each) under the Convertible Notes. The Convertible Notes are repayable on 2 December 2014. There is a risk that, in the event the Company cannot repay the balance of Convertible Notes by the due date:

- (i) Mountain Gold may either:
  - (A) enforce its rights as creditor, including having a liquidator appointed to sell the Company's assets and having it wound up; or
  - (B) subject to not increasing its voting power in breach of the 20% rule, convert the balance of the Convertible Note; or
- (ii) the Company will have to renegotiate the Convertible Note, potentially on terms unfavourable to the Company.

## 6.2 Company and industry risks

The risks outlined below are specific to the Company's operations and to the resource exploration industry in which the Company operates.

(a) Solvency

As 30 April 2014 the Company had:

- (i) approximately \$300,000 cash on hand; and
- (ii) trade and other payables of approximately \$236,000 and accruals of up to approximately \$275,000 (including an estimated duty liability of \$230,000). Of this approximately \$60,000 is owed to current and former Directors for unpaid directors' fees.

In addition to the amount to be raised under the Minimum Subscription, the Company anticipates an R&D refund of approximately \$180,000.

The Company has set aside \$200,000 from the Minimum Subscription to meet outstanding creditors' claims. However, this may not be sufficient, in which case the Directors are confident that, based upon the Company's history of raising capital and relationship with its creditors, they will be able to agree deferrals and raise sufficient short term funding to ensure that the Company is able to pay its debts as and when they fall due. There is a risk that, if the Directors cannot do so, the Company may become insolvent.

(b) Exploration risks

Whilst exploration by the Company and others justifies further exploration, the Company's tenements carry exploration risk.

Exploration is a high risk undertaking. The Company does not give any assurance that exploration of its current projects or any future projects will result in the delineation or discovery of a significant mineral resource. Even if a significant mineral resource is identified, there can be no guarantee that it can be economically exploited.

(c) Production risks

Funds raised in excess of the Minimum Subscription will be used to undertake studies to determine whether small scale early stage gold production via toll treatment may be possible from the former open cut mines at Granny Venn and Auntie Nellie. Any production is dependent upon exploration successfully defining an economic ore body and a positive scoping study, and entering into suitable toll treatment arrangements.

(d) Joint venture

The Company is currently, and may in the future become a party to joint venture agreements governing the exploration and development of its projects. There is a risk that one of the Company's joint venture partners may default in their joint venture obligations or not act in the best interests of the joint venture. This may have an adverse effect on the interests and prospects of the Company.

(e) Title risk

Mining tenements are governed by the respective State legislation and each tenement is for a specific term and carries with it annual expenditure and reporting commitments as well as other conditions requiring compliance. There is a risk that the Company could lose title to one or more of its tenements if tenement conditions or annual expenditure commitments are not met.

Mining was undertaken on the G-VAN Project (construction of the Auntie Nelly Pit) during 1999 and 2000. The Company cannot locate the mining approval for that work. The Company is liaising with the Department of Mines and Petroleum and previous holders of the tenement to recover any relevant documentation. If mining was not approved, the Company is able to, and will apply for retrospective mining approval. If such approval is not given, forfeiture of the tenement is possible.

(f) Commodity prices

Commodities prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

(g) Environmental

The Company's projects are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the

Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

(h) Key personnel

The ability of the Company to achieve its objectives depends on the retention of key external contractors who constitute its technical panel and provide technical expertise. If the Company cannot secure external technical expertise (for example to carry out drilling) or if the services of the present technical panel cease to become available to the Company, this may affect the Company's ability to achieve its objectives either fully or within the timeframes and the budget the Company has decided upon.

Whilst the ability of the Company to achieve its objectives may be affected by the matters mentioned above, the Directors believe that appropriately skilled and experienced professionals would be available to provide services to the Company at market levels of remuneration in the event key external contractors cease to be available.

(i) Contingent liability

As announced to the ASX on 16 November 2012, the Company entered into a binding heads of agreement with the shareholders of Riqo Pty Ltd (Riqo) to acquire 80% of the issued capital of Riqo. This heads of agreement provides for deferred consideration of \$5 per ounce Au for the first 400,000 ounces Au of a JORC defined measured, indicated and/or inferred resource on Riqo's Menzies Project. Payment is to be made by the Company on every 50,000 ounces Au defined as JORC indicated resource by the Company on Riqo's Menzies Project (or pro-rata for upgrades in excess of 50,000 ounces Au or the final payment when the first 400,000 ounces Au is reached) and can be payable in cash or Shares of the Company (based on a deemed issue price equal to the 30 day VWAP).

(j) Litigation risk

The former Managing Director of the Company, who resigned on 4 February 2014 (refer to ASX announcement 4 February 2014) has threatened to lodge a claim for \$80,000 relating to termination benefits said to be payable under his services agreement. The Company disputes the claim and, if the threatened claim eventuates, will vigorously defend it.

### 6.3 General investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realize their investment.

(c) Economic risk

Changes in both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

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## **7 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS**

### **7.1 What you may do**

As an Eligible Shareholder, you may:

- (a) subscribe for all of your Entitlement (see section 7.2);
- (b) apply for Shortfall Securities (see section 7.3);
- (c) sell all of your Entitlement (see section 7.4);
- (d) take up part of your Entitlement and sell the balance (see section 7.5);
- (e) transfer your Entitlement other than on ASX (see section 7.6); or
- (f) allow all or part of your Entitlement to lapse (see section 7.7).

### **7.2 To subscribe for all of your Entitlement**

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Securities offered by this Prospectus before deciding to apply for New Securities. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

If you wish to subscribe for all of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Securities you are entitled to subscribe for.

### **7.3 To apply for Shortfall Securities**

Eligible Shareholders may, in addition to their Entitlement, apply for Shortfall Securities (being any Entitlements not applied for) regardless of the size of their present holding by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. See section 8.7 for details on how Shortfall Securities will be allocated.

Surplus application moneys will be returned to Applicants as soon as practicable following the close of the Offer.

### **7.4 If you wish to sell all of your Entitlement**

Complete the section marked "Instructions to Stockbroker" on the front of the Entitlement and Acceptance Form, which accompanies this Prospectus, in accordance with the instructions contained on the form and lodge it with your stockbroker as soon as possible.

Rights trading will commence on ASX on 6 June 2014. Sale of your Rights must be completed by 17 June 2014 when Rights trading is expected to cease.

### **7.5 If you wish to take up part of your Entitlement and sell the balance**

Please complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Securities for which you wish to accept (being less than as specified on the Entitlement and Acceptance Form) and complete the section marked

“Instructions to Stockbroker” on the front of the form in respect of that part of your Entitlement you wish to sell.

Forward the form to your stockbroker together with your cheque for the total amount payable in respect of the New Securities accepted. Your stockbroker will need to ensure that the completed Entitlement and Acceptance Form reaches the Share Registry, by 5.00pm AEST (3.00pm (WST)) on 24 June 2014.

Cash will not be accepted and no receipts will be issued.

Rights trading will commence on ASX on 6 June 2014. Sale of your Rights must be completed by 17 June 2014 when Rights trading is expected to cease.

#### **7.6 If you wish to transfer your Entitlement other than on ASX**

If you are a Shareholder and hold Existing Shares on the issuer sponsored sub-register, forward a completed renunciation form (obtainable through your stockbroker or the Share Registry) together with your Entitlement and Acceptance Form completed by the transferee together with a cheque for the appropriate Application Monies to reach the Share Registry (at the postal address shown below), by 5.00 pm AEST (3.00 pm (WST)) on 17 June 2014.

If you are a Shareholder and hold Existing Shares registered on CHESS, you should contact your sponsoring broker.

Cash will not be accepted and no receipts will be issued.

#### **7.7 Entitlements not taken up**

If you are an Eligible Shareholder and do not wish to accept all (or part) of your Entitlement, you are not obliged to do anything. You will receive no benefit or New Securities and your Entitlement will become available as Shortfall Securities.

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the accompanying Entitlement and Acceptance Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

Your entitlement may have value and accordingly you should consider renouncing (selling) your Rights, rather than allowing them to lapse.

#### **7.8 Payment methods**

Cheque, bank draft or money order

The completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order made payable to ‘Stratum Metals Limited - Share Subscription Account’ and crossed ‘Not Negotiable’ for the appropriate application money in Australian dollars calculated at \$0.01 per New Share accepted. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on or around the day of receipt of the Entitlement and Acceptance Form. You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be

presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. Dishonoured cheques will not be represented.

If the amount of your cheque(s), bank draft(s) or money order(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Securities you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Securities as your cleared application money will pay for (and to have specified that number of New Securities in your Entitlement and Acceptance Form) or your Application may be rejected.

The Entitlement and Acceptance Form must be received by the Company at the following address by no later than 5.00 pm (WST) on the Closing Date:

<b>By Hand To:</b>	<b>By Post To:</b>
Stratum Metals Limited	Stratum Metals Limited
C/- Advanced Share Registry Services 110 Stirling Highway Nedlands WA 6009	C/- Advanced Share Registry Services PO Box 1156 Nedlands WA 6909

#### ***BPAY***<sup>1</sup>

Alternatively, if you are paying by BPAY, refer to your personalized instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY must ensure that payment is received by no later than 5pm AEST (3pm WST) on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by 5pm AEST (3pm WST) on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Customer Reference Number specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Customer Reference Number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognized as valid).

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY payment.

### **7.9 Entitlement and Acceptance Form is binding**

A completed and lodged Entitlement and Acceptance Form together with a cheque, bank draft or money order for the application moneys, or by making a payment in respect of an

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<sup>1</sup> ® Registered to BPAY Pty Ltd ABN 69 079 137 518

Application by BPay, constitutes a binding application to acquire New Securities on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an Application by BPay, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorize the Company and its respective officers or agents, to do anything on your behalf necessary for the New Securities to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are an Australian, New Zealand or Singapore resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Securities are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Securities have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Securities may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

The Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon issuing the New Securities.

If the Entitlement and Acceptance Form is not completed correctly or if the accompanying payment of the application moneys is for the wrong amount, it may still be treated as a valid application for New Securities. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the application moneys.



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## 8 DETAILS OF THE OFFER

### 8.1 Shares offered for subscription

By this Prospectus the Company offers 303,555,693 New Shares (assuming no Options are exercised before the Record Date) under a renounceable pro rata offer to Eligible Shareholders at a price of \$0.01 per New Share on the basis of 5 New Shares for every 2 Existing Shares held as at the Record Date with 1 free attaching New Option (exercisable at \$0.02 on or before 31 December 2015 for every 2 New Shares issued to raise up to approximately \$3.036M on before issue costs (**Offer**). Fractional entitlements will be rounded up to the nearest whole number.

The Offer is only open to Eligible Shareholders. The Company reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder.

Details of how to apply for New Securities are set out at section 7.

All New Shares offered under this Prospectus and all Shares issued upon the exercise of New Options will rank equally with Existing Shares. The rights and liabilities of the New Securities offered under this Prospectus are summarized in section 9.

### 8.2 Minimum Subscription

The Minimum Subscription in relation to this Offer is \$1,345,000. In the event that the Minimum Subscription is not achieved within 4 months of the date of this Prospectus, then the Company will repay all application monies received in full and without interest. The Company will not accept any over-subscriptions.

### 8.3 Acceptances

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period.

Instructions for accepting your Entitlement are set out in section 7 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

### 8.4 Lead manager and underwriting

Patersons has agreed to underwrite the subscription of up to 84,500,000 New Shares (**Underwritten Securities**), or up to \$845,000 (**Underwritten Amount**), in accordance with the Underwriting Agreement. The Underwriter is only relieved of its obligation to subscribe for New Shares once the Company has received applications in excess of the difference between the total number of New Shares offered and the Underwritten Securities.

The Underwriter will be paid:

- (a) a corporate fee of \$30,000 for services provided in relation to the Offer; and
- (b) a management fee of 1% on all amounts raised from Eligible Shareholders.

Mountain Gold will not receive a fee for sub-underwriting.

The Company will also be required to reimburse the Underwriter for all of the reasonable costs incurred by the Underwriter in relation to the Offer.

In accordance with the Underwriting Agreement and as is customary with these types of arrangements:

- (a) the Company has (subject to certain limitations) agreed to indemnify the Underwriter, its officers, employees, advisers and related bodies corporate, and the officers, employees and advisers of any of its related bodies corporate against losses suffered or incurred in connection with the Offer;
- (b) the Company and the Underwriter have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer;
- (c) the Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
  - (i) there is an outbreak of hostilities or a material escalate of hostilities (whether or not war has been declared) after the date of this Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the People's Republic of China, or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
  - (ii) the All Ordinaries Index as published by the ASX or the price of gold per ounce in US dollars as published in the Australia Financial Review is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
  - (iii) there is an adverse change, or an event occurs which is likely to give rise to an adverse change, in the financial position or performance, shareholder's equity, profits, losses, results, condition, operations or prospects of the Company and its subsidiaries;
  - (iv) there is a suspension or material limitation in trading generally on ASX or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets; or
  - (v) the closing price of the Company's Shares as quoted by the ASX is less than \$0.01;

The Underwriter may not exercise its termination rights under subsections (iii) and (iv) above unless the occurrence of such events has or is likely to have, a material adverse effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

The Underwriter will also be entitled to a placement fee of 5% of any Shortfall Securities placed in excess of the Underwritten Securities by the Underwriter.

## 8.5 Entitlement to Offer

The Offer is made to Eligible Shareholders, who are those Shareholders that:

- (a) are the registered holder of Shares as at 7pm (AEST) on the Record Date; and
- (b) have a registered address in Australia, New Zealand or Singapore.

## 8.6 Rights trading

The Rights to New Securities are renounceable, which enables Eligible Shareholders who do not wish to take up some or all of their Entitlement to sell or otherwise transfer all or part of their Entitlement. Trading of Rights on the ASX is expected to commence on 6 June 2014 and end on 17 June 2014.

## 8.7 Shortfall

Entitlements not taken up will become available as Shortfall Securities. The Directors reserve the right, to the extent New Securities are not subscribed for by the Underwriter or its nominees, to issue any Shortfall Securities at their discretion within 3 months after the Closing Date (**Shortfall Offer**).

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Eligible Shareholders may, in addition to their Entitlement, apply for Shortfall Securities by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. Other investors who are not Eligible Shareholders may apply for Shortfall Securities using the Shortfall Application Form attached to this Prospectus. Persons outside Australia doing so represent to the Company that they can apply for Shortfall Securities in circumstances which do not require the offer of Shortfall Securities or this Prospectus to be registered.

It is possible that there may be few or no Shortfall Securities available for issue, depending on the level of take up of Entitlements by Eligible Shareholders. The Company will allocate Shortfall Securities as follows:

- (a) firstly, to Eligible Shareholders who apply for Shortfall Securities, with any oversubscriptions to be scaled back pro rata to the number of Shortfall Securities applied for;
- (b) then, in accordance with the terms of the Underwriting Agreement to the Underwriter for up to the Underwritten Securities, and
- (c) finally, at the Directors' discretion.

Subject to the above, the Directors reserve the right at their absolute discretion to reject any application for Shortfall Securities and it is an express term of the Shortfall Offer that applicants for Shortfall Securities will be bound to accept a lesser number of Shortfall Securities allocated to them than applied for. If a lesser number is allocated, excess application money will be refunded without interest as soon as practicable after the Closing Date.

## 8.8 Offer outside Australia, New Zealand and Singapore

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia, New Zealand or Singapore.

## 8.9 Treatment of Overseas Shareholders

Given the small number of Shareholders with registered addresses outside Australia, New Zealand or Singapore, and the cost of complying with applicable regulations in those jurisdictions, the Company has decided that it would be unreasonable to extend the Offer to any Shareholder, as at the Record Date, whose registered address is not situated in those jurisdictions. The Prospectus will not be sent to those Shareholders.

### *New Zealand*

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand)*. Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Securities.

### *Singapore*

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. The Offer is made to Eligible Shareholders resident in Singapore in reliance of section 273(1)(cd)(i) of the *Securities and Futures Act*. Accordingly this Prospectus and any other document or material in connection with the Offer may not be circulated or distributed, nor any New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person who is not an existing Shareholder on the Record Date.

### *Elsewhere*

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the New Securities or the Offer or otherwise to permit an offering of the New Securities in any jurisdiction than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the *US Securities Act of 1933*, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia, New Zealand or Singapore (other than to Eligible Shareholders).

### *Appointment of nominee*

Subject to ASIC's consent, the Company has appointed the Underwriter as nominee to sell the Ineligible Foreign Shareholders' Rights.

The proceeds of sale (in Australian dollars) will be distributed to the Non-Eligible Foreign Shareholders for whose benefits the Rights have been sold in proportion to their shareholdings as at the Record Date (after deducting the costs of the sale).

Neither the Company nor Underwriter will be liable for any failure to sell the Rights or to sell the Rights at any particular price.

#### **8.10 Beneficial holders, nominees, trustees and custodians**

The foreign selling restrictions under the Offer summarized in section 8.8 of this Prospectus apply to the underlying beneficial holder. Nominees, trustees and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder. Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed. Shareholders who hold Shares on behalf of persons whose registered address is not in Australia or New Zealand are responsible for ensuring that applying for New Securities does not breach securities laws in the relevant overseas jurisdictions.

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

#### **8.11 Issue of New Securities and application money**

New Securities will be issued only after all application money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Securities will be issued on 30 June 2014 and normal trading of the New Shares on ASX is expected to commence on 1 July 2014.

All application moneys will be deposited into a separate bank account of the Company and held in trust for Applicants until the Shares are issued or application moneys returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

#### **8.12 Quotation**

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the New Shares offered by this Prospectus on ASX. If ASX does not grant permission for the quotation of the New Shares offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as modified by ASIC, none of the New Shares offered by this Prospectus will be issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application moneys without interest.

A decision by ASX to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the New Shares.

Quotation, if granted, of the New Shares offered by this Prospectus will commence as soon as practicable after statements of holdings of the New Shares are dispatched.

### 8.13 Market prices of Existing Shares on ASX

The highest and lowest market sale price of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the 3 months immediately preceding the lodgment of this Prospectus with the ASIC, and the last market sale price on the date before the lodgment date of this Prospectus, are set out below.

	3 month high	3 month low	Last market sale price
Price	\$0.03 on 13 March 2014	\$0.007 on 14 May 2014	\$0.013 on 2 June 2014

### 8.14 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Securities issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Securities issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Share Registry and will contain the number of New Securities issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

### 8.15 Taxation and duty implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Shareholders applying for New Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Offer. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Securities under this Prospectus.

### 8.16 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisors, and to ASX and regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

#### **8.17 Enquiries**

Any queries regarding the Offer should be directed to Mr Duncan Cornish, Company Secretary on +61 7 3212 6230.

Any queries regarding the Entitlement and Acceptance Form should be directed to the Share Registry on +61 8 9389 8033.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

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## 9 RIGHTS AND LIABILITIES ATTACHING TO SHARES

### 9.1 Rights attaching to New Shares

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend in proportion to the amount for the time being paid on a share bears to the total issue price of the share. All Shares currently on issue and the New Shares to be issued under this Prospectus are fully paid.

(c) Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerized or electronic system established or recognized by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

(e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Liquidation rights



The Company has one class of shares on issue, ordinary shares, which rank equally in liquidation.

(g) Variation of rights

Subject to the Listing Rules, the rights attached to the Shares may be varied with the consent in writing of shareholders holding three-quarters of the Shares or by a special resolution passed at a separate meeting of the holders of the Shares in accordance with the Corporations Act

(h) Election of directors

There must be a minimum of 3 but not more than 10 Directors. At every annual general meeting one third of the Directors (rounded to the nearest whole number) must retire from office. Any Director who would have held office for more than 3 years if that Director remains in office until the next general meeting must retire. These retirement rules do not apply to certain appointments including the managing director.

(i) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(j) Winding up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus must be divided among the shareholders of the Company.

(k) Shareholder liability

The New Shares are fully paid ordinary shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(l) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(m) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the

Constitution is deemed not to contain that provision to the extent of the inconsistency.

## 9.2 Terms of New Options

- (a) Each New Option entitles the holder to one Share.
- (b) The exercise price of the New Options is 2 cents each.
- (c) The expiry date of the New Options is 31 December 2015.
- (d) The New Options may be exercised at any time prior to the expiry date, in whole or in part, upon payment of the exercise price per New Option.
- (e) The New Options are transferable.
- (f) The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("Notice of Exercise"). New Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise must state the number of New Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- (g) All Shares issued upon the exercise of the New Options will rank equally in all respects with the Company's then issued Shares. The Company will apply to the ASX for quotation of all Shares issued upon exercise of Options.
- (h) There are no participating rights or entitlements inherent in the New Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the New Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the New Option can be exercised except in the event of a bonus issue. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their New Options prior to the date for determining entitlements to participate in such issues.
- (i) If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company ("Bonus Issue"), then upon exercise of his or her New Options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her under that Bonus Issue if the Options had been exercised before the record date for the Bonus Issue.
- (j) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorized or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.

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## 10 ADDITIONAL INFORMATION

### 10.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Securities on the Company and the rights attaching to the New Securities and to the Shares issued upon the exercise of New Options. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgment of the Company's annual financial statements of the Company for the financial year ended 30 June 2013 to the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial statements of the Company for the financial year ended 30 June 2013 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
- (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of that annual report and before the lodgement of this Prospectus; and
- (iii) any continuous disclosure notices given by the Company after the lodgment of the financial statements referred to in paragraph (i) and before the lodgment of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours.

The Company has lodged the following announcements with ASX since 2013 audited financial statements:

Date	Description of Announcement
02/06/2014	Change of Address of Share Registry
27/05/2014	Final Director's Interest Notice
27/05/2014	Director Resignation - Ralph Stagg
12/05/2014	Section 708A Notice and Appendix 3B
08/05/2014	Becoming a substantial holder
30/04/2014	Quarterly Cashflow Report
30/04/2014	Quarterly Activities Report
17/04/2014	Chairman Appointment
11/04/2014	Change of Director's Interest Notice x3
11/04/2014	Section 708A Notice and Appendix 3B
09/04/2014	Section 708A Notice and Appendix 3B - Amendment
08/04/2014	Change in substantial holding
08/04/2014	Section 708A Notice and Appendix 3B
01/04/2014	Becoming a substantial holder
01/04/2014	Becoming a substantial holder
31/03/2014	Section 708A Notice and Appendix 3B

31/03/2014	Change of Director's Interest Notice
25/03/2014	Change of Director's Interest Notice x2
25/03/2014	Section 708A Notice and Appendix 3B
24/03/2014	Change of Director's Interest Notice
17/03/2014	Initial Director's Interest Notice
17/03/2014	Director Appointment
14/03/2014	Interim Financial Report
12/03/2014	ASX Listing Rule 7.1A Disclosure
12/03/2014	Section 708A Notice and Appendix 3B
12/03/2014	Final Director's Interest Notice
12/03/2014	Resignation of Non-Executive Director
10/03/2014	Corrected Initial Director's Interest Notice
07/03/2014	Initial Director's Interest Notice
07/03/2014	Reinstatement to Official Quotation
07/03/2014	Placement
07/03/2014	Director Appointment - Ralph Stagg
05/03/2014	Suspension from Official Quotation
03/03/2014	Change of Company Address
03/03/2014	Trading Halt Request
03/03/2014	Trading Halt
17/02/2014	Appointment of Technical and Project Management Team
13/02/2014	High grade gold confirmed
04/02/2014	Final Director's Interest Notice
04/02/2014	Board and Management Restructure
31/01/2014	Quarterly Cashflow Report

31/01/2014	Quarterly Activities Report
28/01/2014	Nickel bearing ultramafics in East Menzies Emu Prospect
15/01/2014	Change of Director's Interest Notice
13/01/2014	Section 708A Notice and Appendix 3B
18/12/2013	Gold Targets Intersected
17/12/2013	Section 708A Notice and Appendix 3B
13/12/2013	Final Director's Interest Notice
13/12/2013	Director Resignation
11/12/2013	Change of Director's Interest Notice
05/12/2013	Nickel Intersected at East Menzies
03/12/2013	Change of Director's Interest Notice
03/12/2013	Section 708A Notice and Appendix 3B
02/12/2013	Initial Director's Interest Notice
29/11/2013	Appointment of Non-Executive Director and CFO
29/11/2013	Results of Meeting
26/11/2013	Change of Director's Interest Notice
25/11/2013	Section 708A Notice and Appendix 3B
22/11/2013	Nickel Target Drilling to Commence
19/11/2013	Section 708A Notice and Appendix 3B
18/11/2013	Change of Director's Interest Notice
15/11/2013	RC Drilling to Commence
11/11/2013	Investor Presentation
11/11/2013	Company Secretary Appointment/Resignation
07/11/2013	Potential to join East Menzies gold open pits identified
31/10/2013	Quarterly Activities Report

31/10/2013	Quarterly Cashflow Report
30/10/2013	Notice of Annual General Meeting
30/10/2013	Stratum secures 100% of East Menzies Project
28/10/2013	Company Secretary Appointment/Resignation
25/10/2013	Govt Approval Received for Drill Testing Priority Targets
18/10/2013	Appendix 3B
11/10/2013	Nickel Sulphide drill ready target at East Menzies
03/10/2013	Appendix 3Z - Final Director's Interest Notice
03/10/2013	Director Resignation - Kent Hunter
02/10/2013	Modelled Targets to be Drill Tested
02/10/2013	Reinstatement to Official Quotation

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours or from [www.asx.com.au](http://www.asx.com.au).

## 10.2 Directors' interests

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company and remuneration as set out below.

Director	Andrew Pierce	Richard Anthon	John Shepherd
Shares	4,960,641	3,545,8951	0
Options	0	2,500,000	0
Entitlement	Andrew Pierce	Richard Anthon	John Shepherd
Shares	12,401,603	8,864,738	0
Options	6,200,801	4,432,369	0

### Notes:

- <sup>1</sup> On 7 March 2014, the Company announced a placement of 1,666,666 Shares (Placement Shares) to an entity associated with Mr Richard Anthon, a Director for \$0.03 per Share. The issue is subject to Shareholder approval to be sought at a general meeting to be held shortly. As the shareholder meeting will occur after Record Date, the holder of the Placement Shares will not be entitled to participate in the Offer.

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**Remuneration paid to Directors in the two years prior to the date of this Prospectus<sup>1</sup>**

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	2013 <sup>2</sup>	2014
Andrew Pierce	-	\$6,210
Richard Anthon	\$65,000	\$66,410
John Shepherd	-	\$24,030

**Notes:**

- 1 Figures based on amounts paid and accrued.
- 2 Messrs Andrew Pierce and John Shepherd were not Directors of the Company in 2013 financial year.

The Company has entered into indemnity, insurance and access deeds with each of the Directors (**Deeds**). Under the Deeds, the Company agrees to indemnify each of the Directors to the extent permitted by the Corporations Act against certain liabilities incurred by the Directors whilst acting as an officer of the Company, and to insure each Director against certain risks to which the Company is exposed as an officer of the Company. The Deeds also grant each Director a right of access to certain records of the Company for a period of up to 7 years after the Director ceases to be an officer of the Company.

The Deeds were entered into as part consideration for the Directors agreeing to hold office as directors of the Company.

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive directors and in default of agreement then in equal shares.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgment of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or



- (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Offer.

### 10.3 Interests of promoters and named persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Kings Park Corporate Lawyers have acted as solicitors to the Offer. In respect of this work, the Company will pay approximately \$10,000 exclusive of GST. Subsequently fees will be paid in accordance with normal hourly rates.

Patersons is the Underwriter to the Offer and will be paid such fees as are outlined in section 8.4. Patersons has received no fees for services to the Company in the 2 years prior to the date of this Prospectus.

### 10.4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgment of this Prospectus with ASIC withdrawn their written consent:
  - (i) to be named in the Prospectus in the form and context which it is named; and
  - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorized the issue of this Prospectus;
- (c) has not made any express or implied representation or warranty in relation to the Company, this Prospectus or the Offer;
- (d) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based;
- (e) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name.

Name	Role
Kings Park Corporate Lawyers	Lawyers
Advanced Share Registry Services	Share Registry
Patersons Securities Limited	Underwriter
Mountain Gold International Ltd	Sub-underwriter

## 10.5 Expenses of the Offer

The total expenses of the Offer (exclusive of GST) are estimated to be \$69,620 assuming the Minimum Subscription is raised and \$91,158 assuming full subscription, consisting of the following:

Cost	Minimum Subscription (\$)	Full Subscription (\$)
Lead manager, corporate and underwriter's fee <sup>1</sup>	43,450	60,356
Legal fees	10,000	10,000
ASX fees	8,870	13,502
ASIC, printing, share registry and other expenses	7,300	7,300
<b>Total</b>	<b>69,620</b>	<b>91,158</b>

<sup>1</sup> The Underwriter will also receive a placement fee of 5% on any Shortfall Securities placed.

These expenses have or will be paid by the Company.

## 10.6 Litigation

As at the date of this Prospectus, the Company is not involved in any other legal proceedings of a material nature and the Directors are not aware of any other legal proceedings pending or threatened against the Company, other than that referred to in Section 6.2(j).

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## 11 DIRECTORS' RESPONSIBILITY AND CONSENT

Each Director has consented to the lodgment of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 3 June 2014



.....  
Signed for and on behalf of  
Stratum Metals Limited by  
Richard Anthon

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## 12 GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

<b>\$, A\$ or Dollars</b>	Australian dollars unless otherwise stated.
<b>AEST</b>	Australian Eastern Standard Time.
<b>Applicant</b>	a person who submits a valid Entitlement and Acceptance Form pursuant to this Prospectus.
<b>Application</b>	a valid application made on an Entitlement and Acceptance Form to subscribe for New Securities pursuant to this Prospectus.
<b>ASIC</b>	the Australian Securities & Investments Commission.
<b>ASX</b>	the ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.
<b>Au</b>	Gold.
<b>Board</b>	the board of Directors.
<b>Closing Date</b>	the date set out in section 1.
<b>Company or Stratum</b>	Stratum Metals Limited (ABN 90 147 867 301).
<b>Constitution</b>	the constitution of the Company.
<b>Convertible Notes</b>	has the meaning given in section 5.3.
<b>Corporations Act</b>	the Corporations Act 2001 (Cth).
<b>Deeds</b>	the indemnity, insurance and access deeds between the Company and each of the Directors.
<b>Director</b>	a director of the Company.
<b>Eligible Shareholders</b>	has the meaning in section 8.5.
<b>Entitlement and Acceptance Form</b>	the personalized entitlement and acceptance form attached to this Prospectus.
<b>Entitlement or Right</b>	a Shareholder's entitlement to subscribe for New Securities offered by this Prospectus.
<b>Ex Date</b>	the date set out in section 1.
<b>Existing Share</b>	a Share issued as at 5.00pm WST on the Record Date.

<b>Ineligible Shareholder</b>	a Shareholder who is not an Eligible Shareholder.
<b>JORC</b>	Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves (2012).
<b>k</b>	thousand.
<b>Listing Rules</b>	the listing rules of the ASX.
<b>M</b>	Million.
<b>Minimum Subscription</b>	\$1,345,000.
<b>Mountain Gold</b>	Mountain Gold International Ltd.
<b>New Options</b>	Options (exercisable at \$0.02 on or before 31 December 2015) and otherwise on the terms set out in section 9.2, and offered pursuant to this Prospectus.
<b>New Securities</b>	New Shares and New Options.
<b>New Shares</b>	Shares offered pursuant to this Prospectus.
<b>Offer</b>	an invitation made in this Prospectus to subscribe for New Securities.
<b>Official List</b>	the official list of the ASX.
<b>Option</b>	an option to purchase a Share.
<b>Prospectus</b>	this Prospectus and includes the electronic prospectus.
<b>Record Date</b>	the date set out in section 1.
<b>Share</b>	a fully paid ordinary share in the Company.
<b>Share Registry</b>	Advanced Share Registry Ltd (ABN 14 127 175 946).
<b>Shareholder</b>	the registered holder of Shares in the Company.
<b>Shortfall</b>	will occur if the Company does not hold successful valid Applications for all the New Securities offered by the Company under this Prospectus by the Closing Date.
<b>Shortfall Securities</b>	New Securities for which valid Applications have not been received by the Closing Date.
<b>Underwriter or Patersons</b>	Patersons Securities Limited (ABN 69 008 896 311)

<b>Underwriting Agreement</b>	the underwriting agreement between the Company and the Underwriter executed on 3 June 2014.
<b>Underwritten Amount</b>	means \$845,000.
<b>Underwritten Securities</b>	has the meaning given in section 8.4.
<b>US person</b>	has the meaning given to that term in Regulation S under the US Securities Act.
<b>US Securities Act</b>	the United States Securities Act of 1933, as amended.
<b>VWAP</b>	Volume weighted average price.
<b>WST</b>	Western Standard Time, Western Australia.

**SCHEDULE 1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Reviewed 31 December 2013	Unaudited pro forma Minimum Subscription	Unaudited pro forma Full Subscription
	\$	\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	286,049	716,429	1,880,448
Trade and other receivables	274,117	274,117	274,117
Other current assets	53,568	53,568	53,568
<b>Total Current Assets</b>	<b>613,734</b>	<b>1,044,114</b>	<b>2,208,133</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	4,054	4,054	4,054
Exploration and evaluation expenditure	5,653,300	5,653,300	5,653,300
<b>Total Non-Current Assets</b>	<b>5,657,354</b>	<b>5,657,354</b>	<b>5,657,354</b>
<b>TOTAL ASSETS</b>	<b>6,271,088</b>	<b>6,701,468</b>	<b>7,865,487</b>
<b>Current Liabilities</b>			
Trade and other payables	814,936	814,936	814,936
Convertible Note	1,941,067	467,967	0
<b>Total Current Liability</b>	<b>2,756,003</b>	<b>1,282,903</b>	<b>814,936</b>
<b>TOTAL LIABILITIES</b>	<b>2,756,003</b>	<b>1,282,903</b>	<b>814,936</b>
<b>NET ASSETS</b>	<b>3,515,085</b>	<b>5,418,565</b>	<b>7,050,551</b>
<b>EQUITY</b>			
Issued Capital	9,794,527	11,377,325	12,565,385
Reserves - Options and other	526,013	908,662	1,389,621
Convertible Note	168,400	168,400	168,400
Accumulated losses	-6,730,792	-6,792,759	-6,829,792
Parent entity interest	<b>3,758,148</b>	<b>5,661,628</b>	<b>7,293,614</b>
Non-controlling interest	-243,063	-243,063	-243,063
<b>TOTAL EQUITY</b>	<b>3,515,085</b>	<b>5,418,565</b>	<b>7,050,551</b>