

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

|                        |  |
|------------------------|--|
| <b>Name of entity</b>  |  |
| Stratum Metals Limited |  |
| <b>ABN</b>             | <b>Quarter ended ("current quarter")</b> |
| 90 147 867 301         | 31 December 2013                         |

#### Consolidated statement of cash flows

|   | Current quarter<br>\$A'000 | Year to date (6 months)<br>\$A'000 |
|---|----------------------------|------------------------------------|
| <b>Cash flows related to operating activities</b>               |                            |                                    |
| 1.1 Receipts from product sales and related debtors             | -                          | -                                  |
| 1.2 Payments for (a) exploration & evaluation                   | (337)                      | (834)                              |
| (b) development   | -                          | -                                  |
| (c) production  | -                          | -                                  |
| (d) administration  | (326)                      | (508)                              |
| 1.3 Dividends received  | -                          | -                                  |
| 1.4 Interest and other items of a similar nature received       | 2                          | 4                                  |
| 1.5 Interest and other costs of finance paid                    | -                          | -                                  |
| 1.6 Income taxes paid   | -                          | -                                  |
| 1.7 Other (R&D)   | -                          | -                                  |
| <b>Net Operating Cash Flows</b>                                 | <b>(661)</b>               | <b>(1,338)</b>                     |
| <b>Cash flows related to investing activities</b>               |                            |                                    |
| 1.8 Payment for purchases of: (a) prospects                     | -                          | -                                  |
| (b) equity investments  | -                          | -                                  |
| (c) other fixed assets  | -                          | -                                  |
| 1.9 Proceeds from sale of: (a) prospects                        | -                          | -                                  |
| (b) equity investments  | 42                         | 42                                 |
| (c) other fixed assets  | -                          | -                                  |
| 1.10 Loans to other entities                                    | -                          | -                                  |
| 1.11 Loans repaid by other entities                             | -                          | -                                  |
| 1.12 Other (provide details if material)                        | -                          | -                                  |
| <b>Net investing cash flows</b>                                 | <b>42</b>                  | <b>42</b>                          |
| 1.13 Total operating and investing cash flows (carried forward) | (619)                      | (1,296)                            |

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|   |  | Current quarter<br>\$A'000 | Year to date (6 months)<br>\$A'000 |
|---|--|----------------------------|------------------------------------|
| 1.13  | Total operating and investing cash flows (brought forward) | (619)                      | (1,296)                            |
| <b>Cash flows related to financing activities</b> |  |                            |                                    |
| 1.14  | Proceeds from issues of shares, options, etc.              | 65                         | 820                                |
| 1.15  | Proceeds from sale of forfeited shares                     | -                          | -                                  |
| 1.16  | Proceeds from borrowings                                   | -                          | -                                  |
| 1.17  | Repayment of borrowings                                    | -                          | -                                  |
| 1.18  | Dividends paid   | -                          | -                                  |
| 1.19  | Other (share issue costs)                                  | (8)                        | (8)                                |
|   | <b>Net financing cash flows</b>                            | <b>57</b>                  | <b>812</b>                         |
|   | <b>Net increase (decrease) in cash held</b>                | <b>(562)</b>               | <b>(484)</b>                       |
| 1.20  | Cash at beginning of quarter/year to date                  | 848                        | 770                                |
| 1.21  | Exchange rate adjustments to item 1.20                     | -                          | -                                  |
| 1.22  | <b>Cash at end of quarter</b>                              | <b>286</b>                 | <b>286</b>                         |

**Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities**

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 66                         |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | -                          |

1.25 Explanation necessary for an understanding of the transactions

1.23 includes salaries and superannuation contributions for all directors

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the quarter the Company issued 1,163,345 Ordinary Shares (at a deemed price of 6.0c per share) for drilling services.

During the quarter, 25,000 Convertible Notes were converted into 447,154 Ordinary Shares at a deemed price of 5.6283c per share (pursuant to Convertible Note Deed Poll).

During the quarter the Company issued 1,350,000 (\$1.00) Convertible Notes in exchange for Mountain Gold International's 40% interest in the Menzies Goldfield joint venture, resulting in the Company having 100% ownership of the project (refer ASX announcement 30 October 2013).

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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|  |
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### Financing facilities available

*Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | -                           | -                      |
| 3.2 Credit standby arrangements | -                           | -                      |

### Estimated cash outflows for next quarter

|                                | \$A'000    |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 50         |
| 4.2 Development                | -          |
| 4.3 Production                 | -          |
| 4.4 Administration             | 150        |
| <b>Total</b>                   | <b>200</b> |

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

|  | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 286                        | 848                         |
| 5.2 Deposits at call                             | -                          | -                           |
| 5.3 Bank overdraft                               | -                          | -                           |
| 5.4 Other (provide details)                      | -                          | -                           |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>286</b>                 | <b>848</b>                  |

### Changes in interests in mining tenements and petroleum tenements

|     | Tenement reference and location   | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|---|-------------------------------|----------------------------------|----------------------------|
| 6.1 | Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed | Refer Attachment A            |                                  |                            |
| 6.2 | Interests in mining tenements and petroleum tenements acquired or increased           | Refer Attachment A            |                                  |                            |

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

|     | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|-----|--------------|---------------|---|--|
| 7.1 |              |               |   |  |
| 7.2 |              |               |   |  |
| 7.3 | 66,050,983   | 66,050,983    |   |  |
| 7.4 | 1,000,000    | 1,000,000     | 6.5c (placement)                              | 6.5c   |
|     | 447,154      | 447,154       | 5.6283c (Note conversion)                     | 5.6283c  |
|     | 1,163,345    | 1,163,345     | 6.0c (drilling contract)                      | 6.0c   |
|     | -            | 14,000,000    | n/a (release from ASX escrow)                 | n/a  |

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|  | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|--------------|---------------|---|--|
| 7.5 +Convertible debt securities<br><i>(description)</i>                     | 2,080,000    | -             | \$1.00  | \$1.00   |
| 7.6 Changes during quarter   |              |               |   |  |
| (a) Increases through issues   | 1,400,000    | -             | \$1.00  | \$1.00   |
| (b) Decreases through securities matured, converted                          | (25,000)     | -             | n/a   | n/a  |
| 7.7 <b>Options</b><br><i>(description and conversion factor)</i>             |              |               | <i>Exercise price</i>                         | <i>Expiry date</i>                               |
|  | 3,000,000    | -             | \$0.25  | 7-Jun-16   |
|  | 3,000,000    | -             | \$0.35  | 7-Jun-16   |
|  | 500,000      | -             | \$0.25  | 15-Apr-18  |
|  | 600,000      | -             | \$0.25  | 23-Jan-17  |
|  | 250,000      | -             | \$0.25  | 15-Apr-16  |
|  | 5,500,000    | -             | \$0.40  | 15-Apr-16  |
| 7.8 Issued during quarter  | 500,000      | -             | \$0.40  | 15-Apr-16  |
| 7.9 Exercised during quarter   |              |               |   |  |
| 7.10 Expired during quarter  |              |               |   |  |
| 7.11 <b>Performance Rights</b><br><i>(description and conversion factor)</i> |              |               |   |  |
| 7.12 Issued during quarter   |              |               |   |  |
| 7.13 Exercised during quarter  |              |               |   |  |
| 7.14 Expired during quarter  |              |               |   |  |
| 7.15 <b>Debentures (totals only)</b>   |              |               |   |  |
| 7.16 <b>Unsecured notes (totals only)</b>                                    |              |               |   |  |

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.

On behalf of the Board  
DP Cornish  
Company Secretary  
31 January 2014

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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## Attachment A

### Changes in interests in mining tenements and petroleum tenements

#### 6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed

| Project       | Tenement reference | Location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|---------------|--------------------|----------|--------------------|----------------------------------|----------------------------|
| Canning Basin | E04/2160           | WA       | Surrendered        | 100%                             | 0%                         |
| Canning Basin | E04/2161           | WA       | Surrendered        | 100%                             | 0%                         |

#### 6.2 Interests in mining tenements and petroleum tenements acquired or increased

| Project | Tenement reference | Location | Nature of interest                 | Interest at beginning of quarter | Interest at end of quarter |
|---------|--------------------|----------|------------------------------------|----------------------------------|----------------------------|
| Menzies | P29/2249           | WA       | Granted                            | 0%                               | 80%                        |
| Menzies | P29/2250           | WA       | Granted                            | 0%                               | 80%                        |
| Menzies | E29/0872           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | L29/0061           | WA       | Acquisition of additional interest | 60%                              | 80%                        |
| Menzies | M29/0141           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/1928           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/1929           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/1930           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/1931           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2101           | WA       | Acquisition of additional interest | 60%                              | 90%                        |
| Menzies | P29/2102           | WA       | Acquisition of additional interest | 60%                              | 90%                        |
| Menzies | P29/2103           | WA       | Acquisition of additional interest | 60%                              | 90%                        |
| Menzies | P29/2106           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2107           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2108           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2109           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2110           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2111           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2113           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2114           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2124           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2125           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2126           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2127           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2128           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2129           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2133           | WA       | Acquisition of additional interest | 60%                              | 90%                        |

**Appendix 5B**

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| Project | Tenement reference | Location | Nature of interest                 | Interest at beginning of quarter | Interest at end of quarter |
|---------|--------------------|----------|------------------------------------|----------------------------------|----------------------------|
| Menzies | P29/2140           | WA       | Acquisition of additional interest | 60%                              | 90%                        |
| Menzies | P29/2141           | WA       | Acquisition of additional interest | 60%                              | 90%                        |
| Menzies | P29/2145           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2146           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2147           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2148           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2149           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2150           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2161           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2162           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2163           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2164           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2174           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2175           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2220           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2221           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2223           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2224           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2225           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2226           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2227           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2228           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2270           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2272           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2273           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2274           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2275           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2276           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2277           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2278           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2279           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2280           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2281           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2282           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2283           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2284           | WA       | Acquisition of additional interest | 60%                              | 100%                       |
| Menzies | P29/2285           | WA       | Acquisition of additional interest | 60%                              | 100%                       |