

30 July 2012

ASX ANNOUNCEMENT

QUARTERLY ACTIVITIES REPORT

Highlights:

Gold

- Phase two of Stage 2 RC drilling at Gidgee North positive gold results received including longest high grade intersection to date
- Phase two of Stage 2 RC drilling completed, Gold Assay results due shortly
- MMI soil sampling program interpretation shows >1km anomalous zone at Gidgee North
- MMI soil sampling results support gold potential at Bannockburn

Coal

- Second Canning Basin Coal Project tenement granted
 - Program of works approval for initial drilling received from DMP
 - Site clearance approval pending
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Gidgee

The Gidgee North area, and in particular the German Well South Prospect was the main focus of the company in the last quarter. MMI analysis results were received and assessed by the company's consultants, a consultant geophysicist has been engaged, a drilling program was completed generating further high grade gold assays, and at the end of the quarter personnel were on-site setting up to complete a further phase of RC drilling.

MMI program: The MMI results indicate anomalous gold exists over 1km of strike through the area of close spaced sample lines. This anomalism is open along strike in both directions, and if extended halfway to the next sample lines indicates a potential anomalous zone of ~2km strike (up from 600m based on historic data).

Stratum's consultant has identified that the MMI technique successfully identifies drilled gold mineralisation and that the anomaly related to the first pass of soil sampling extends well beyond the area of Stratum's drilling. The data however does not show the typical tailing off of grade used to interpret dip of mineralisation and allow confident placement of drill holes. As a result a recommendation has been made to complete a program of infill soil sampling across the anomalous area to give greater data resolution.

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Geophysics: The company has identified data is available from a number of previously completed geophysical surveys over Stratum's broader Gidgee Project area. Much of the available data is high resolution magnetics and radiometrics and a consultant geophysicist has been engaged to compile and interpret this data. Work will include a detailed interpretation with a particular focus on the broader German Well area. This work is due for completion in the coming quarter and will be combined with all other knowledge acquired by the company to better understand mineralisation at the German Well South Prospect as well as identify further targets across the companies Gidgee Project area.

RC Drilling program:

Stratum received government approval in the first quarter to drill an additional 42 RC holes (6,200 metres) at the German Well South Prospect. In April a 12 hole RC program was completed; expanding on the initial positive results received from the company's maiden drilling program in the area. These additional 12 holes have extended the strike length of drilled gold mineralisation and included an intercept of 21 metres at 5.25 g/t gold (see ASX Announcement 25/5/2012 for full details).

Encouraged by the positive results received in May, to better understand potential mineralisation geometries and in order to provide an initial test of the MMI interpretation beyond the area drilled to date, a second phase of drilling has been undertaken. In the last week of June a field team was onsite preparing 11 drill sites and rehabilitating past drill areas (drilling commenced on the first day of July and was completed by the 13th of July).

While a review of all drilling results confirmed an apparent northerly plunge component to mineralisation there is potential for several different mineralisation geometries. It is possible a combination could exist and four scissor holes on three sections in the latest campaign were designed to better understand these possibilities. The cross section shown as figure 1 gives an example of alternate interpretations of the current data, and shows planned holes aimed at better understanding actual mineralisation geometry. The pink mineralisation envelopes in figure 1 are indicative of a ladder like geometry, while the overlying red envelopes represent a sub-vertical control.

A further seven holes were drilled on two sections, extending data approximately 100 metres north and south of previous drilling. These holes, were drilled to the east and will provide an indication of the value of the MMI interpretation and give Stratum drilling data covering over 350 metres of strike.

Assay results are expected in August 2012.

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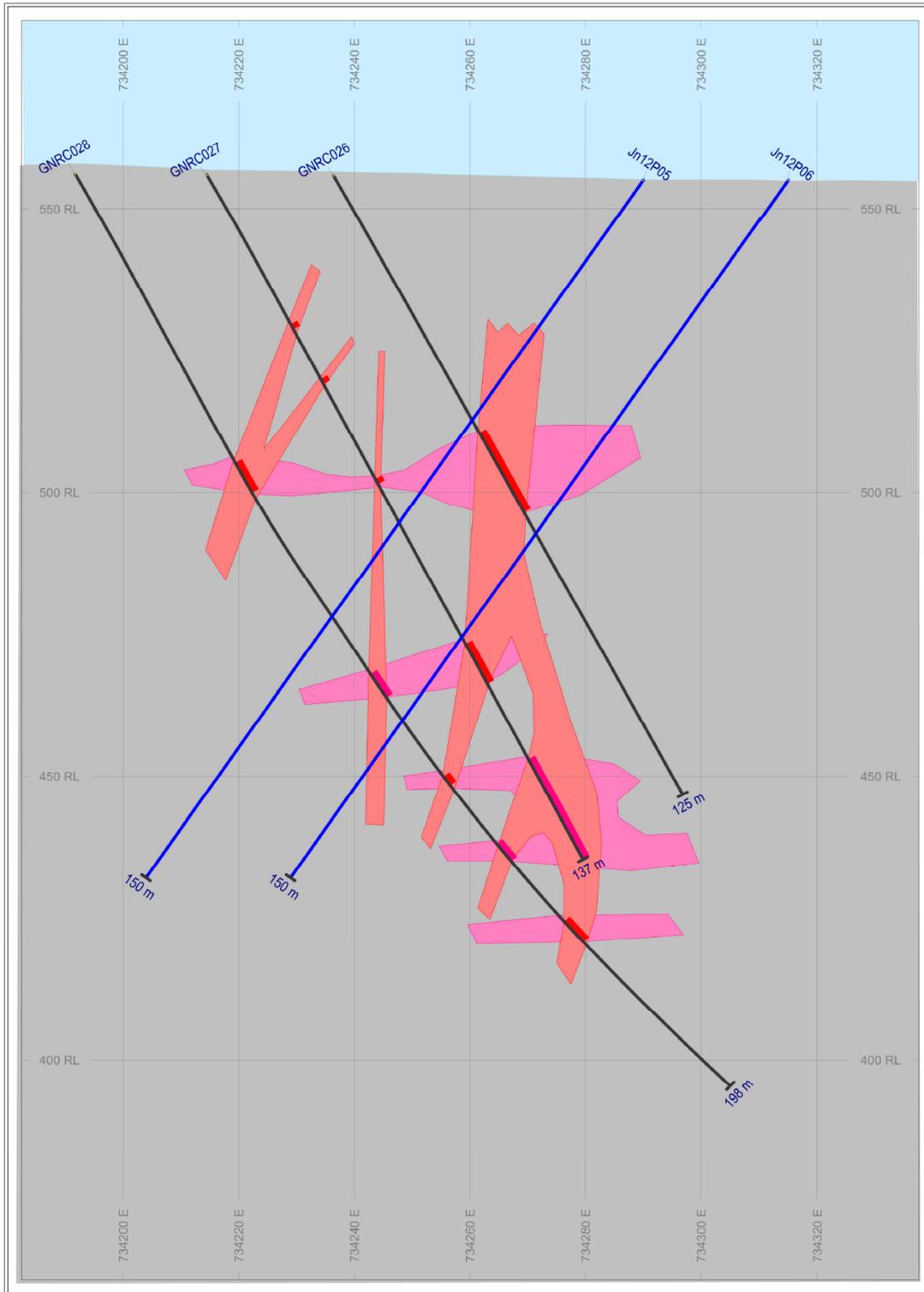


Figure 1: German Well South – Section 7017550N

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Further work: Stratum will combine and review all MMI soils, drill hole logging and assay data in conjunction with the detailed geophysics data interpretation in the coming quarter. The aim of the review will be to allow further work on the exciting German Well Area to progress in a way most likely generate further positive results and ultimately support definition of a JORC classified resource estimate.

Canning Basin Coal

A second tenement, E04/2125, was granted during the quarter. Previous work by Geos Mining has highlighted a lack of work in this area and recommended drilling of one hole as an initial test of local stratigraphy. At this stage the company is awaiting granting of the other two tenements located near to E04/2125 prior to commencing work in the field.

Planning and discussions continued during the quarter in relation to E04/1993 to schedule in a site clearance survey, as required under the Heritage Protection Agreement with the Nyikina Mangala Group, prior to establishment of drill sites. By the end of the quarter approval of the company's Program of Works had been received from the Department of Mines and Petroleum (DMP) and discussions were continuing in relation to the site clearance survey.

The company has also completed assessment of potential coal mining and processing operations in order to identify the targets on the company's tenement holding that are most likely to become viable mining operations. The majority of the planned drilling program will test the most prospective areas of tenement E04/1993.

Bannockburn: E37/1010

Results from the MMI soil sampling were received during the quarter. A total of 316 samples were analysed by the SGS laboratory in Perth, and assays indicate some gold and possibly nickel anomalous is present on the tenement. A detailed analysis of these results and planning of follow up work is scheduled for the coming quarter.

Laverton

The comprehensive technical review has been completed suggesting the most prospective area on the tenement is the area containing mafic (and possibly ultramafic or BIF) rocks and shows some similarity to the geology hosting some of the nearby Lancefield area gold deposits. A field work program is expected to be planned in the coming quarter.

Pinyalling

During the quarter work commenced compiling and reviewing past work and data related to the two tenements comprising the Pinyalling Project. This work is expected to be completed in the coming quarter along with an initial reconnaissance field trip.

Regards,

Martin Holland



Martin Holland
Managing Director

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Attribution

The information in this release that relates to Exploration Results and planning is based on information compiled by Todd Axford, who is a member of the Australasian Institute of Mining and Metallurgy. Todd Axford is a consultant of the company, and has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the December 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Todd Axford consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.