

25 July 2014

QUARTERLY ACTIVITIES REPORT – June 2014

Highlights:

- Menzies - Potential for near term gold production progressed
- Menzies – Potential of Goodenough Syncline area attracting third party interest
- Menzies – R&D Project registered and \$189,357 grant rebate received (net after fees)
- Menzies – Fieldwork program targeting ten areas undertaken

East Menzies Goldfield Project ('EMGP')

The company progressed the G-VAN Project, aimed at generating revenues via mining in the vicinity of the historic Granny Venn and Auntie Nellie open pits, at a desk top level. Discussions have occurred and continue with local mill operators to ascertain whether third party milling is viable.

A technical information memorandum on the broader Goodenough Syncline, the area supporting significant past high grade gold production, has been developed to facilitate discussions with third parties interested in developing this part of the EMGP.

MMI soil sampling has been completed towards the end of the quarter on ten target areas across the EMGP.

EMGP – The G-VAN Project

As outlined in the previous quarterly report, the company has identified the area around the existing Granny Venn and Auntie Nellie open pits as having strong potential for near term mining and work on this has been termed the G-VAN Project. During the quarter progress was made at a desk top level in assessing the likely project economics and considering the key requirements for successful production.

One key consideration in the low capital development strategy of G-VAN is the utilisation of a third party mill. During the quarter the company investigated potential milling options, which included discussions with owners culminating in one nearby mill providing indicative terms and indicating to Stratum the proposed ore volumes from G-VAN could be accommodated. Discussions have highlighted early, and continued, engagement with the potential milling parties can be expected to result in a situation of lowest risk to the milling party and more favourable terms for Stratum.

Figure 1 shows the area of significant potential in an area extending over 400 metres between existing pits (assay data and location plan provided in the December 2013 quarterly report).

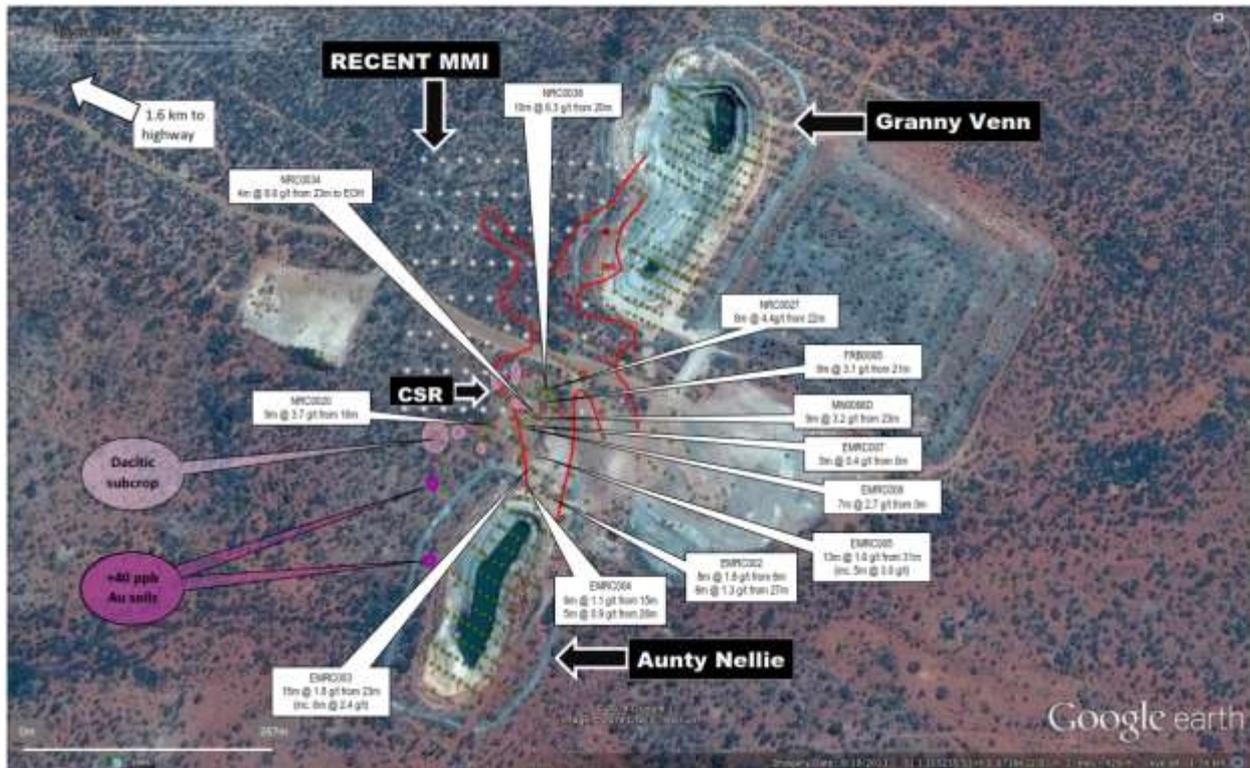


Figure 1: Anomalous gold in MMI soils (red line) and past drilling³ over Google Earth Image indicate potential between existing pits

Further work in the form of focused MMI soil geochemistry to assist in delineating drill targets, modelling of existing drilling and areas of drill targeting, and determination of an exploration target as defined in the JORC Code (2012), is the next stage of field exploration to progress G-VAN.

EMGP – The Goodenough Gold Mine Area

During the quarter third parties have shown interest in the Goodenough Area. A technical information memorandum for the broader Goodenough Syncline, including the Goodenough Mine Area, was developed to assist the company in highlighting the significant gold potential in this area to investors.

Work by Stratum has resulted in development of a structurally controlled gold mineralisation model that has been tested, and supported by the December 2013 drilling. This model is one of multiple high grade plunging shoots that are indicated to be present across the broader Goodenough Syncline by the extensive lines of historic workings (figure 2).

The Goodenough Area is seen as requiring steady progressive work to delineate initial resources capable of supporting initial underground development. The G-VAN Project strategy aims to channel revenues towards the development of this high grade gold hosting area. With interest from third parties in this area, the company is also considering the possibility to develop this part of the EMGP under a JV or similar type of commercial arrangement.

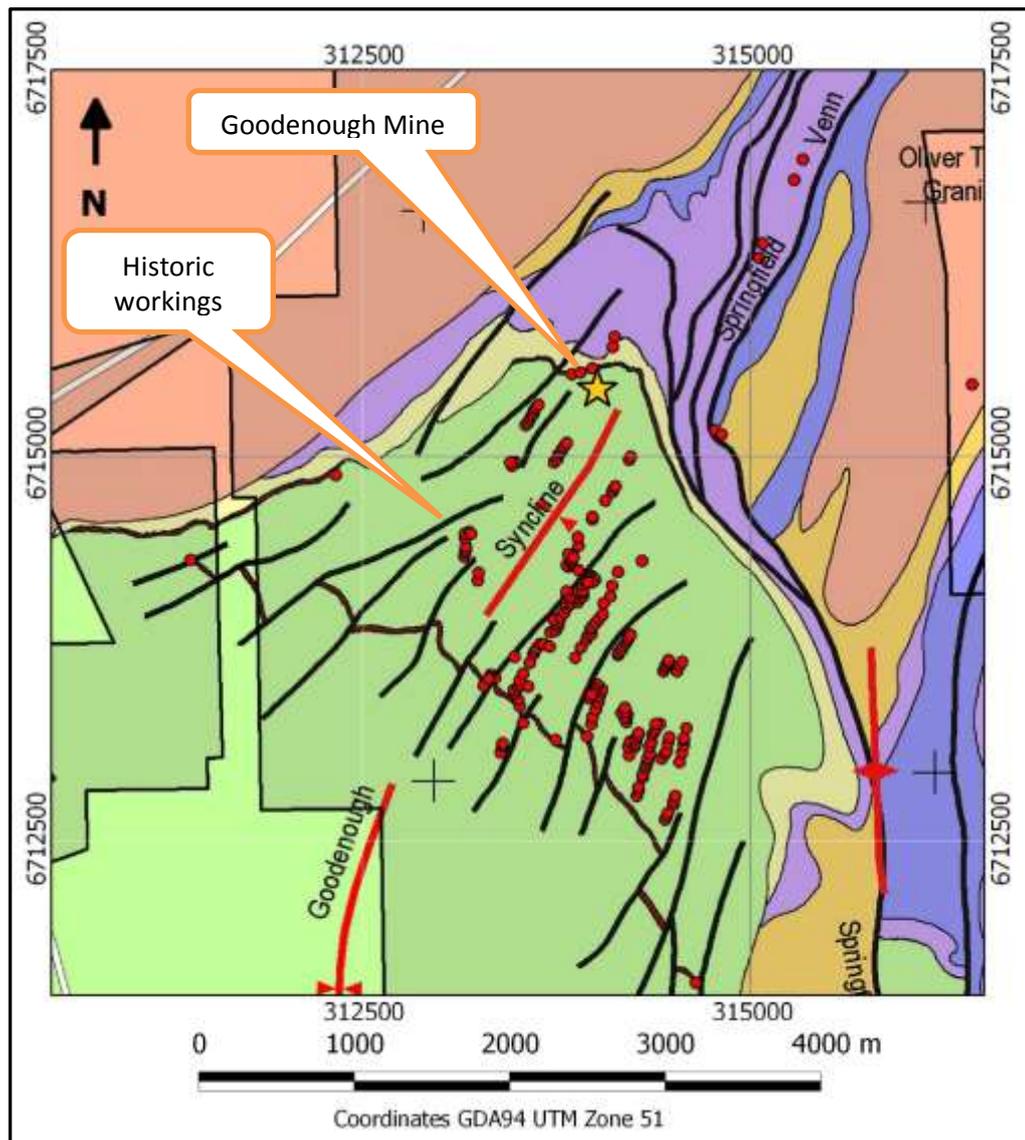


Figure 2: Historic mine workings in the Goodenough Syncline

Research & Development Project

From the time the East Menzies Goldfield Project (EMGP) group of tenements were made available to Stratum the company recognised significant potential for gold and for nickel and base metals across the ground holding. With a desire to utilise the latest in exploration technologies the company developed, as part of the general exploration strategy, a project aimed at refining geophysical anomalies/targets and categorising these prior to the expense of drilling. From this the AGTEM R&D Project has developed, focused at this stage on the large number of electromagnetic anomalies within the EMGP tenement group.

At the beginning of the quarter AGTEM was accepted by Ausindustry for the R&D Grant Scheme, and is eligible for rebates under the R&D Tax Incentive program. Rebates equate to 45% of eligible expenditure and during the quarter Stratum received \$189,357 (net after fees) for FY 2012/13. The project has been ongoing and the company expects to receive a further rebate, amount to be finalised with the preparation of company financials, for the 2013/14 tax year.

Progression of EMGP fieldwork

During the quarter Stratum undertook a program of fieldwork focussed on collection of soil samples for MMI analysis to test for gold, nickel and base metals potential, while also supporting expenditure commitments. While all sampling is useful for progressive exploration on the company’s tenement holding, some of this work is directly related to the AGTEM Project and will attract a rebate. In the order of 600 samples were collected across ten target areas (figure 3).

Assays have now been received from the laboratory and are currently being reviewed and interpreted. Results are expected to be reported in the coming quarter.



Figure 3: EMGP MMI sample collection area locations

Gidgee Project

As a result of both technical and corporate review work, a number of tenements were determined to be surrendered during the quarter¹. Those being; P57/1324, P57/1325, P57/1326, E57/925, E53/1681. The tenement application on E51/1597 has also been withdrawn. The company is retaining tenements in areas considered most likely to add value to the project via definition of mineable gold mineralisation.

Technical review and planning for future field exploration was completed on the Gidgee North tenements, where infill MMI sampling expanding upon the existing datasets has been proposed as the next stage of field exploration.

Tenement Movements

Please refer to Appendix 1: Disclosures required under ASX Listing Rule 5.3.3

Corporate

On 17 April 2014, Mr Andrew Pierce was appointed Non-Executive Chairman of Stratum, having previously been a Non-Executive Director. The previous Executive Chairman, Mr Rick Anthon, continued as a Non-Executive Director.

On 27 May 2014, Mr Ralph Stagg, a Non-Executive Director, resigned due to health issues.

During the quarter, Stratum announced a partially underwritten renounceable pro-rata entitlement issue aiming to raise up to \$3.036 million (the "Offer"). The Offer was underwritten for \$845,000 and subject to a minimum subscription of \$1,345,000. The Offer closed on 3 June 2014 having received subscriptions below the minimum subscription level. Given the drop in the Company's share price during the Offer period, and lack of support for the Offer, the Directors realised that there was little hope of reaching the minimum subscription, and resolved to return subscriptions received to shareholders who applied under the Offer.

Since announcing the Offer the Company has received enquiries for funding alternatives. The Directors are continuing to seek and evaluate these alternatives.

Andrew Pierce
Non-Executive Chairman

Keep up to date with Stratum's progress.

For additional updates on the company's progress throughout the year please visit www.stratummetals.com.au and join our newsletter mail list.

Footnotes: 1. while the decision to relinquish was made during the reporting period, as at 30 June not all surrenders had been processed. Therefore the tenements listed in the report text are not expected to correlate with those in appendix 1, table 2.

Attribution

The information in this release that relates to Exploration Targets and Exploration Results is based on information compiled by Todd Axford, who is a member of the Australasian Institute of Mining and Metallurgy. Todd Axford is a contractor to 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 2012 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.

APPENDIX 1

TENEMENT MOVEMENT

DISCLOSURES REQUIRED UNDER ASX LISTING RULE 5.3.3

1. Mining tenements held at the end of the quarter and their location

Project	Tenement	Location	% Ownership
GIDGEE	E53/1440	WA	100%
GIDGEE	E53/1494	WA	100%
GIDGEE	E53/1680	WA	100%
GIDGEE	E57/0925	WA	100%
GIDGEE	P53/1552	WA	100%
GIDGEE	P53/1553	WA	100%
GIDGEE	P53/1554	WA	100%
GIDGEE	P53/1590	WA	100%
GIDGEE	P53/1591	WA	100%
GIDGEE	P53/1592	WA	100%
GIDGEE	P53/1593	WA	100%
GIDGEE	P57/1324	WA	100%
GIDGEE	P57/1325	WA	100%
GIDGEE	P57/1326	WA	100%
MENZIES	E29/0872	WA	100%
MENZIES	L29/0061	WA	80%
MENZIES	M29/0141	WA	100%
MENZIES	P29/1928	WA	100%
MENZIES	P29/1929	WA	100%
MENZIES	P29/1930	WA	100%
MENZIES	P29/1931	WA	100%
MENZIES	P29/2101	WA	85%
MENZIES	P29/2102	WA	85%
MENZIES	P29/2103	WA	85%
MENZIES	P29/2106	WA	100%
MENZIES	P29/2107	WA	100%
MENZIES	P29/2108	WA	100%
MENZIES	P29/2109	WA	100%
MENZIES	P29/2110	WA	100%
MENZIES	P29/2111	WA	100%
MENZIES	P29/2113	WA	100%

Project	Tenement	Location	% Ownership
MENZIES	P29/2114	WA	100%
MENZIES	P29/2124	WA	100%
MENZIES	P29/2125	WA	100%
MENZIES	P29/2126	WA	100%
MENZIES	P29/2127	WA	100%
MENZIES	P29/2128	WA	100%
MENZIES	P29/2129	WA	100%
MENZIES	P29/2133	WA	85%
MENZIES	P29/2140	WA	85%
MENZIES	P29/2141	WA	85%
MENZIES	P29/2145	WA	100%
MENZIES	P29/2146	WA	100%
MENZIES	P29/2147	WA	100%
MENZIES	P29/2148	WA	100%
MENZIES	P29/2149	WA	100%
MENZIES	P29/2150	WA	100%
MENZIES	P29/2161	WA	100%
MENZIES	P29/2162	WA	100%
MENZIES	P29/2163	WA	100%
MENZIES	P29/2164	WA	100%
MENZIES	P29/2174	WA	100%
MENZIES	P29/2175	WA	100%
MENZIES	P29/2220	WA	100%
MENZIES	P29/2221	WA	100%
MENZIES	P29/2223	WA	100%
MENZIES	P29/2224	WA	100%
MENZIES	P29/2225	WA	100%
MENZIES	P29/2226	WA	100%
MENZIES	P29/2227	WA	100%
MENZIES	P29/2228	WA	100%
MENZIES	P29/2270	WA	100%
MENZIES	P29/2272	WA	100%
MENZIES	P29/2273	WA	100%
MENZIES	P29/2274	WA	100%
MENZIES	P29/2275	WA	100%
MENZIES	P29/2276	WA	100%
MENZIES	P29/2277	WA	100%

Project	Tenement	Location	% Ownership
MENZIES	P29/2278	WA	100%
MENZIES	P29/2279	WA	100%
MENZIES	P29/2280	WA	100%
MENZIES	P29/2281	WA	100%
MENZIES	P29/2282	WA	100%
MENZIES	P29/2283	WA	100%
MENZIES	P29/2284	WA	100%
MENZIES	P29/2285	WA	100%
MENZIES	P29/2242	WA	80%
MENZIES	P29/2243	WA	80%
MENZIES	P29/2244	WA	80%
MENZIES	P29/2245	WA	80%
MENZIES	P29/2246	WA	80%
MENZIES	P29/2247	WA	80%
MENZIES	P29/2248	WA	80%
MENZIES	P29/2249	WA	80%
MENZIES	P29/2250	WA	80%
MENZIES	P29/2222	WA	100%
MENZIES	M29/0189	WA	80%
MENZIES	P29/2337	WA	100%

2. Mining tenements surrendered during the quarter and their location

Project	Tenement	Location	% Ownership
BANNOCKBURN	E37/1010	WA	100%
GIDGEE	E53/1681	WA	100%
PINYALLYING	E59/1545	WA	100%
PINYALLING STH	E59/1618	WA	100%

3. Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter and beneficial percentage interests in in farm-in or farm-out agreements acquired or disposed of during the quarter

The Company is not party to any farm-in or farm-out agreements.