



ABN 90 147 867 301

Interim Financial Report

For the Half Year ended 31 December 2014

Contents

Corporate Directory	3
Director's Report.....	4
Auditor's Independence Declaration	14
Consolidated Statement of Profit or Loss and other Comprehensive Income for the half-year ended 31 December 2014.....	15
Consolidated Statement of Financial Position as at 31 December 2014.....	16
Consolidated Statement of Changes in Equity for the half-year ended 31 December 2014.....	17
Consolidated Statement of Cash Flows for the half-year ended 31 December 2014	18
Notes to the Financial Statements for the half-year ended 31 December 2014.....	19
Declaration by Directors	23
Independent Auditor's Review Report	24

Corporate Directory

NON-EXECUTIVE CHAIRMAN

Mr Andrew Pierce

NON-EXECUTIVE DIRECTORS

Mr John Shepherd

Mr Daniel Moore

COMPANY SECRETARY & CFO

Mr Duncan Cornish

PRINCIPAL & REGISTERED OFFICE

Level 5, 10 Market Street

Brisbane QLD 4000

Phone: +61 7 3212 6230

Fax: +61 7 3212 6250

AUDITORS

Bentleys

Level 9, 123 Albert Street

Brisbane QLD 4000

Phone: +61 7 3222 9777

SHARE REGISTRAR

Advanced Share Registry Services

150 Stirling Highway

NEDLANDS WA 6009

Phone: +61 8 9389 8033

Fax: +61 8 9389 7871

STOCK EXCHANGE LISTING

Australian Securities Exchange

Code: SXT

Director's Report

Your directors submit the financial report of Stratum Metals Limited (**Stratum**) and its subsidiaries (the **Group**) for the half year ended 31 December 2014.

DIRECTORS

Directors holding office during and up to the date of this report are:

Mr Andrew Pierce
Mr John Shepherd
Mr Daniel Moore (appointed 11 December 2014)
Mr Richard Anthon (resigned 11 December 2014)

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

RESULTS

The loss after tax for the half year ended 31 December 2014 was \$6,184,405 (31 December 2013: \$1,470,712). The loss was primarily a result of an impairment provision made of \$6.0 million against capitalised exploration and evaluation expenditure. Discussed further in Note 2 to the Financial Statements.

REVIEW OF OPERATIONS

EXPLORATION

East Menzies Goldfield Project ('EMGP')

A review of the Historic Merrey Well Project area was completed during the half-year ended 31 December 2014 culminating in a field work program centred on four tenements. Work to test targets and meet tenement commitments in the northern part of the project was progressed via MMI sampling and costean mapping and sampling. Work on the G-VAN Project, aimed at generating revenues via mining in the vicinity of the historic Granny Venn and Auntie Nellie open pits, was limited while the company seeks a suitable funding option (refer Royalty Financing Mandate).

The rebate related to the AGTEM R&D Project for financial year 2013/14 was received during the half year and some of the recent fieldwork will be used to further progress this project.

One tenement, over lapping the Menzies Town Boundary, was assessed as very low prospectivity and surrendered during the half year.

EMGP Merrey Well Area

Various past explorers have operated tenements in the vicinity of the company's P29/2161 to P29/2164 tenements since the 1960's looking for base metals and/or gold. Through the 1990's the area was termed the Merrey Well Project. A broad scope of work has been completed in the past including; gridding, soil geochemistry, RAB, RC & Diamond drilling, mapping and geophysics. Stratum has now completed a review of the past work and integrated this information with understandings developed from other parts of the EMGP and current scientific knowledge. A model of deformed gold bearing Volcanic Massive Sulphides (VMS) has been identified as the best fit to the available data. This model builds on the model developed for the Goodenough area. Application of the updated model, in conjunction with historic data, has resulted in various prospective targets being identified. These target areas have been visited in the field and 6 areas were selected for MMI soil geochemistry.

Recognition of a favourable geological setting for VMS along with the proliferation of historic gold workings in the south and eastern parts of the EMGP is a common theme in the work of past explorers. Despite focused efforts, base metals results have been encouraging without identifying economic mineralisation. In an attempt to understand the historic dataset within the Merrey Well area the company has consulted the scientific literature and determined a deformed/metamorphosed gold bearing VMS system best explains the local geology and available data (table 1).

Table 1. Deformed Gold bearing VMS system features

Research: Metamorphosed Au-VMS deposits	EMGP observations
Local syntectonic quartz-sulphide &/or quartz-tourmaline veins develop	Both vein types present
Gold metal associations vary: Cu-Se-Bi through Zn-Pb to Ag-Cu-As-Sb-Hg	Elevated Ag-Cu-As have been measured in association with Au (note: dataset is often limited to Au only, Au & As, or some other combination of elements)
Gold is often present as electrum	Electrum reported at the Goodenough Deposit
Post-volcanic deformation and metamorphism often caused significant remobilisation of gold into faults and shear zones adjacent to the original sulphide lenses.	Most historic gold workings on the EMGP are focused on structures & the HeliTEM survey shows many are in close proximity to conductors (sulphide lenses).
Gold can be both remobilised and introduced during deformation/metamorphism	Area deformed to amphibolite facies with gold present throughout the area
Deposit scale association of Au-VMS deposits with rhyolites and tonalitic to granitic subvolcanic intrusions make these rock types important targets for exploration. Gold mineralization can occur in strata bound massive sulphide lenses, but also in stockworks and disseminated sulphides hosted by subvolcanic intrusions and adjacent felsic volcanic rocks.	Granny Venn Deposit hosted within stockworked (tonalitic) dacites. Past explorers note Felsic porphyry often associated with gold mineralisation.

As a result of the Company's work 400 MMI samples were collected during the early part of January to test six areas on the project (figure 1). Samples are yet to be analysed.

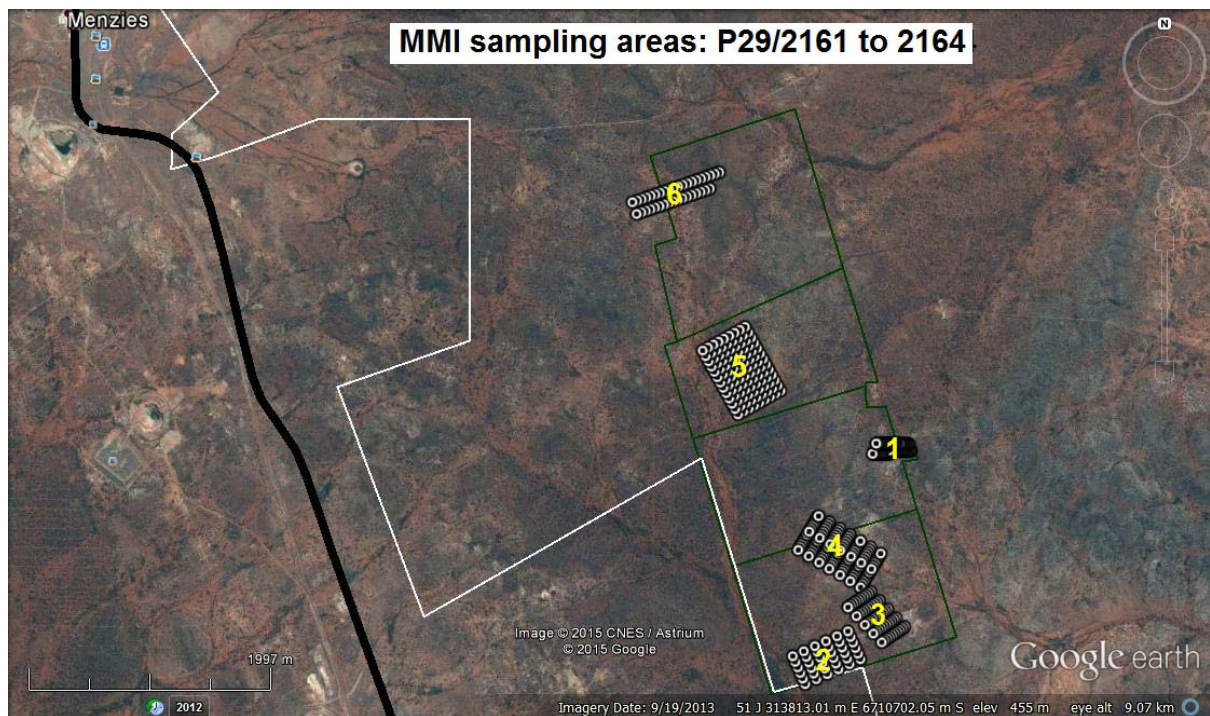


Figure 1: Location of recent MMI sampling on P29/2161 – P29/2164 over Google Earth Image

Sample areas one and six have previously been the focus of work by the company and will add to the AGTEM R&D Project. Area one is the Emu Prospect where Stratum drilled three holes in late 2013 identifying low tenor nickel mineralisation along with base metal and gold shows (ASX announcement 28 January 2014). Sampling in area six extends on sampling completed in August 2014 (P29-2226 - ASX announcement 31 October 2014). Area two is targeting a local magnetic feature orientated sub-parallel to historic drill sections containing anomalous gold in saprolite; the MMI sampling, orientated perpendicular to the feature, is designed as a test of prospectivity for gold and base metals. Areas three, four and five are testing structural targets in line with the remobilised VMS model, supported by past exploration and field checking (completed during the half year). While positive results are ultimately expected to lead to drill testing, further infill MMI to better define drill hole locations and orientation is the likely next step on these targets.

EMGP Northern tenements

A group of seven prospecting licences across the north end of the project area were the subject of work in the half year culminating in fieldwork focused on MMI soil sampling and costean mapping and sampling. A total of 328 MMI samples were collected along with 26 rock chip samples from the two costeans located on P29/2245. These work areas are shown below on figure 2.

Area one and two sampling is aimed at identifying the underlying geology and potential structural controlled gold mineralisation in a soil covered area likely to be the margin of the Jorgenson Granite.

Area three targets extensions of the Granny Venn gold mineralisation, in an area where past soil sampling and limited drilling was poorly orientated for the now understood controls on Granny Venn mineralisation. Historic data includes positive gold assays.

Sampling of Areas four and six is expected to test structural related gold targets identified from the geophysics based structural interpretation and the available historic data sets.

The sampling in area five was designed as an initial test of conductors identified from the companys HeliTEM survey and forms part of the AGTEM project. Previous field reconnaissance identified gossanous sub-crop and float in the area adjacent to coarse grained ultramafics.

Costean mapping and sampling was completed on two costeans previously excavated in an area with indications of gold mineralisation in past RAB drilling. The mapping shows strongly deformed mafic and ultramafic rocks dominate the area with structural complexity similar to that observed in the Granny Venn Pit located approximately 1.5km SSW (figure 2).

Interpretation of all new assay results is expected to be completed in the first half of 2015.

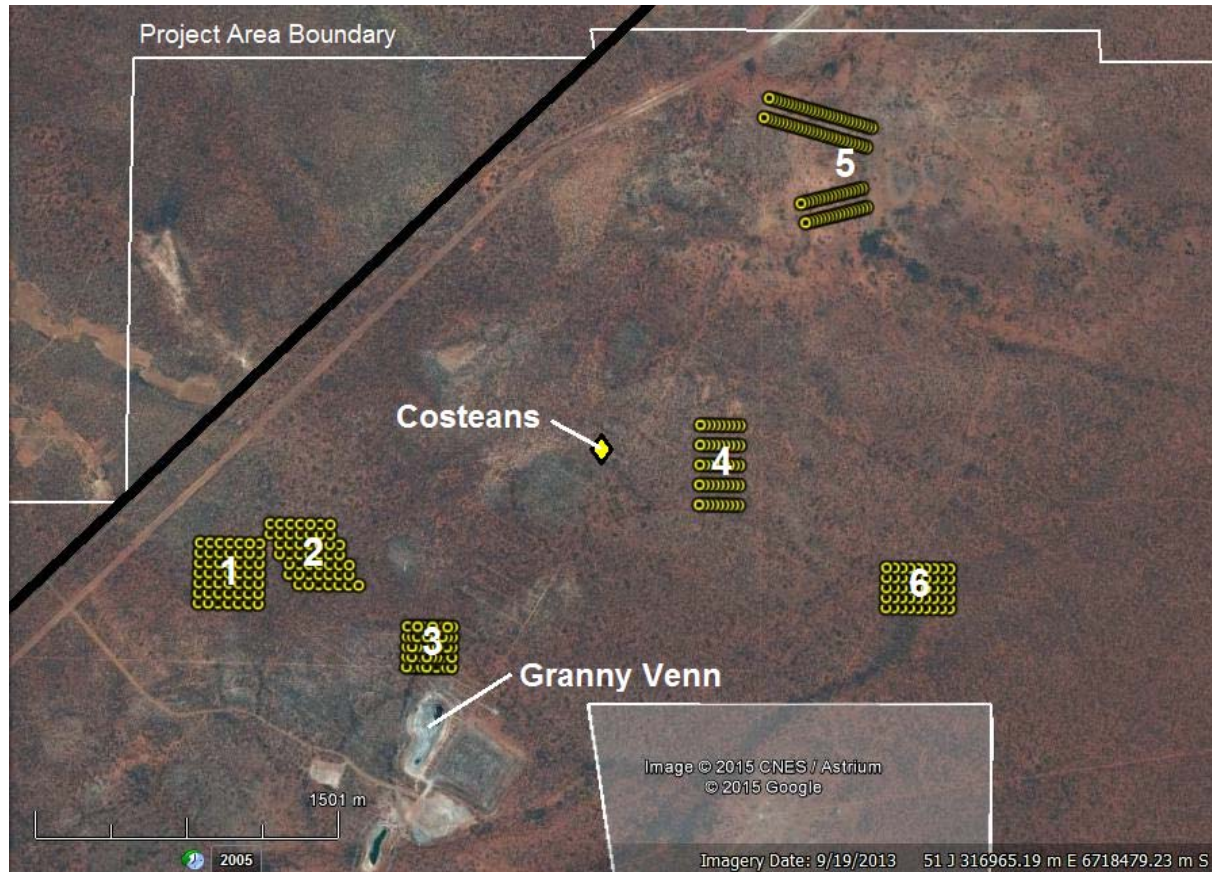


Figure 2: Location of recent MMI sampling on P29/2242 – P29/2248 over Google Earth Image

Research & Development Project

A \$250,000 rebate for the 2013/14 financial year AGTEM R&D Project expenditures was received during the half year. The project steadily progressed in 2013/2014 and is continuing through the 2014/15 financial year. Recent field work focused on three areas of the EMGP is related to AGTEM.

Gidgee Project

No active fieldwork was completed during the half year, work primarily focused on statutory reporting. One tenement (E53/1440) reached the end of tenure and was formally surrendered during the half year. Two groups have undertaken technical review of the project with the intent to JV or acquire the project and the Company is currently in negotiations.

CORPORATE

Key corporate activities during, and subsequent to, the half year ended 31 December 2014 were as follows and are explained in more detail below:

- Mr Daniel Moore was appointed as a Non-Executive Director following the resignation of Mr Rick Anthon (as a Non-Executive Director).
- Capital Raising Update.
- Royalty Financing Mandate signed in relation to the Company's East Menzies Goldfield Project (EMGP).
- Exclusive option agreement signed to acquire 100% of WinWin Holdings Pty Ltd (and subsidiaries). WinWin's business utilises a proprietary social commerce platform that combines entertainment, competitions, discounted shopping and charities.

Director appointment and resignation

On 11 December 2014 the Company announced the appointment of Mr Daniel Moore to its Board as a Non-Executive Director.

Mr Moore has spent the last 10 years working as a Financial Advisor for Wilson HTM. His main focus in that time was emerging companies and equity capital markets. Before that he worked for Morgan Stanley in London for 4 years. He holds a Bachelor of Economics and Law.

The Company also advised that Mr Rick Anthon had resigned from the Board, effective 11 December 2014, to pursue other opportunities. The Board is extremely grateful to Rick for his contribution to Stratum Metals Limited since its IPO in 2011.

Capital Raising Update

On 10 September 2014 Stratum Metals Limited (**Stratum** or **Company**) announced that it had signed a Mandate appointing Armada Capital Limited (**Armada**) as Lead Manager to raise up to \$2.3 million via a two stage capital raising (**Mandate**).

Stage 1 comprised unsecured loans to Stratum of up to \$250,000 repayable on the earlier of six months or completion of Stage 2 raising (**Stratum Loans**). Stratum has received shareholder approval for the loans to be converted into Stratum shares at a price of \$0.006 or 80% of the Stage 2 raising price, whichever is the lesser. Each converted share will have one free attaching option (exercisable at \$0.02 on or before 29 February 2016). The lenders may elect to be repaid in cash or shares (and attaching options), or a combination thereof. Loans totalling \$205,000 were received during the December quarter, with a further \$45,000 loan received subsequent to the December quarter, completing the Stage 1 raising. Subsequent to the December quarter, \$100,000 worth of loans have been converted in to Stratum shares and options. *In the Company's announcement dated 5 January 2015, it was incorrectly stated that the Stratum Loans accrue simple interest at a rate of 10% per month. The correct interest rate is 1.0% per month.*

Stage 2 comprised the issue of up to 274,333,333 new shares at \$0.0075 per share with one free attaching option (exercisable at \$0.02 on or before 29 February 2016) for every two shares issued to raise a total of up to \$2,057,500. Shareholder approval for the Stage 2 raising has been received. Subsequent to the December quarter, \$400,000 of the Stage 2 raising has been completed. This raising has been incorporated with the WinWin acquisition noted below. It is unlikely that any further funds will be raised under this Stage 2 raising, in light of the fund raising plans associated with the WinWin acquisition.

East Menzies Goldfield Project (EMGP) – Royalty Financing Mandate signed

Stratum has signed a mandate to appoint RRT Management Pty Ltd (**RRT**) to introduce royalty finance provider(s) to raise \$1.8 million in the Company's 100% owned subsidiary, Menzies Goldfield Ltd (**MGL**) (**Mandate**). The Mandate is for a 90 day period and is non-exclusive.

The funds raised will principally be applied to further exploration & development of the G-VAN Project (owned by 80% subsidiary Riqo Pty Ltd (**Riqo**)), and aiming for early gold production in late 2015 via an ore processing agreement (subject to positive economic evaluation and approvals).

The proposed royalty financing is structured as a loan with repayments linked to a gross revenue royalty over Stratum's entitlement to future production from the EMGP tenements (including the G-VAN Project).

The key terms of the proposed royalty financing are:

1. Loan Amount - \$1.8 million (before costs) payable in 2 tranches of \$900,000 each. First Tranche of \$900,000 upon execution of loan documentation and Second Tranche of \$900,000 within 4 months of Tranche 1. Payment of the Second Tranche is subject to a positive economic evaluation of the G-VAN Project. In the event the Second Tranche is not provided, the Interest Rate and GRR reduce to 4%.
2. Interest Rate – 18% per annum (compound daily).
3. Gross Revenue Royalty (**GRR**) – 18% payable monthly on proceeds from the sale of all minerals and metals from the EMGP (in the case of gold, the royalty finance provider(s) has the option if permissible under any ore processing agreement, to receive the GRR "in-kind" as refined bullion).
4. GRR payments will be credited against the loan amount and accrued interest. The GRR will continue after the loan is repaid subject to a "Royalty Buy-Back Option" (refer below).
5. Security – The loan is secured by mortgages over the EMGP tenements and will be released upon repayment of the loan and interest.
6. Royalty Buy-Back Option – The Company has the right, after repayment of the loan and interest, to reduce the GRR to 5% through the issue of new shares in MGL representing 85% of the issued capital (subject to shareholders approval if required under ASX listing rules).
7. MGL Board & Management – Richard Group Pty Ltd (**RG**), an associate company of RRT, is appointed to provide the services of a Managing Director to MGL (and Riqo). The Board of MGL (and Riqo) is restructured by appointing one director nominated by Stratum, one independent director as Chairman and the Managing Director.

The \$1.8 million loan amount will be applied as follows:

- \$70,000 - Transaction costs incl. RRT introduction fee of 2.5%;
- \$245,000 – Loan repayment from MGL to Stratum; and
- \$1,485,000 – Working capital for payment of trade creditors of MGL & Riqo at settlement, and then further exploration and development of EMGP.

The principal of RRT and RG is John Shepherd, who for over 20 years has specialized in the analysis of resource (and other) royalties and sourcing royalty finance providers, for both private and public companies. Mr Shepherd is currently a non-executive director of Stratum, MGL and Riqo.

At the date of this report, Mr Shepherd advises that positive discussions with potential financiers are continuing.

WinWin acquisition

On 5 January 2015 Stratum announced that it has executed an exclusive option agreement to acquire 100% of the issued capital in emerging US based technology company, WinWin Holdings Pty Ltd (ACN 164 148 270) (**WinWin**).

Highlights

- Option to acquire 100% of WinWin Holdings Pty Ltd including its 100% owned US subsidiary Competitive Shopping Network Inc.
- The Competitive Shopping™ developed as an online subscription platform, uniquely combines entertainment, competitions, discounted shopping and charities.
- WinWin has engaged ROAR, LLC, a leading entertainment management company based in Los Angeles.
- Highly scalable platform with infrastructure capable of supporting rapid revenue expansion.
- WinWin has a dynamic management team with extensive experience gained from leading technology companies, including FTD.com, Viacom/Nickelodeon, Symphony Technologies, Betfair, Amazon.com and Facebook.
- The proposed ASX listing will provide WinWin with the appropriate platform for rapid global expansion, and in particular the Asian market.

Background

WinWin has developed its proprietary Competitive Shopping™ platform as an online membership offering which integrates entertainment, competitions for valuable prizes, discounted shopping and philanthropy (**WinWin Platform**). The product, which leverages the global popularity of social media and mobile devices is being launched in the US mid-2015.

WinWin's platform will operate as a unique competitive shopping challenge, offering a patent pending gaming experience where a user can compete against other members to win valuable products & entertainment experiences at no cost, while simultaneously earning credit points redeemable for onsite discounts. Credits which are automatically calculated from a member's are used to reduce the price of any selected product. WinWin's offering is suitable for a broad consumer base with a primary target age group 18 - 40 yrs.

WinWin will launch the WinWin platform through Competitive Shopping Network Inc., its 100% owned US subsidiary and will operate from offices near Silicon Valley, California.

WinWin has engaged ROAR, an entertainment management company based in Los Angeles that provides comprehensive services to the movie, TV, sports and music industries as well as brand management, media advisory and business development.

ROAR has offices in Los Angeles, New York, Nashville and Atlanta and ROAR is currently conducting a business model / celebrity integration review, with a view will initiate and manage negotiations with WinWin's brand suppliers (prizes), engage suitable movie, TV, sports and music celebrities, engage charities and assist with media and PR.

It is anticipated that completion of the acquisition will result in a change of Stratum's name to WinWin Holdings Limited, the appointment of three (3) new directors nominated by WinWin and the resignation of one current Stratum director.

Mr Chris Adams has been appointed as a strategic advisor to WinWin and it is anticipated that Mr Adams will be appointed as one of WinWin's nominees to the Board of Directors following the acquisition of WinWin. Mr Adams is an internationally renowned executive in the tech/media space with over 20 years' experience in innovation and accelerating businesses. Mr Adams has held senior executive positions with Facebook, HBO, Amazon.com and Lycos and his extensive industry experience and strategic knowledge is significant.

Key Acquisition Terms

- Within 5 business days of Stratum completing the Initial Capital Raising (defined below) Stratum must pay an option facilitation fee of \$75,000 to WinWin in consideration for the WinWin

shareholders granting an option to Stratum (exercisable on or before 28 February 2015) to acquire 100% of the issued capital in WinWin (**Option**). On 15 January 2015, Stratum announced that the Option facilitation fee had been paid.

- In consideration for 100% of the issued capital in WinWin, Stratum agrees to issue the following securities to the WinWin shareholders in proportion to the number of WinWin shares held (all on a pre-consolidation basis refer to Settlement conditions below):
 - such number of fully paid ordinary share in the capital of Stratum (**Stratum Shares**) as is equal to the number of Stratum Shares deemed to be on issue on the date of settlement (**Settlement Date**) (excluding any Stratum Shares issued under the Placement, defined below, and including any Stratum Shares issued upon conversion of any Stratum convertible notes on issue on or before the Settlement Date);
 - such number of options to acquire Stratum Shares (exercisable at \$0.02 on or before 29 February 2016) (**Stratum Options**) as is equal to the number of Stratum Options (exercisable at \$0.02 on or before 29 February 2016) deemed to be on issue on the Settlement Date (including the Armada Options, defined below); and
 - the issue of 351,000,000 performance shares (**Performance Shares**) (280,800,000 of which will be issued to the WinWin shareholders and 70,200,000 of which will be issued to WinWin's management team, who will also receive Performance Shares in their capacities as WinWin shareholders) which will convert automatically into Stratum Shares upon satisfaction of certain milestones (subject to ASX approval), details of which were set out in the Company's ASX announcement dated 5 January 2015.
- Settlement of the acquisition (**Settlement**) is conditional upon the satisfaction (or waiver by Stratum) of the following conditions precedent by no later than 3 months following exercise of the Option by Stratum (unless indicated otherwise):
 - completion of due diligence by Stratum on WinWin's business and operations, to the sole satisfaction of Stratum within 28 days following Stratum giving WinWin notice that it exercises the Option;
 - ASX approving the terms of the Performance Shares under ASX Listing Rules 6.1 and 6.2;
 - the notes convertible into Stratum Shares held by Mountain Gold International Ltd (**Mount Gold**) (**MG Note**) being either:
 - assigned to a third party; or
 - cancelled and replaced with notes convertible into Stratum Shares to be issued to a third party;
 - Stratum entering into agreements with all holders of notes convertible into Stratum Shares (other than the MG Note) under which they agree to their notes being converted into Stratum Shares at or before Settlement;
 - the conditional approval by ASX to reinstate the securities of Stratum to trading on ASX (after Stratum re-complies with Chapters 1 and 2 of the ASX Listing Rules) and those conditions being satisfied to the reasonable satisfaction of Stratum and WinWin;
 - Stratum undertaking a placement (**Placement**) and receiving valid applications for at least \$3,500,000 under the Placement;

- Stratum undertaking a consolidation of its issued share capital on a 1 for 2 basis (or such other ratio as determined by Stratum in its sole discretion, provided that the ratio shall be no lower than a 1 for 2 basis) (**Consolidation**); and
- Stratum holding a shareholder meeting to:
 - obtain all approvals that are required to give effect to the transactions contemplated; and
 - change the name of Stratum to “WinWin Limited” (or such other name as is agreed between WinWin and Stratum).

Initial Capital Raising

In order to provide working capital to complete the transaction, Stratum has completed a private placement (referred to above in the Capital Raising Update section of this report) to sophisticated and professional investors of 53,333,333 Stratum Shares at \$0.0075 per Stratum Share (on a pre-Consolidation basis) together with one attaching Stratum Option (exercisable at \$0.02 on a pre-Consolidation basis on or before 29 February 2016) for every two Stratum Shares issued to raise a total of \$400,000 before costs (**Initial Capital Raising**).

Armada Capital Ltd (**Armada**) has been appointed lead manager to the Initial Capital Raising.

Armada will receive 100,000,000 Stratum Options (exercisable at \$0.02 on a pre-Consolidation basis on or before 29 February 2016) in consideration for introducing and assisting with the implementation of the proposed acquisition of WinWin by Stratum plus a 6% fee.

Listing Rule Re-Compliance and Placement

Since the acquisition of WinWin will result in a significant change to the nature and scale of Stratum’s activities, it will require Stratum’s shareholder approval under ASX Listing Rule 11.1.2 and will also require Stratum to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Subject to the receipt of shareholder approval, Stratum will also undertake the Placement to raise at least AUD\$3,500,000, to be completed under a prospectus. All funds raised will be employed towards the pursuit of several WinWin business development opportunities and meeting anticipated rapid expansion in the USA and Asian markets.

Indicative Timetable and Capital Structure

Details of the indicative timetable and capital structure in relation to the WinWin transaction were provided in the Company’s announcement dated 5 January 2015 and further updates will be provided in this regard as they become available.

Stratum is continuing to progress the settlement conditions, including (but not limited to) due diligence on WinWin’s business and operations and preparation of shareholder meeting materials and prospectus. Further updates will be provided as key milestones are achieved.

Compliance Statement

The information outlined in the Exploration section of this report is a high level summary of the last two Quarterly Activity Reports released via the ASX on 31 October 2014 and 28 January 2015, full results and associated competent persons statements can be found in those public releases available via www.asx.com.au or from www.stratummetals.com.au/investor-centre. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the competent person’s findings are presented have not been materially modified from the original market announcements.

Stratum Shares at \$0.0075 per Stratum Share (on a pre-Consolidation basis) together with one attaching Stratum Option (exercisable at \$0.02 on a pre-Consolidation basis on or before 29 February 2016) for every two Stratum Shares issued to raise a total of \$400,000 before costs.

Stratum Loans (further details set out above in Capital Raising Update) totalling \$205,000 were received during the December quarter, with a further \$45,000 loan received subsequent to 31 December 2014, completing the Stage 1 \$250,000 raising. Subsequent to the 31 December 2014, \$100,000 worth of Stratum Loans have been converted in to Stratum shares and options.

As noted above, a total of \$445,000 has been raised since 31 December 2014.

Subsequent to 31 December 2014, the Company has also issued a further 226,849 Stratum Shares as payment for convertible note interest for the December 2014 quarter, plus a further 17,182,437 Shares and 17,182,437 Options (exercisable at \$0.02 on a pre-Consolidation basis on or before 29 February 2016) upon conversion of \$100,000 of unsecured convertible loans.

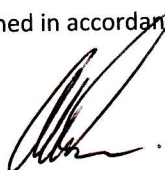
On 5 January 2015 Stratum announced that it has executed an exclusive option agreement to acquire 100% of the issued capital in emerging US based technology company, WinWin Holdings Pty Ltd (ACN 164 148 270) (**WinWin**). Further details regarding the potential acquisition of WinWin as set out in the Directors' Report.

No other matters or circumstances that have arisen since 31 December 2014 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION UNDER s 307C OF THE CORPORATIONS ACT 2001

The Auditor's Independence Declaration required by Section 307C of the *Corporations Act 2001* has been received and is included on the following page of the interim financial report for the half year ended 31 December 2014.

Signed in accordance with a resolution of directors.



Andrew Pierce
Non-Executive Chairman
Brisbane, 24 February 2015

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF STRATUM METALS LIMITED**

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2014 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

Bentleys

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

S-T-D

Stewart Douglas
Director
Brisbane

24 February 2015

Consolidated Statement of Profit or Loss and other Comprehensive Income for the half-year ended 31 December 2014

	Note	December 2014 \$	December 2013 \$
Interest revenue		700	4,525
Accounting and Audit fees		(37,000)	(15,200)
Director's fees		(48,144)	(246,061)
Consulting fees		(63,320)	(199,576)
Insurance		(26,924)	(16,016)
Printing and Stationery		(1,274)	(567)
Travel expenses		(4,426)	(46,310)
Occupancy expenses		(1,273)	(40,846)
Amortisation of Convertible Notes		(45,000)	-
Interest Paid on Convertible Notes		(59,414)	-
Website costs		(1,268)	(3,215)
Depreciation		(900)	(900)
Exploration written off		(6,014,127)	(562,985)
Other expenses		(131,771)	(343,561)
Loss before income tax benefit		(6,434,141)	(1,470,712)
Income tax benefit/(expense)		249,736	-
Loss for the period		(6,184,405)	(1,470,712)
Attributable to:			
Member of the parent		(6,222,514)	(125,976)
Non-Controlling Interests		38,109	(1,344,736)
Total comprehensive income for the year		(6,184,405)	(1,470,712)
Basic loss per share (cents)		(4.94)	(2.23)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position as at 31 December 2014

	Note	December 2014 \$	June 2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents		105,319	108,455
Trade and other receivables		12,206	227,606
Other assets		1,250	2,500
Total Current Assets		118,775	338,561
Non-Current Assets			
Exploration and evaluation expenditure	2	0	5,808,925
Plant and equipment		2,254	3,154
Total Non-Current Assets		2,254	5,812,079
Total Assets		121,029	6,150,640
LIABILITIES			
Current Liabilities			
Trade and other payables		549,303	690,808
Convertible Loans		205,000	-
Convertible Note	3	1,350,000	1,305,000
Total Current Liabilities		2,104,303	1,995,808
Total Liabilities		2,104,303	1,995,808
Net Assets		(1,983,274)	4,154,832
EQUITY			
Issued capital	3,4	10,884,505	10,838,206
Accumulated losses		(13,356,552)	(7,134,038)
Convertible Note	3	168,400	168,400
Other reserve		(641,382)	(641,382)
Options reserve		961,862	961,862
Equity attributable to owners of the Company		(1,983,167)	4,193,048
Non-controlling Interest		(107)	(38,216)
Total Equity		(1,983,274)	4,154,832

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for the half-year ended 31 December 2014

	Issued Capital \$	Accumulated Losses \$	Options Reserve \$	Other Reserve \$	Convertible Note \$	Total Parent \$	Non- Controlling Interest \$	Total \$
Balance at 1 July 2013	9,643,773	(5,260,079)	954,632	-	-	5,338,326	1,101,673	6,439,999
Loss for the period	-	(1,470,712)	-	-	-	(1,470,712)	-	(1,470,712)
Other comprehensive income, net of income tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	(1,470,712)	-	-	-	(1,470,712)	-	(1,470,712)
Shares issued during the period	158,134	-	-	-	-	158,134	-	158,134
Share issue expenses	(7,380)	-	-	-	-	(7,380)	-	(7,380)
Loan forgiveness to increase ownership percentage in subsidiary	-	-	-	(435,849)	-	(435,849)	-	(435,849)
Options issued during the year	-	-	7,230	-	-	7,230	-	7,230
Convertible Notes issued during the period	-	-	-	-	168,400	168,400	-	168,400
Non-Controlling Interest	-	-	-	-	-	-	(1,344,736)	(1,344,736)
Balance at 31 December 2013	9,794,527	(6,730,792)	961,862	(435,849)	168,400	3,758,148	(243,063)	3,515,085
Balance at 1 July 2014	10,838,206	(7,134,038)	961,862	(641,382)	168,400	4,193,048	(38,216)	4,154,832
Loss for the period	-	(6,222,514)	-	-	-	(6,222,514)	38,109	(6,184,405)
Other comprehensive income, net of income tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	(6,222,514)	-	-	-	(6,222,514)	38,109	(6,184,405)
Shares issued during the period	87,503	-	-	-	-	87,503	-	87,503
Share issue expenses	(41,204)	-	-	-	-	(41,204)	-	(41,204)
Balance at 31 December 2014	10,884,505	(13,356,552)	961,862	(641,382)	168,400	(1,983,167)	(107)	(1,983,274)

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows for the half-year ended 31 December 2014

	December 2014 \$ Inflows/(Outflows)	December 2013 \$ Inflows/(Outflows)
Cash flows from operating activities		
Payments to suppliers and employees	(365,119)	(806,585)
Interest received	700	4,540
Payments for exploration, evaluation and development	(284,397)	(537,498)
Proceeds from R&D tax incentive	451,186	-
Net cash used in operating activities	(197,630)	(1,339,543)
Cash flows from investing activities		
Proceeds from sale of financial assets	-	42,515
Net cash provided by / (used in) investing activities	-	42,515
Cash flows from financing activities		
Proceeds from issue of convertible notes	-	755,000
Proceeds from issue of shares	-	65,000
Proceeds from unsecured convertible loans	205,000	-
Payments for cost of issue of shares	(10,506)	(7,380)
Net cash provided by financing activities	194,494	812,620
Net increase (decrease) in cash held	(3,136)	(484,408)
Cash and cash equivalents at beginning of the financial period	108,455	770,457
Cash and cash equivalents at period end	105,319	286,049

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the half-year ended 31 December 2014

Note 1 Statement of Significant Accounting Policies

Basis of Preparation

The interim financial report of Stratum Metals Limited (**Stratum** or the **Company**) and its controlled entities (the **Group**) for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 24 February 2015. Stratum is a company incorporated in Australia and limited by shares.

The interim financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134 Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board including Australian Accounting Interpretations.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Stratum during the period in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the Group, apart from any changes in accounting policy noted below, and are consistent with those applied in the 30 June 2014 annual report.

The interim financial report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The interim report has been prepared on an accruals basis and is based on historical costs

New, Revised or Amending Accounting Standards and Interpretations Adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Group from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Going Concern

The financial report for the half year ended 31 December 2014 is prepared on a going concern basis.

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity markets, or sale of projects, and managing cash flow in line with available funds. As set out in the Financial Statements, the Group currently has a negative net current asset/liability position. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

Notes to the Financial Statements for the half-year ended 31 December 2014

As noted in the Director's Report the Group has announced that it has signed an exclusive option agreement to acquire 100% of the issued capital of WinWin (further details are set out in the Director's Report). It is anticipated that completion of the acquisition will result in a change of Stratum's name to WinWin Holdings Limited, the appointment of three (3) new directors nominated by WinWin and the resignation of one current Stratum director. In the acquisition terms there is the requirement to undertake a placement of at least \$3.5 million (the "WinWin raising").

Based on a cash flow forecast, which incorporates the WinWin raisings completing in the next three months, the directors are satisfied that the going concern basis of preparation is appropriate.

However should the WinWin raisings be unsuccessful, the Group may be unable to continue as a going concern and may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. Under these circumstances the Group may also be unable to meet its debts as and when they fall due. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and/or unable to meet its debts as and when they fall due.

Note 2 Exploration and evaluation expenditure

Costs carried forward in respect of capitalised exploration and evaluation expenditure:

	December 2014 \$	June 2014 \$
Movement		
Brought forward	5,808,925	5,608,987
Exploration expenditure capitalised during the period	205,202	854,635
Exploration expenditure impaired	(6,014,127)	(654,697)
Balance at end of period	-	5,808,925

The ultimate recoupment of the exploration expenditure carried forward is dependent on the successful development and commercial exploitation and/or sale of the relevant areas of interest, at amounts at least equal to book value.

Having assessed the carrying value of the exploration expenditure the directors have determined that it is not appropriate to continue carrying forward any value for the capitalised exploration expenditure. This conclusion was reached after considering the following factors:

- Stratum's declining share price (and therefore market capitalisation) indicating that the market puts a low value on the Group's only current activity, its exploration projects.
- The difficulties encountered during 2014 in raising funds to explore the Group's exploration projects.
- Declining commodity prices and poor market sentiment towards junior resource companies.

While the directors continue to believe in the exploration and development upside and continue to actively pursue ways to extract value from the Group's exploration projects, they believe it is appropriate to make this accounting adjustment at this time.

Notes to the Financial Statements for the half-year ended 31 December 2014

Note 3 Convertible Note

On 3 December 2013 the Company issued 1,350,000 Notes as partial consideration for acquisition of the final 40% interest of Menzies Goldfield Ltd (**MGL Notes**).

The key terms of the Notes are:

- \$1.00 face value
- 8% coupon rate (payable in Stratum shares using a deemed share price of \$0.12)
- Expire 12 months from issue (which has been extended by agreement between the parties)
- The MGL Notes are convertible to shares at \$0.12 per Note during the first 12 months, and thereafter (or if there is a change of control event) at the lesser of \$0.12 per Note or 20% discount to the 15 day VWAP of the Company's shares immediately prior to the conversion date

The MGL Notes are classified as compound financial instruments per AASB 132 "Financial Instruments: Presentation" and comprise a debt and equity component. Interest is settled via the issue of ordinary shares at \$0.12 and the Notes are convertible at any time or on maturity in accordance with the terms listed above. The Notes are only repayable by cash at the discretion of the Group.

Note 4 Issued capital

(a) Issued and paid up capital

	31-Dec-14 Number	30-Jun-14 Number
Ordinary shares fully paid of no par value	125,173,510	121,422,277

(b) Movement in ordinary shares on issue

	Number	\$
Balance at 1 July 2013	63,440,484	9,643,773
Issued for cash (19/11/13)	700,000	45,500
Issued for cash (2/12/13)	300,000	19,500
Issued for services (17/12/13)	1,163,345	69,801
Issued for cash (11/3/14)	10,050,000	301,500
Issued for conversion of convertible notes (various dates)	45,205,241	724,506
Issued for convertible notes interest (various dates)	563,207	67,229
Less capital raising costs	-	(33,603)
Balance at 30 June 2014	121,422,277	10,838,206
Balance at 1 July 2014	121,422,277	10,838,206
Issued for convertible notes interest (various dates)	451,233	54,503
Issued for services (15/7/14)	3,300,000	33,000

Transaction costs relating to share issues	-	(41,204)
Balance at 31 December 2014	125,173,510	10,884,505

Notes to the Financial Statements for the half-year ended 31 December 2014

(c) Share options

At the end of the period, the following options over unissued ordinary shares were outstanding:

- 3,000,000 options expiring 7 June 2016 at an exercise price of \$0.25 each
- 3,000,000 options expiring 7 June 2016 at an exercise price of \$0.35 each
- 500,000 options expiring 15 April 2018 at an exercise price of \$0.25 each
- 600,000 options expiring 23 January 2017 at an exercise price of \$0.25 each
- 250,000 options expiring 15 April 2016 at an exercise price of \$0.25 each
- 5,500,000 options expiring 15 April 2016 at an exercise price of \$0.40 each

Note 5 Contingent liabilities and assets

The Directors are not aware of any change in contingent liabilities since the last annual reporting date.

Note 6 Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographic basis, that is, the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the board of directors which is at the consolidated entity level. The Group does not have any products or services it derives revenue from.

Accordingly, management currently identifies the Group as having only one reportable segment, being the exploration of mineral assets in Australia. There have been no changes in the operating segments during the half-year. Accordingly, all significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

Note 7 Events subsequent to period end

Subsequent to 31 December 2014, as noted above, Stratum completed a private placement (referred to above in the Capital Raising Update section of this report) to sophisticated and professional investors of 53,333,333 Stratum Shares at \$0.0075 per Stratum Share (on a pre-Consolidation basis) together with one attaching Stratum Option (exercisable at \$0.02 on a pre-Consolidation basis on or before 29 February 2016) for every two Stratum Shares issued to raise a total of \$400,000 before costs.

Stratum Loans (further details set out above in Capital Raising Update) totalling \$205,000 were received during the December quarter, with a further \$45,000 loan received subsequent to 31 December 2014, completing the Stage 1 \$250,000 raising. Subsequent to the 31 December 2014, \$100,000 worth of Stratum Loans have been converted in to Stratum shares and options.

As noted above, a total of \$445,000 has been raised since 31 December 2014.

On 5 January 2015 Stratum announced that it has executed an exclusive option agreement to acquire 100% of the issued capital in emerging US based technology company, WinWin Holdings Pty Ltd (ACN 164 148 270) (**WinWin**). Further details regarding the potential acquisition of WinWin as set out in the Directors' Report.

No other matters or circumstances that have arisen since 31 December 2014 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

Declaration by Directors

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 15 to 23 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. give a true and fair view of the Group's financial position as at 31 December 2014 and of its performance and cash flows for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



Andrew Pierce
Non-Executive Chairman
Brisbane, 24 February 2015

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF STRATUM METALS LIMITED

Report on the half-year financial report

We have reviewed the accompanying interim financial report of Stratum Metals Limited ("the Company") and controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2014 and its performance for the half-year period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Stratum Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Stratum Metals Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year period ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the interim financial report, which indicates that the Group operations are dependent on the raising of capital or other funds on an on-going basis to fund its operations. These conditions along with other matters set out in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the ability of the entity to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.



Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



Stewart Douglas
Director
Brisbane

24 February 2015