



21 July 2015
ASX ANNOUNCEMENT

INVESTOR UPDATE PRESENTATION

Stratum Metals Limited (ASX:SXT) (**Stratum**) is pleased to provide the attached Investor Update regarding the energy retailer Locality Planning Energy Pty Ltd (**LPE**). As announced on 2 July 2015, Stratum has entered into an exclusive option agreement to acquire 100% of the issued capital in LPE.

On behalf of the Board
Damon Sweeny
Company Secretary

About Stratum Metals Limited

Stratum Metals Limited has signed an option agreement to acquire 100% of Locality Planning Energy Pty Ltd (LPE). LPE is an energy retailer authorised by the Australian Energy Regulator to supply and sell electricity to residential customers throughout the National Energy Market. LPE supplies and manages electricity sales to strata communities, both existing and new developments, generating significant savings on electricity delivered to strata community common areas and its occupants.

LPE generates revenue through the sale of electricity and services to the end customer and has 3 main revenue streams:

- consulting fees;
- a margin on the volume of electricity; and
- a daily service charge.

Residential customers are exposed to high energy costs particularly those residing in strata communities. LPE's unique embedded technology and comprehensive knowledge of energy retailing markets enable strata communities the ability to pass on significant electricity cost saving to strata body corporates and individual dwellings within those strata communities, without prohibitive upfront costs.

Stratum Metals Limited currently owns a tenement portfolio located in the prospective gold and copper mineralisation region of Yilgarn in Western Australia. These tenements cover a range of mineralising systems in known and emerging mineral provinces in Western Australia, where potential exists for new gold, copper and nickel discoveries.

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LOCALITY PLANNING
energy

ELECTRICITY RETAILER FOR STRATA COMMUNITIES

July 2015

Disclaimer

This presentation contains summary information about Locality Planning Energy Pty Ltd (**LPE**) and is current as at 30 June 2015. The information in this presentation is of general background and does not purport to be complete.

This presentation is not investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. The information contained in this presentation has been prepared without taking into account the objectives, financial situation or needs of individuals. Investors should obtain their own advice before making any investment decision.

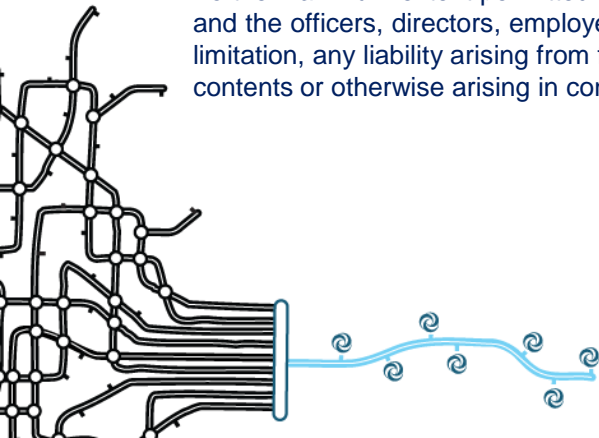
LPE has prepared this document based on information available to it at the time of preparation. No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in this presentation.

This presentation contains certain “forward-looking statements”. Forward looking statements can generally be identified by the use of forward looking words such as, “expect”, “should”, “could”, “may”, “predict”, “plan”, “will”, “believe”, “forecast”, “estimate”, “target” and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This presentation contains statements that are subject to risk factors associated with LPE. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially.

LPE disclaim any intent or obligation to publicly update any forward looking statements, whether as a result of new information, future events or results or otherwise.

To the maximum extent permitted by law, LPE, their related bodies corporate (as that term is defined in the Corporations Act 2001 (Cth)) and the officers, directors, employees, advisers and agents of those entities do not accept any responsibility or liability including, without limitation, any liability arising from fault or negligence on the part of any person, for any loss arising from the use of the presentation or its contents or otherwise arising in connection with it.



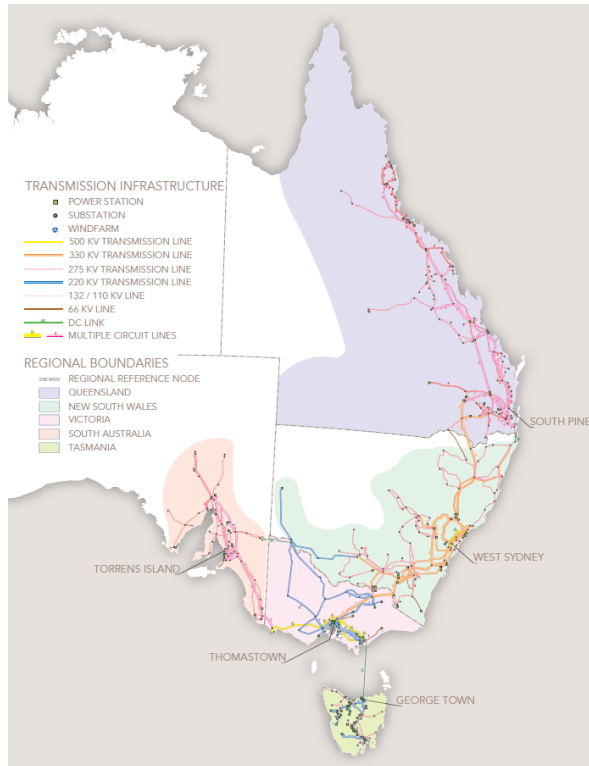
LPE is the iiNet of the Electricity Retailer Market

- 1 of only 23 active electricity retailers authorised by the Australian Energy Regulator (AER)
- LPE has a UNIQUE purchasing model matched against 5 to 10 year supply contracts with customers
- Low risk business model
- Targeting 10% of the National Electricity Market (NEM)



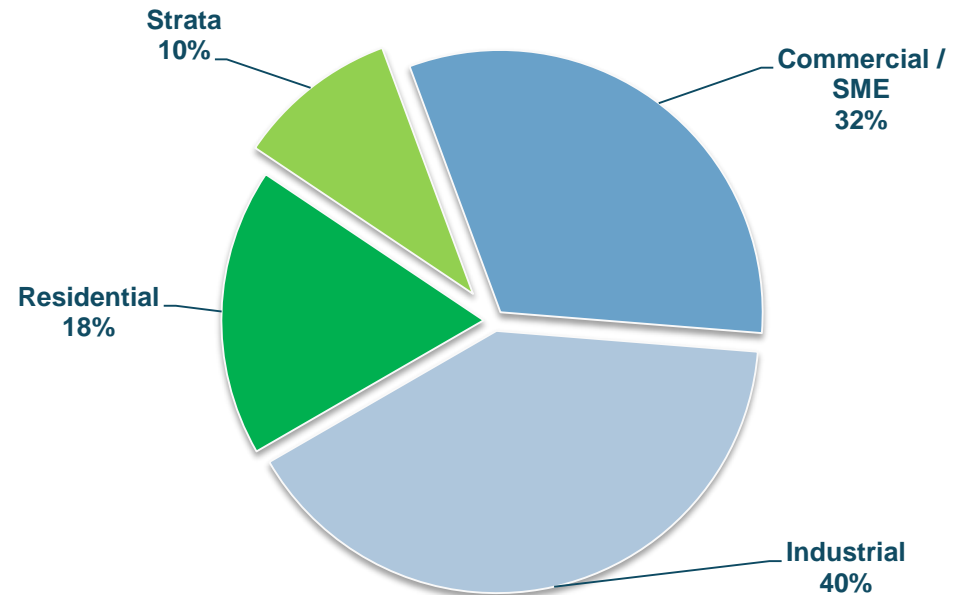
How Big is the NEM?

- More than 200,000GW is traded annually on the NEM
- \$37 billion worth of electricity traded through retailers on the NEM



The National Electricity Market
Regional Network
Source: AEMO

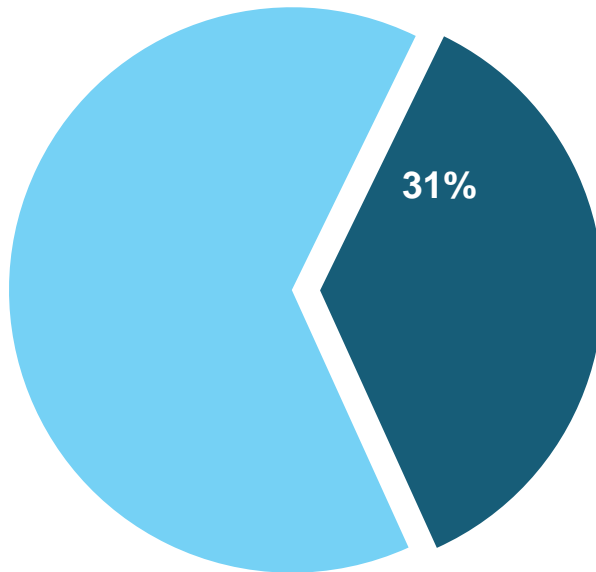
Energy Breakdown by Sector (NEM)



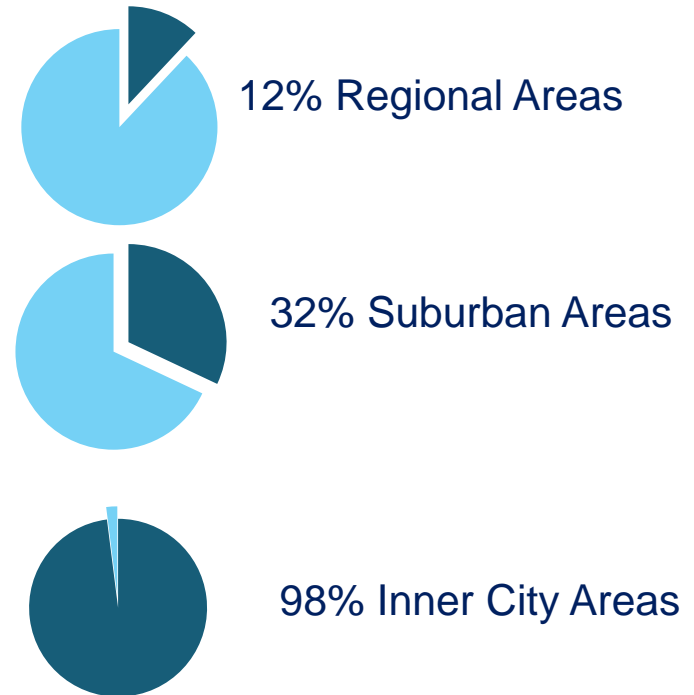
Target Market

- Strata communities = 20,000GW
- LPE's Initial Target = 400GW (just 2% of Target Market)

31% of residential dwellings on NEM are strata communities



Percentage of strata dwellings versus detached by location



ABS 2011 Census of Population and Housing (T14)

Immediate Target Market

South East QLD (SEQ)

- ~9,400 target strata communities
- ~4,700GW

Target strata communities have a minimum of 30 lots and use a total of 0.5GW pa (average)

Queensland

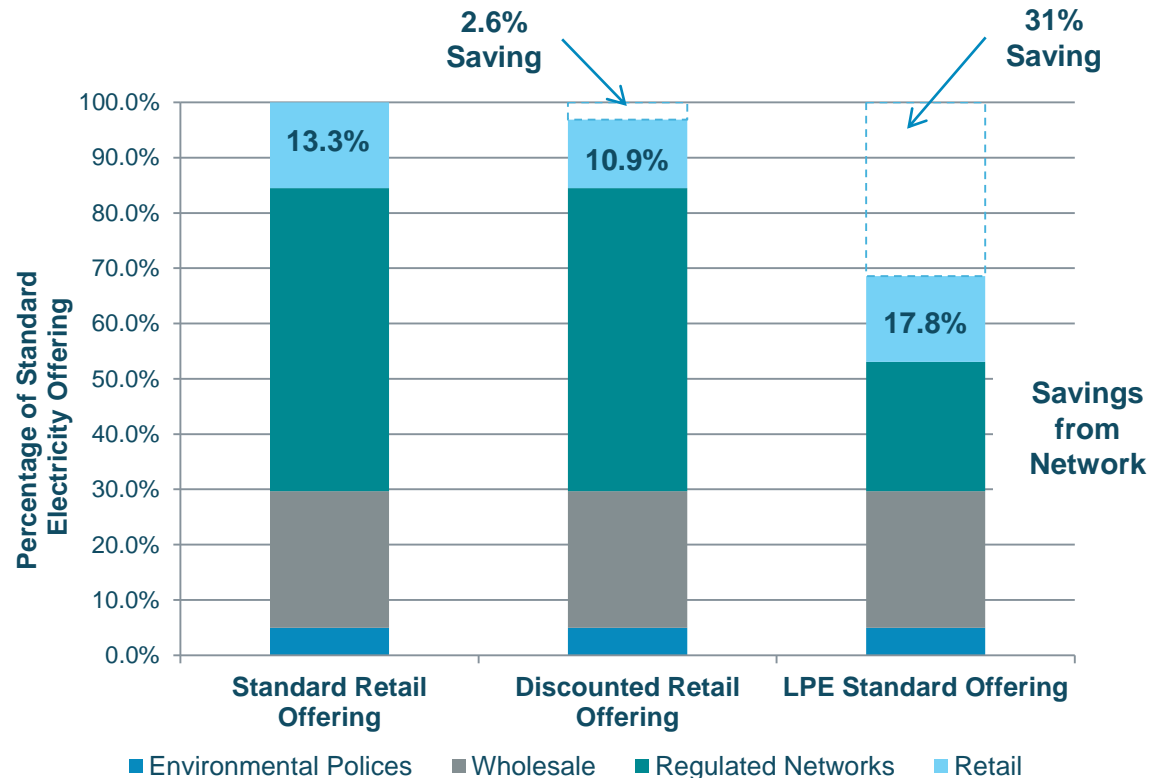
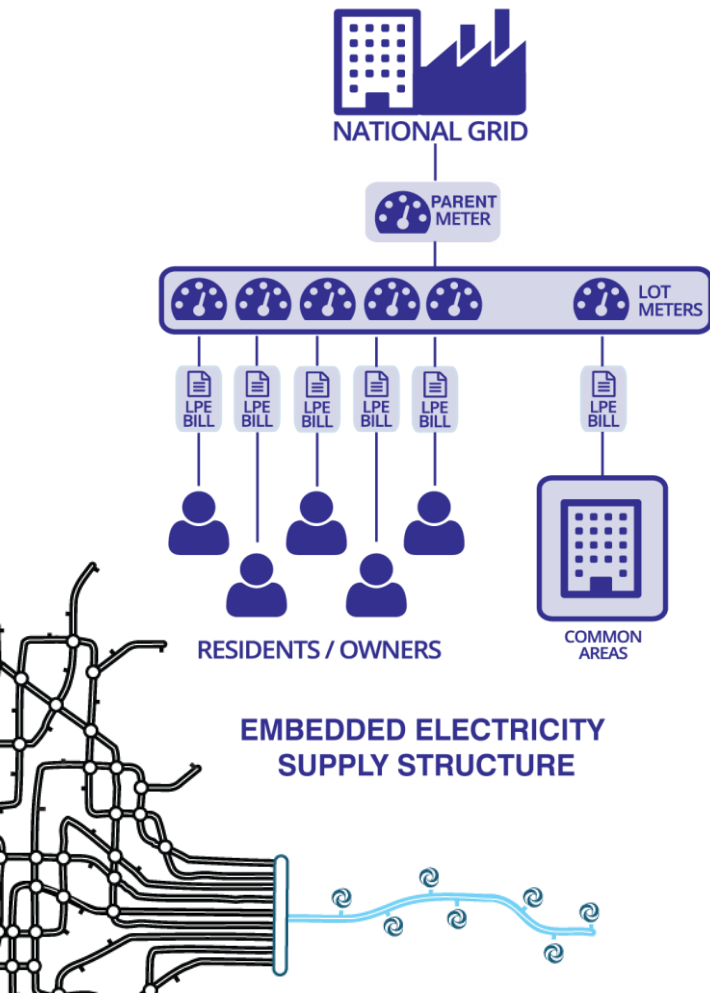
- ~15,500 target strata communities
- ~7,750GW



Source: Office of Economic and Statistical Research
Queensland Treasury and Trade 2013 Derived Census

Business Model

- LPE's supply structure provides an energy purchase model that significantly reduces the network charges and risk to the retailer
- Savings passed onto customers without discounting LPE's margin
- Customers on 5 to 10 year supply contracts



From QLD Regulated Tariff comparisons

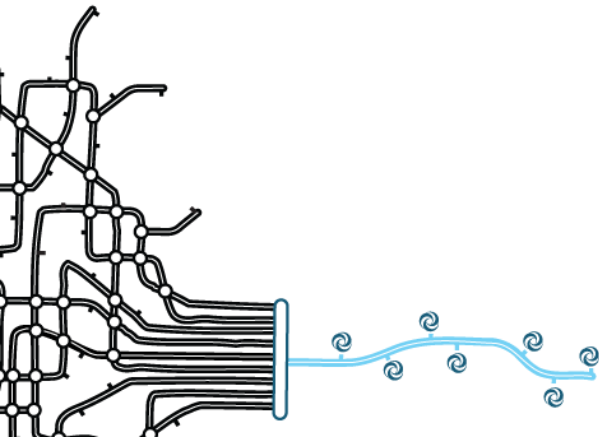
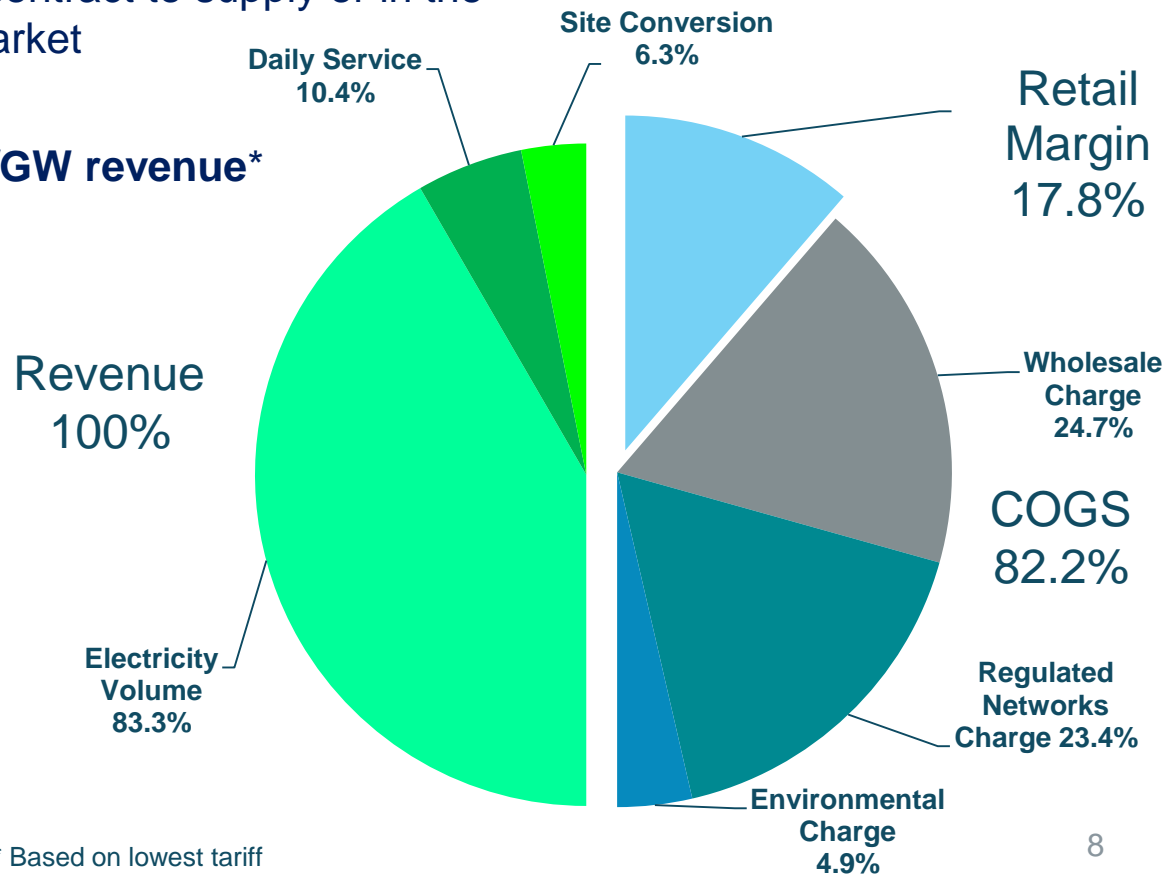
Business Plan

Initial target

- **800** strata communities under management
- Average 0.5GW per strata community = **400GW**

Current progress (July 2015)

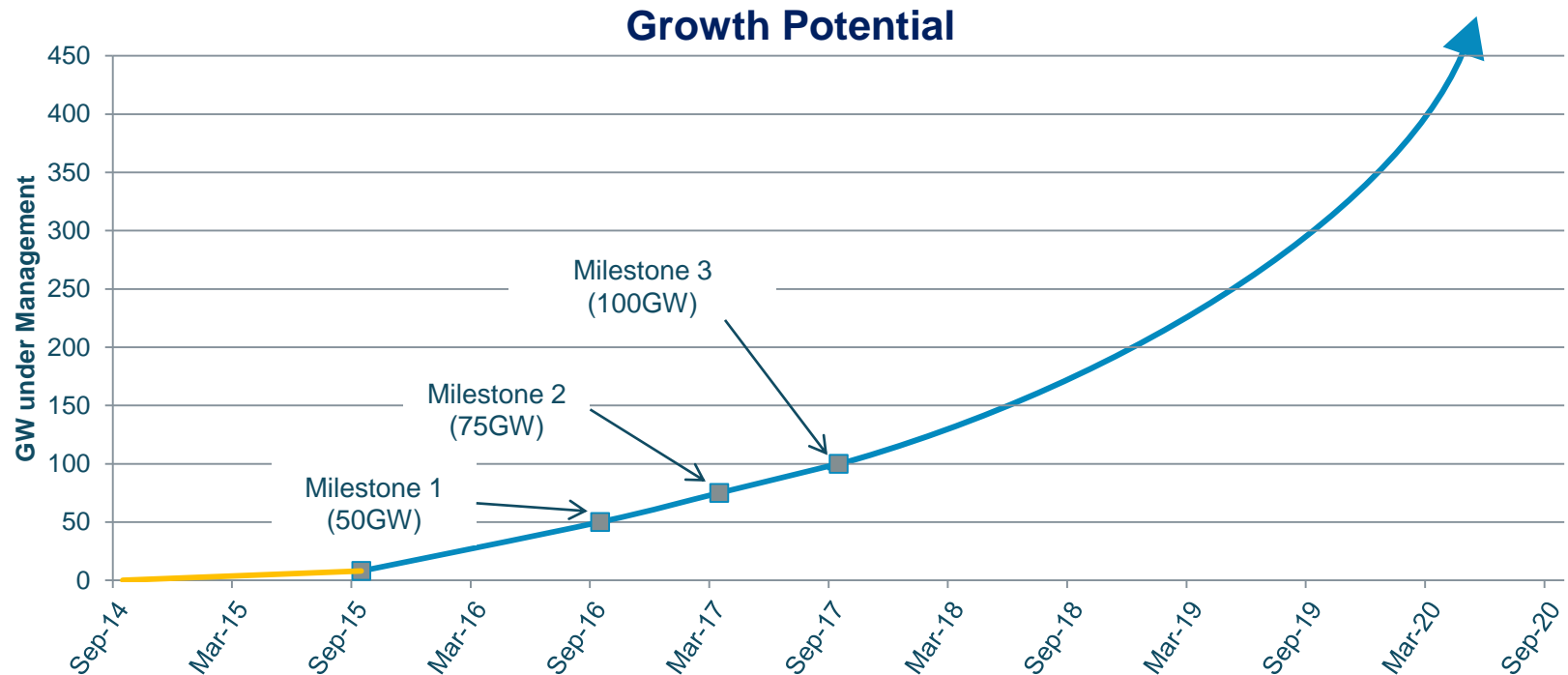
- **25** Strata communities under contract to supply or in the conversion process in SEQ market
- Currently averaging **\$220,000/GW revenue***



Business Plan cont'd

Additional capital will provide opportunity to **accelerate Initial Target timetable and GW sales volume** through:

- Increase sales and operational process teams
- Support growing site conversion funding requirements (equity vs debt)
- Ability to acquire billing administrator's existing strata community books



Marketing Plan

Current pipeline

- **391** existing strata communities and **13** new strata developments at various stages in the negotiation process
- **~170GW or 42½% of Initial Target** (assuming 80% conversion)

Marketing initiatives

- Become active associate member of Strata Community Australia (SCA), the peak strata community lobby group, encompassing ~45,000 of the ~150,000 strata community sites Australia wide
- Become active member in other target sector industry associations
- Brand Recognition campaigns, including trade & industry speaking events
- Strategic partnerships
- Direct Sales on the ground



Future Growth Opportunities

- Expansion into strata communities market in NSW, VIC and SA
- Embedded Networks structure applied to hot water systems
- Exploiting new technology inherent to electricity
- Car chargers and electric vehicle infrastructure
- Batteries and renewables
- Database and information pool
- The Internet Of Things ideally suited to embedded networks



Directors/Management (Post acquisition by Stratum)

Andrew Pierce – Chairman

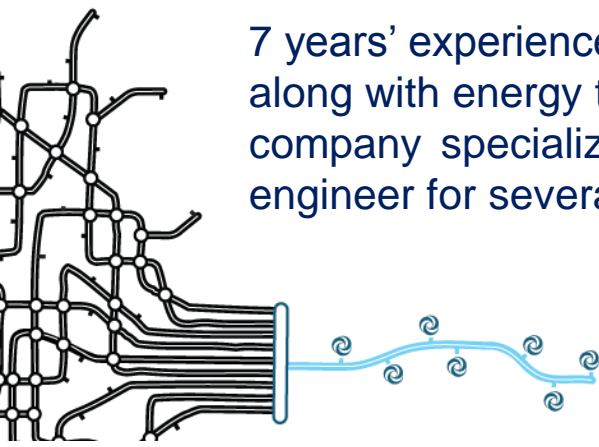
Current Chairman of Stratum, accomplished and highly regarded accountant and director on various boards, with specific skills in financial reporting, company regulatory and governance areas. Fellow of the Institute of Chartered Accountants in Australia, having been in private practice as a partner or principal since 1972

Damien Glanville – Managing Director & CEO (Founder LPE)

13 years' experience in senior management, logistics and executive director roles with a focus in the renewable energy, on-site generation and solar PV industry. Developed the retail architecture and successfully sold the business case for the Sunshine Coast Regional Council Valdora Solar Farm

Ben Chester – Director and Chief Operating Officer (Founder LPE)

7 years' experience in large scale development and deployment of energy assets, along with energy to market strategy. Has 4 years experience with an ASX listed company specializing in renewable and energy projects, as the principal project engineer for several commercial and utility scale deployments



Indicative Capital Structure

Post acquisition of LPE by Stratum:

	Shares	Options	Convertible Loans/Notes \$	Performance Shares
Current	236,140,512	56,699,104	1,500,000	
Conversion of Notes and Loans plus interest ^{1 2}	70,474,349	48,337,585	(1,500,000)	
Capital Raising ³	200,000,000	-		
Sub-Total	506,614,861	105,036,689	-	
Consideration for acquisition of LPE	506,614,861	-		675,486,482
Armada Options	-	75,000,000		
TOTAL	1,013,229,723	180,036,689	-	675,486,482

Notes:

¹ Assuming that MG Noteholders and Stratum shareholders agree to reduce the face value of the MG Note and convert at a 20% discount to the Capital Raising price (assuming a Capital Raising price of \$0.02 per Stratum Share) together with one free attaching Stratum Option (exercisable at \$0.02 on or before 29 February 2016) for every two Stratum Shares issued. This value assumes that 6 months interest has accrued under the Mt Gold Note prior to conversion.

² Stratum has been granted loans to the value of \$150,000 (**Stratum Loans**) which will convert at Settlement into Stratum Shares together with one free attaching Stratum Option (exercisable at \$0.02 on or before 29 February 2016) for every Stratum Share issued. The Stratum Loans accrue simple interest at a rate of 1% per month. This value assumes that 9 months interest has accrued under the Stratum Loans prior to conversion.

³ Assuming \$4 million Min. Capital Raising at a price of \$0.02 per Stratum Share.

Summary

- LPE is the iiNet of the Electricity Retailer world
- 1 of only 23 active energy retail authorisations with the AER
- LPE has a **UNIQUE** purchasing model matched against 5 to 10 year supply agreements with customers
- Business model provides consistent trailing revenues
- Targeting strata communities that represent 10% of the NEM or 20,000GW per annum
- Initial Target 400GW of energy under management
- Additional capital will accelerate Initial Target timetable and GW sales volume
- Further growth from expansion across the NEM
- Numerous future revenue opportunities utilising embedded network supply structure
- Low operating and corporate cost to revenue business

Experienced, motivated Board and management team

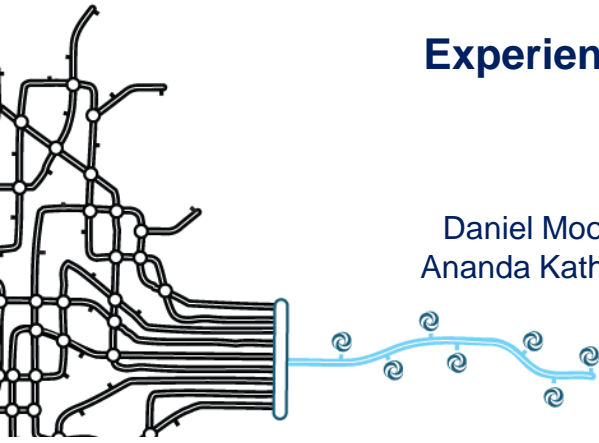
FOR MORE INFORMATION

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Ananda Kathiravelu, Armada Capital M: 0412 036789 ananda@armadacapital.com.au

www.localityenergy.com.au



Annexure A

Billing and Sales Software

- Dedicated billing platform licensed with proprietary IP
- Proprietary sales and operational process software developed by LPE



SEAVIEW
RESORT MOOLOOLABA

shine
ON BRIGHTWATER



Silverstone
APARTMENTS



THE MIRAGE
ALEXANDRA HEADLAND

Customer Service Team
Mon - Fri, 9am - 5pm
T: 1800 040 168
E: enquiries@localityenergy.com.au
W: www.localityenergy.com.au

Faults and Emergency
Emergency 24 Hours
T: 13 62 62
E: faults@localityenergy.com.au

electricity account

Account Number
30001 00026 93

MR. GJ THOMAS
208
13 NICKLIN WAY
MINYAMA QLD 4575
AUSTRALIA

Tax Invoice U30001 000 000 261-0
Issued 24 Apr '15

Locality Planning Energy Pty Ltd
ABN 15 146 958 061

Account Summary

Opening Balance	\$58.90
Payment Received	
Payment via BPAY, 7 Apr '15	(cr) \$58.90
Balance Brought Forward	\$0.00
Usage and Services Charges	\$79.05
Other Charges/Adjustments	\$0.00
New Charges (see over)	\$79.05
Total (GST included)	\$79.05

Total: \$79.05
pay by 8 May '15

Avg cost/day: \$2.40
Avg daily usage: 7.318 kWh
same time last year: not available

Greenhouse gas emissions for this bill was 6.646 tonnes from 483,000 kWh.
For more information visit www.climatechange.gov.au

Account Number
30001 00026 93

Total: \$79.05
pay by 8 May '15

DEFT
PAYMENT SYSTEMS

Please turn over for further payment methods and instructions.

BPAY Biller Code: 95503
Reference: 2472 3771 2300 0100 0268

POST billpay 494 247237712 30001000268

+247237712 30001000268< 00007905<4+

PHONE: 1300 301 1500
DEFT Ref: 2472 3771 2300 0100 0268
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Flat Rate
(483 000 kWh @ \$0.172500) \$82.32
Concession Rebate
(33 day @ 10% \$0.791 400) (cr) \$26.12
Daily Supply Charge
(33 day @ \$0.444100) \$14.66
Goods and Services Tax \$7.19
Usage and Service Charges \$79.05

Previous Reading	Usage (kWh)
65,727,000	338,000 (A)
23,352,000	145,000 (A)

(A = actual usage)

Annexure B

National Energy Market

