

30 April 2014

## **QUARTERLY ACTIVITIES REPORT – March 2014**

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### **Highlights:**

- Menzies - Potential for near term gold production recognised
- Menzies - Gold drilling results support high grade shoot model
- Board review leads to project rationalisation

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### **East Menzies Goldfield Project ('EMGP')**

The company has completed a strategic review of the entire EMGP to focus technical activities on the prospects most able to generate positive results in the short term. The current difficult market for capital raising was a key consideration in the review, with potential to generate cash flow from a project being identified as the priority. Work completed to date demonstrates the area around the existing open pit mines at Granny Venn and Aunty Nellie ('G-Van') has strong potential to deliver short term cash flows and the G-Van Project has been formulated to aggressively progress this opportunity in 2014.

In November/December 2013 the company drilled the Emu nickel sulphide prospect and two gold targets. The Nickel drilling results were outlined in the last quarterly report, while analysis of assay results from the gold drilling was completed during the March quarter.

MMI soil sampling assays for the Gigante Grande prospect were reviewed during the quarter, providing strong indications of greenstones undercover, in an area mapped as granite, along with indications of gold anomalism.

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### **EMGP – The G-Van Project**

As outlined in the previous quarterly report, the company has progressively been working to understand the potential to delineate gold mineralisation outside of the historic open pit mines and around the nearby CSR Prospect. This area is on an existing granted mining lease and is now recognised to have a significant potential to contain near surface open pit mineable gold mineralisation. Mineralisation that, due to the projects near proximity to existing gold mills and other important infrastructure, could be brought to production at an initial small scale and low capital cost. The G-Van Project has been formulated to further develop this strategy.

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).

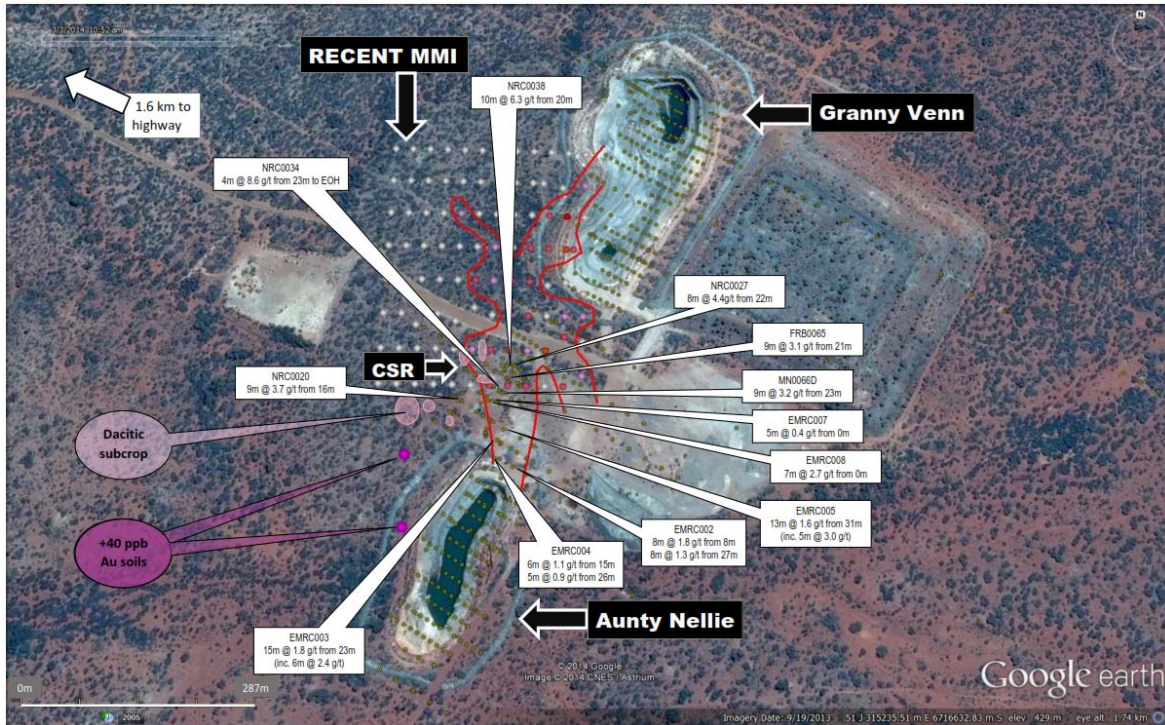


Figure 1: Anomalous gold in MMI soils (red line) and past drilling<sup>3</sup> over Google Earth Image indicate potential between existing pits

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 expected to be planned and progressed in the coming quarter.

EMGP – The Goodenough Gold Mine Area

As outlined in the previous quarterly report two priority gold targets were drilled in the broader Goodenough Gold Mine area. Drilling of the Tribute Shoot Target tested down plunge extension of the gold mineralisation mined by Tributeters in 2011, while drilling of the Four O’Clock target was testing the concept of a similar shoot to be associated with the Four O’Clock line of historic gold workings.

RC drilling results (announced via ASX 13 February 2014<sup>1</sup>) are very encouraging with the drilling confirming high grade gold mineralisation associated with the interpreted plunging Goodenough Tribute Shoot and identifying high grade gold mineralisation with the first holes drilled at Four O’clock. Based on

these results exploration can confidently progress to identification of additional higher grade shoots within the broadly mineralised system around Goodenough, with the aim of defining mineralisation capable of supporting mining.

*The Goodenough Tribute Shoot Target*

Gold mineralisation was intersected in all four holes drilled, confirming the targeted concept of a structurally controlled southerly plunging mineralised shoot. Based on available drilling data<sup>2</sup> this shoot extends for 110 metres from a surface expression north of the tribute mine and is open down plunge (Figure 2).

Chip logging, laboratory assays, and optical televiewer (OTV) imagery indicates a package of metamorphosed basaltic rock overlies a package of variably silicified metasediments. Narrow bands of felsic rock exist within the profile. The contact between the basalts and the metasediments is thought to be thrust faulted, with this fault zone hosting significant quartz veining and iron sulphides with associated high grade gold. Gold mineralisation extends down into the metasediments and appears to be related to frequency of bedding (or thrust) parallel veining i.e., higher frequency veining correlates with higher gold grades. Gold mineralisation is also present within the overlying basalts immediately above the contact zone and appears to also be associated with veining.

Section 6715430 North (below) shows the four holes drilled and significant intercepts; mineralisation can be seen to be open to the east<sup>1</sup>.



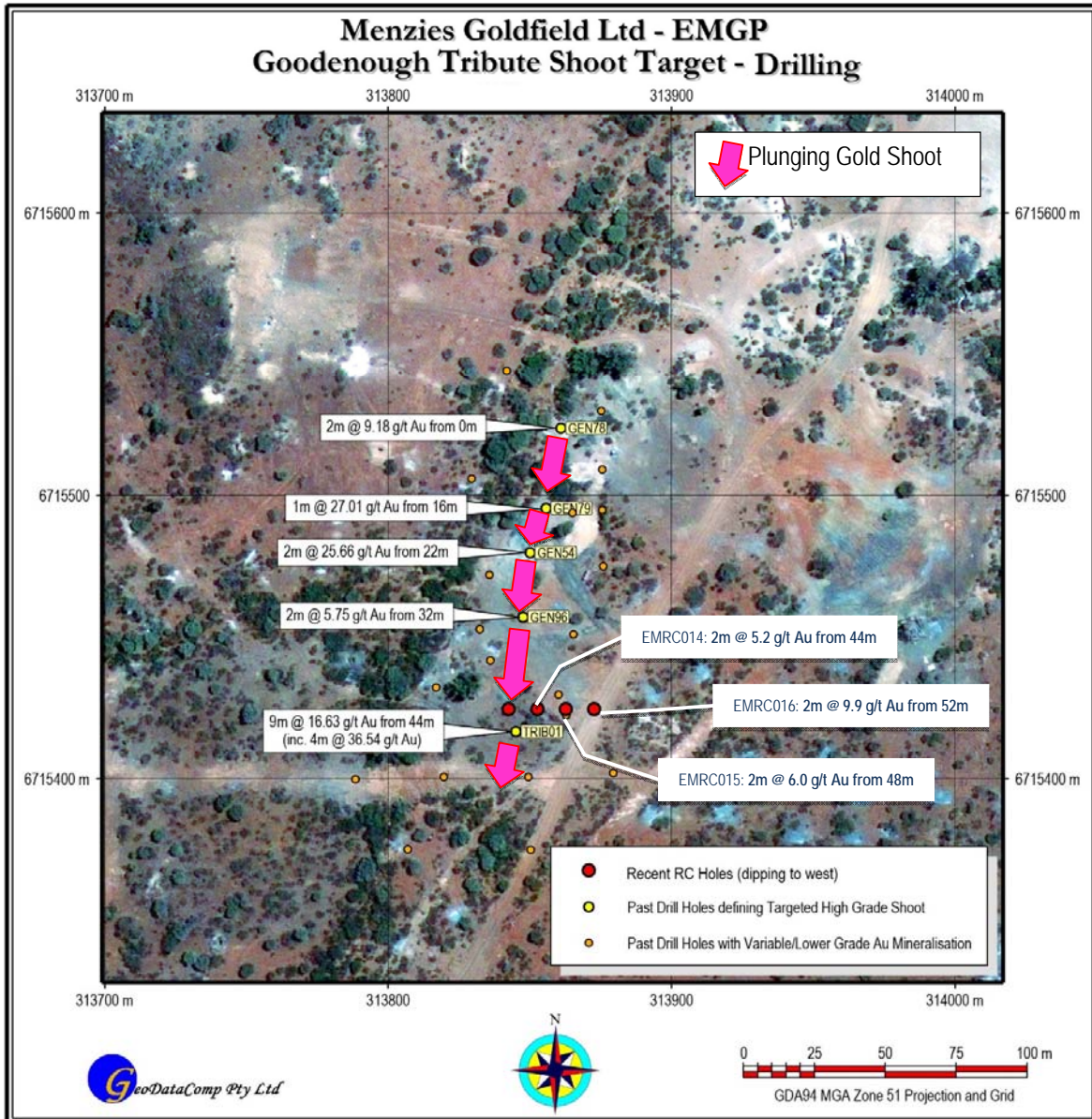


Figure 2: Goodenough Tribute Shoot

*Four O'clock Gold Target*

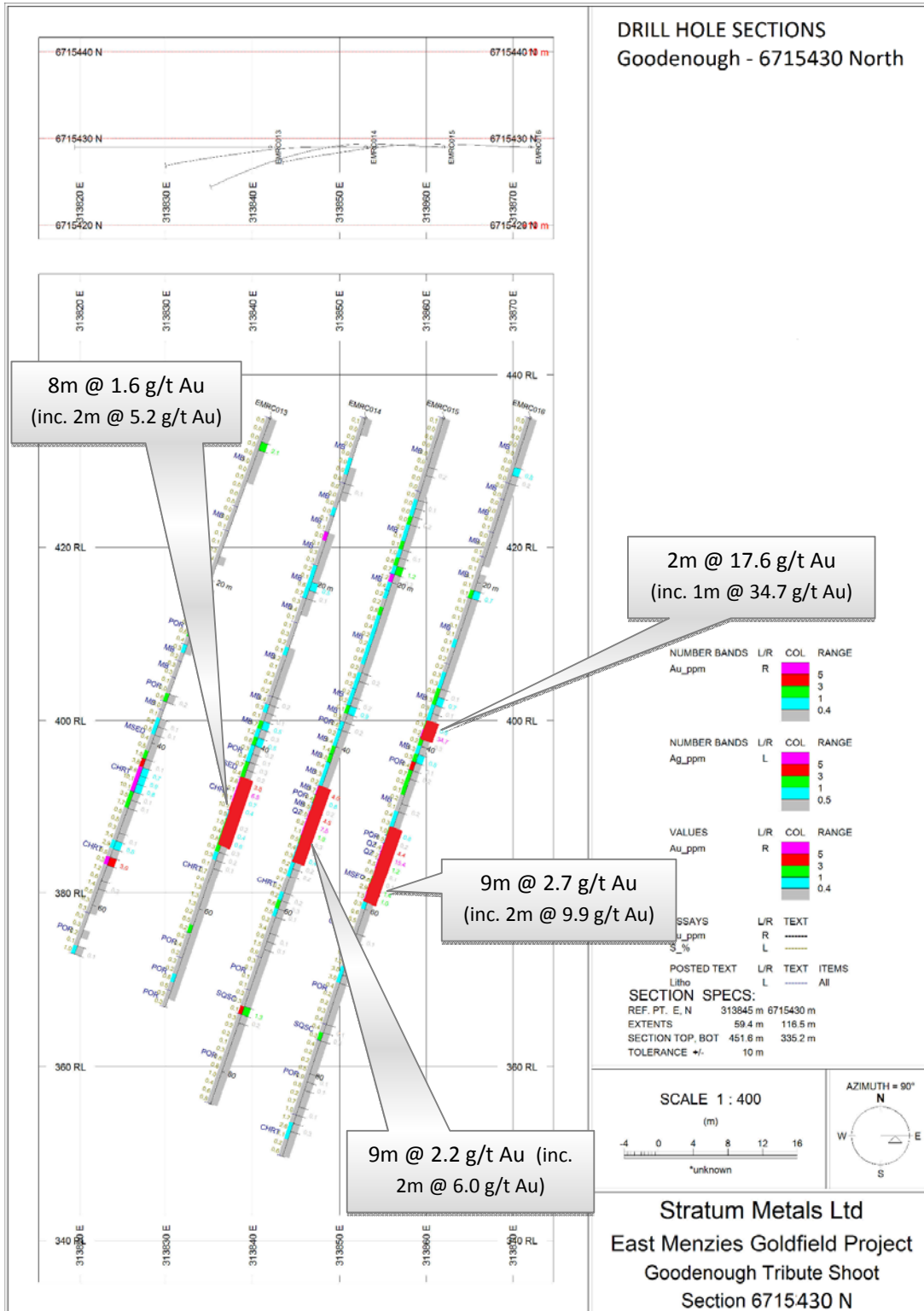
Located approximately 220 metres south west of the Tribute Shoot Target, the area is characterised by a 160 metre strike line of historic underground mine workings. While assay results were not as spectacular as the Goodenough Tribute Shoot results, high grade gold mineralisation has been intersected in a similar geological/structural position and remains open to the east.

The chip logging, laboratory assays, and optical televiewer imagery indicates a package of metamorphosed basaltic rock overlies a package of variably silicified metasediments. Narrow bands of felsic rock (porphyry/volcanics) exist within the profile. The contact between the basalts and the metasediments is thought to be faulted, with this fault zone hosting brecciated quartz and iron sulphides (and appears associated with gold mineralisation).

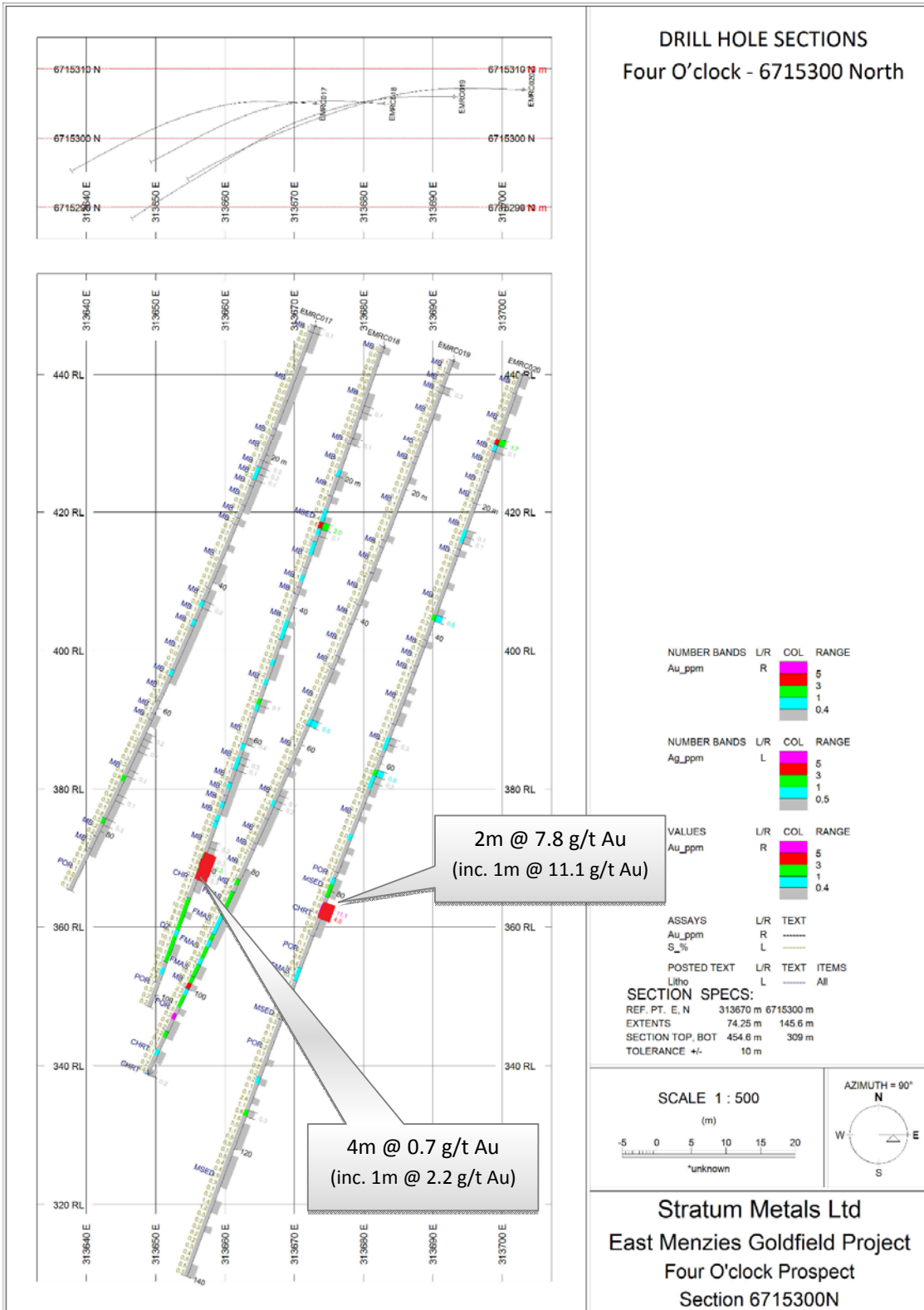
Close observation of the imagery and the lithological logging suggests higher grade mineralisation within EMRC020 (2m @ 7.8 g/t Au) appears to be related to veining striking at 210 and dipping to the east at 30 degrees. When projected, this plane has a reasonable correlation with mineralisation within EMRC018 (4m @ 0.70 g/t Au) and subgrade grade mineralisation in EMRC017, it is also a similar orientation to the overlying faulted basal basalt contact. When these results are considered in light of the Goodenough results it is reasonable to assume mineralisation may continue into the undrilled area to the east of EMRC020.

Section 6715300 North (below) shows the four holes drilled and significant intercepts; mineralisation can be seen to be open to the east<sup>1</sup>.

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**EMGP – Gigante Grande Prospect**

This prospect, located on tenements P29/2113 and P29/2114, is an area of significant past gold exploration completed in the 1990’s, when work progressed through Auger geochemistry, to RAB, RC, and Diamond drilling.

The recent structural interpretation and HeliTEM survey indicate poorly or untested potential in this area. To this end a series of west-northwest trending structures are interpreted to run through the bulk of the past work, and are considered as possible mineralisation controls.

On an oblique 250m x 25m grid, 80 MMI soil samples were collected (Figure 3) as a first pass test in the area west of the bulk of past drilling. Encouraging anomalous gold results have been received (some on the edge of the dataset). The assays also indicate the bedrock under local cover, which had been mapped as covered granite, is likely to include significant areas of greenstones. MMI response over granite is typically characterised by elevated rare earths such as Cerium (Ce) and low Magnesium (Mg). Figure 4 shows magnesium response to be elevated in much of the sampled area, which is reflective of mafic/ultramafic rocks.

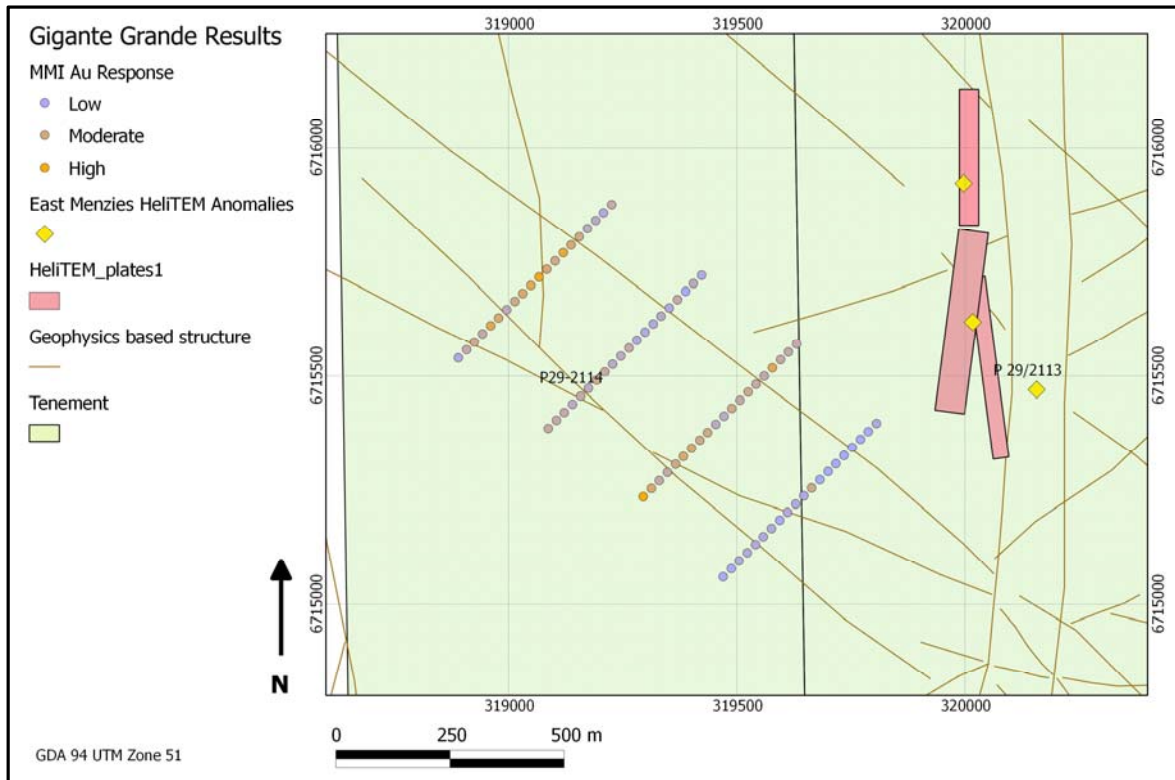


Figure 3: Gigante Grande MMI sample locations on P29/2113 and P29/2114



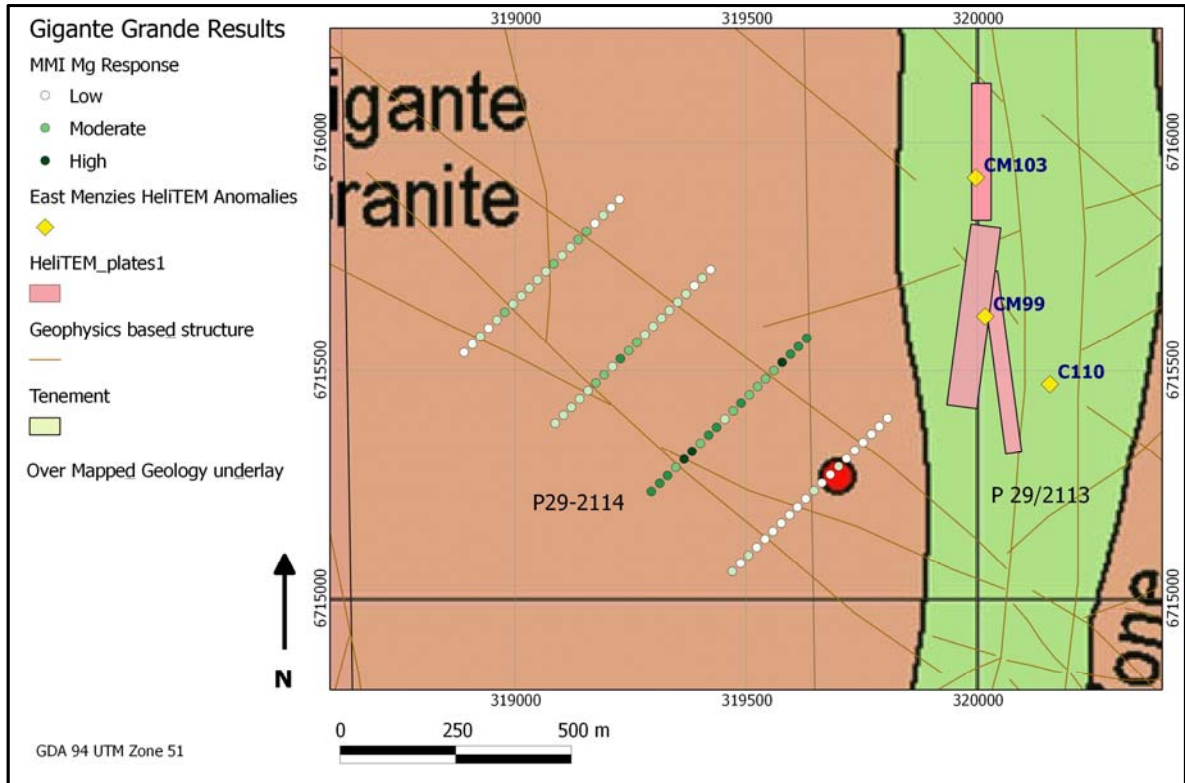


Figure 4: Gigante Grande Magnesium in MMI over geology

A mix of greenstones and granite in this area could provide local competency contrasts favourable for the development of structurally hosted gold mineralisation. Further work is now required to understand the significance of the varied underlying geology in this area and how these results may relate to previously drilled gold mineralisation on the prospect.

## Projects Review

During the quarter the board commenced a review of Stratums projects to consider the technical merit of each project and the likely funding requirements to realise value from any technical potential. The first stage of the review concluded the East Menzies Goldfield Project and Gidgee Project hold the most value for the company, being most advanced in terms of exploration and being favourably located. Other projects, which consist of only one or two tenements each, are likely to be a draw on limited cash reserves and will not be continued. The next stage of the review is to assess each tenement within the East Menzies Goldfield Project and Gidgee Project.

## Gidgee Project

Other than some drill site rehabilitation works at the German Well South prospect no significant work was completed during the quarter.

## Bannockburn Project

While work to date provided some encouragement for gold mineralisation the potential near term upside was deemed to be limited given the current capacity of the company to fund short term exploration activities and the isolated nature of this single tenement project (E37/1010). The tenement will not be continued.

## Laverton Project

While work to date provided some encouragement for gold and/or nickel mineralisation the potential near term upside was deemed to be limited given the current capacity of the company to fund short term exploration activities and the isolated nature of this single tenement project (E38/2156). The tenement was surrendered during the quarter.

## Pinyalling

Work to date on the two tenements at Pinyalling is very early stage and potential for significant gold mineralisation has not been identified, the potential near term upside was deemed to be limited given the current capacity of the company to fund short term exploration activities and the isolated nature of this two tenement project (E59/1545, E59/1618). The tenements will not be continued.

## Canning Basin Coal

With no interest from third parties the board has determined to discontinue this project.

## Tenement Movements

Please refer to appendix 1: DISCLOSURES REQUIRED UNDER ASX LISTING RULE 5.3.3

## Corporate

During the quarter there have been a number of strategic movements of directors.

Martin Holland resigned as Managing Director and subsequently as a director of Stratum. Terry Grammer (non-executive director) also resigned during quarter. Ralph Stagg and Andrew Pierce were both appointed non-executive directors during the quarter, with Andrew Pierce taking on the Non-Executive Chairman role during April.

The current board of Stratum is now focussed on the development of the G-Van project with the strategy for early gold production. This follows on from the Board's review, and earlier significant exploration, which identified strong potential to deliver on this project in the short term.

With this in mind, Stratum is actively pursuing capital funding alternatives to provide ongoing funding to support the development of the company's projects, with the immediate focus on the G-Van project.

A small placement of \$351,000 was undertaken during March and the Board continues to implement appropriate corporate and project cost saving initiatives.

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](http://www.stratummetals.com.au) and join our newsletter mail list.

**Footnotes:** 1. Detailed assays associated with these holes, hole location details and JORC table 1 provided in ASX announcement dated 13 February 2014 (available via [www.stratummetals.com.au/announcements](http://www.stratummetals.com.au/announcements)). 2. Plunging shoot length based on historic vertical drilling as shown in figure 1 - past drilling displayed is limited to the holes immediately surrounding the interpreted mineralised shoot in order to give spatial context to the target. 3. **Error! Reference source not found.** is provided as an overview of the target area, drill hole collars are displayed on **Error! Reference source not found.** as yellow bullseyes, with selective drill intercepts highlighted, where intercepts are not displayed drilling is variably, or may not be, mineralised.

### **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 contracted 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
BANNOCKBURN	E37/1010	WA	100%
GIDGEE	E53/1440	WA	100%
GIDGEE	E53/1494	WA	100%
GIDGEE	E53/1680	WA	100%
GIDGEE	E53/1681	WA	100%
GIDGEE	E57/0925	WA	100%
PINYALLYING	E59/1545	WA	100%
PINYALLING STH	E59/1618	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%



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Project	Tenement	Location	% Ownership
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%
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%

Project	Tenement	Location	% Ownership
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%
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 acquired and disposed of during the quarter and their location

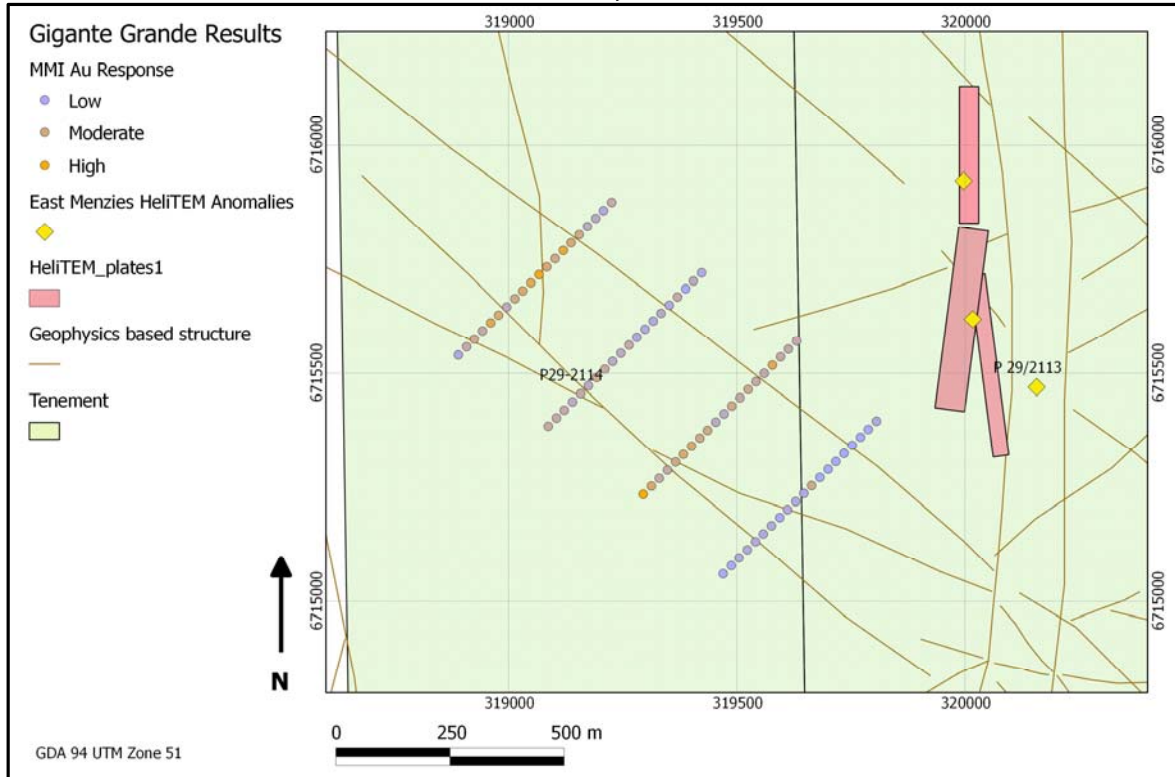
Project	Tenement	Location	% Ownership
CANNING BASIN	E04/1993	WA	0% - surrendered
CANNING BASIN	E04/2124	WA	0% - surrendered
LAVERTON	E38/2156	WA	0% - surrendered
MENZIES	P29/2337	WA	100% - granted

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.

*Appendix 1 end.*

East Menzies Goldfield Project MMI Location Plan





**TABLE 1**  
(for East Menzies Goldfield Project MMI Soil geochemistry)

CRITERIA	EXPLANATION
Sampling techniques	Soil samples for MMI analysis were collected by hand excavation of a hole to sufficient depth to expose the 'zone of ionization' (usually 20-30cm) in the side of the hole. Sample is then collected from this zone and sieved to remove rocks, sticks, etc with the 'clean' sample secured in an individually numbered snap lock plastic sample bag. Samples were then submitted to SGS Laboratory to undergo analysis via the proprietary MMI technique. Where the designed sample location was found to fall on disturbed ground (such as tracks) the sample location was moved to allow a valid sample to be collected.
Drilling techniques	No drilling was involved
Drill sample recovery	Not applicable
Logging	For each sample a general description of the soil type and local landform was recorded.
Sub-sampling techniques & sample preparation	No sample preparation is undertaken for the MMI technique.
Quality of assay data and laboratory tests	The MMI technique is considered a partial leach method designed to measure the elements bonded to the surface of the soil particles. The laboratory implements internal QA/QC processes, in addition duplicate samples were collected in the field at a rate of 1:25 and submitted with primary samples.
Verification of sampling and assaying	At this early stage of exploration anomalous zones have not been separately verified and separate verification is not considered necessary for this level of reporting. Duplicates have been checked against primary samples providing a level of confidence in the reported data.
Location of data points	Sample positions are based on handheld GPS and can be expected to be accurate to +/-5 metres, which is sufficient at this stage of exploration and reporting. Data recorded in GDA94 UTM Zone 51 co-ordinates.
Data spacing and distribution	Samples collected at the Gigante Grande Prospect were spaced at 25 m along lines spaced 250 m apart. The sample lines are orientated SW-NE (shown on location plan above)
Orientation of data in relation to geological structure	Being soil samples this is not relevant.
Sample security	Samples were packaged in sealed plastic bags and then boxes and hand delivered

	directly to the closest SGS laboratory (Kalgoorlie).
Audits and reviews	At this early stage of exploration no audits or reviews have been completed
Mineral tenement and land tenure status	<p>The Gigante Grande Prospect samples were collected from tenements P29/2113, and P29/2114 which were acquired by Stratum via purchase from a consortium led by Resource Assets Pty Ltd.</p> <p>The tenements are not subject to native title or any other known impediment to development.</p>
Exploration done by other parties	The report text refers to the fact historic work has been completed by other parties but reporting of results does not rely on any historic work or exploration done by other parties. This historic data can be sourced from publicly available reports via the Department of Mines and Petroleum's WAMEX system.
Geology	At this early stage of exploration deposit type is not relevant. The results are not yet of a nature to definitively determine geological setting and mineralisation style.
Drill hole information	No drilling completed.
Data aggregation methods	No data aggregation undertaken.
Relationship between mineralisation widths and intercept lengths	Not relevant at this stage of exploration.
Diagrams	Plans showing sample locations have been provided.
Balanced reporting	All results relevant to the soil sampling and stage of results have been reported.
Other substantive exploration data	Figures show conductors identified by the company's geophysical consultant, and in some cases plates modelled to represent these conductors, are displayed. The geophysics based structural interpretation is also displayed on the related figures. Previous reporting by Stratum Metals Ltd has provided technical details of this work.
Further work	Final decisions on further work are yet to be made. It is likely that work to understand the significance of the varied underlying geology in this area and how these results may relate to previously drilled gold mineralisation on the prospect will be completed.

**East Menzies Goldfield Project MMI Data - Gigante Grande**

Easting	Northing	ID	Au_PPb	Ce_PPb	Mg_PPM	Easting	Northing	ID	Au_PPb	Ce_PPb	Mg_PPM
319470	6715060	EMM0601	1.3	7970	59	319087	6715385	EMM0641	3.6	526	59
319488	6715078	EMM0602	1.7	5230	34	319105	6715403	EMM0642	3.4	642	75
319505	6715095	EMM0603	2	930	60	319122	6715420	EMM0643	3.3	1760	67
319523	6715113	EMM0604	2.2	281	50	319140	6715438	EMM0644	3	824	77
319541	6715131	EMM0605	2.1	7480	35	319158	6715456	EMM0645	3.5	545	69
319558	6715148	EMM0606	1.8	6620	30	319175	6715473	EMM0646	2.9	195	103
319576	6715166	EMM0607	1.9	8780	25	319193	6715491	EMM0647	3.9	994	104
319594	6715184	EMM0608	1.1	5390	40	319211	6715509	EMM0648	3.3	136	91
319611	6715201	EMM0609	2	5310	55	319228	6715526	EMM0649	2.5	418	138
319629	6715219	EMM0610	2.1	12800	48	319246	6715544	EMM0650	2.9	782	95
319647	6715237	EMM0611	2.1	1040	59	319264	6715562	EMM0651	3.2	660	113
319664	6715254	EMM0612	4	87	36	319281	6715579	EMM0652	2.3	908	83
319682	6715272	EMM0613	1.5	547	55	319299	6715597	EMM0653	2.3	6450	63
319700	6715290	EMM0614	1.4	416	67	319317	6715615	EMM0654	2.1	625	61
319717	6715307	EMM0615	1.4	741	34	319334	6715632	EMM0655	2.9	2460	93
319735	6715325	EMM0616	1.7	861	35	319352	6715650	EMM0656	2.2	296	70
319753	6715343	EMM0617	1.2	4970	21	319370	6715668	EMM0657	3.1	1060	67
319771	6715361	EMM0618	1.4	7940	18	319388	6715686	EMM0658	1.5	6350	52
319788	6715378	EMM0619	1.6	19000	22	319405	6715703	EMM0659	2.6	555	64
319806	6715396	EMM0620	2	12700	26	319423	6715721	EMM0660	2.3	5220	46
319295	6715235	EMM0621	7.6	666	148	318890	6715540	EMM0661	2.2	833	41
319313	6715253	EMM0622	4.4	230	142	318908	6715558	EMM0662	3.4	487	56
319330	6715270	EMM0623	3.3	102	154	318925	6715575	EMM0663	4.2	8720	57
319348	6715288	EMM0624	3.5	744	108	318943	6715593	EMM0664	3.7	5900	56
319366	6715306	EMM0625	4.2	398	173	318961	6715611	EMM0665	5.1	1040	84
319383	6715323	EMM0626	4.6	289	188	318978	6715628	EMM0666	4.6	1140	98
319401	6715341	EMM0627	5	168	116	318996	6715646	EMM0667	3	342	69
319419	6715359	EMM0628	4	246	161	319014	6715664	EMM0668	4.3	1000	81
319436	6715376	EMM0629	4.3	407	156	319031	6715681	EMM0669	4.9	701	79
319454	6715394	EMM0630	2.5	708	79	319049	6715699	EMM0670	5.6	6270	84
319472	6715412	EMM0631	3	251	103	319067	6715717	EMM0671	6.9	95	80
319489	6715429	EMM0632	4.1	297	139	319084	6715734	EMM0672	4.7	5890	104
319507	6715447	EMM0633	3.3	476	117	319102	6715752	EMM0673	3.8	571	62
319525	6715465	EMM0634	3.8	540	121	319120	6715770	EMM0674	5.7	117	86
319542	6715482	EMM0635	3.7	492	132	319137	6715787	EMM0675	5	1190	107
319560	6715500	EMM0636	3.5	467	132	319155	6715805	EMM0676	3.8	4440	108
319578	6715518	EMM0637	5.3	224	210	319173	6715823	EMM0677	2.7	7810	50
319596	6715536	EMM0638	3.6	405	151	319191	6715841	EMM0678	2.9	708	84
319613	6715553	EMM0639	3.2	306	154	319208	6715858	EMM0679	2	2740	48
319631	6715571	EMM0640	3.3	398	143	319226	6715876	EMM0680	3.2	7050	43