

24 JANUARY 2018

DECEMBER 2017 QUARTERLY ACTIVITIES REPORT**Bramaderos Gold-Copper Project, Ecuador (Sunstone earning up to 80%)**

- **Strong phase 1 results received from trenching program at Bramaderos Main target, including;**
 - **74.3m at 0.69g/t gold and 0.15% copper in trench BM02, including;**
 - **51.1m at 0.81g/t gold and 0.18% copper, open to the west**
- **Multiple large porphyry gold-copper drilling targets defined by soil sampling at Bramaderos Main, Playas and Limon**
- **Strong results received from trenching program at West Zone epithermal gold target. Results include;**
 - **28m at 3.9g/t gold in trench 8, including;**
 - **15.6m at 6.1g/t gold**
- **Detailed heli-magnetic (and radiometric) survey commenced at the end of December (completed early January), with data processing to occur during January and February 2018**
- **Drilling to commence at the gold-copper porphyry targets, Bramaderos Main, Playas and Limon, and at the West Zone epithermal gold target, once drill permits are received in early 2018**

Viscaria Copper Project, Sweden (Sunstone - 100%)

- **The Viscaria Copper Project represents a low risk copper development opportunity that will add significant shareholder value within an increasing copper price environment. Options for advancing to a pre-feasibility study stage at Viscaria are being considered**
- **The December 2015 Scoping Study, and updated Scoping Study released in April 2016 (see ASX announcements 14th December 2015 and 5th April 2016) show strong project fundamentals at a copper price of >US\$3/lb (current spot price is ~US\$3.20)**
- **Reviews of the 2017 drilling, and historical drill holes from south of D Zone has strengthened the prospectivity of the 4km long D Zone South target**

Corporate Highlights

- **Oversubscribed institutional and sophisticated investor Placement raising A\$4.8 million before costs**
- **A\$5.5 million in cash at 31 December 2017**
- **New non-executive director, Mr Stephen Stroud, elected at AGM**

ASX ANNOUNCEMENT

EXPLORATION AND DEVELOPMENT ACTIVITIES

Bramaderos Gold-Copper Project

The Bramaderos Project is located in southern Ecuador and is the subject of an earn-in JV with Cornerstone Capital Resources Inc. ("Cornerstone") (TSXV-CGP) through its subsidiary La Plata Minerales S.A. ("PLAMIN"). Sunstone has the right to earn a majority interest in the 4,949 hectare Bramaderos concession subject to the satisfaction of certain conditions (see ASX announcement dated 10th April 2017).

The project area has easy access provided by the sealed Pan American Highway that crosses the western part of the concession (Figure 1), has nearby available hydro-power, and gentle topography with a maximum elevation of 1,100m asl. Mineralisation, based on historical exploration and drilling, occurs at surface.

The Sunstone team has worked previously with Cornerstone on other projects in Ecuador which have led to significant discoveries and shareholder value growth, and the Sunstone team will work towards repeating that success at Bramaderos.

Work completed in the current quarter includes:

A detailed **heli-magnetic** (and radiometric) survey commenced at Bramaderos at the end of December (and was completed after the end of the quarter), with data processing to occur during January and February 2018. The survey covered the entire area of the exploration concession.

The heli-magnetic survey data is an extremely important component of the exploration program. The results will be used to map structure, alteration, and intrusive events and have been applied successfully by the Sunstone team to previous porphyry copper-gold and epithermal gold discoveries.

At Bramaderos Main, the current trenching phase is ongoing with initial results from three trenches: BM01, 02 and 03 released in ASX announcement dated 19 December 2017.

Trench BM02 has delivered 74.3m at 0.69g/t gold and 0.15% copper, including **51.1m at 0.81g/t gold and 0.18% copper**, and is open at its western end. Trench BM02 was positioned over the top of the historical diamond drill hole CURI-03 so that a cross section could be constructed (Figure 2) to develop a better understanding of the three-dimensional geometry of mineralisation at Bramaderos Main.

CURI-03 was drilled in 2001 by Ecuator S.A. and intersected **248.1m at 0.56g/t gold and 0.14% copper** from 9.14m to the end of hole. Mineralisation at the end of the hole returned 0.93g/t gold and 0.22% copper over 2.2m. This drill hole indicates potential for significant vertical extent to the mineralised zones intersected by trenching at surface.

Given the encouraging results trenches BM02 and BM03 have recently been extended to the west and these additional results are expected in January.

The trenching program is designed to map the porphyry gold-copper mineralisation at surface and delivers high quality continuous and non-biased samples which can be considered equivalent to a drill hole sample. Consequently, the trenching data will be incorporated into future estimates of mineral resources. Trench locations were sited to cross areas of more intense quartz stockwork veining. This has been achieved and consequently additional trenching has commenced, with closer spaced trenches that will tighten the definition of the mineralised zones.

ASX ANNOUNCEMENT

A detailed assessment of the geology of the Bramaderos Main target with a focus on the alteration of the host rocks has been undertaken and is continuing as more trenches are opened. This work allows for vectoring towards areas of a porphyry system that are considered more likely to host mineralisation. This approach has been applied previously by the Sunstone team during other discoveries. The results from Bramaderos will now be integrated with other datasets and influence the selection of drill targets.

At the West Zone epithermal gold prospect, further outstanding high-grade gold results from trenching were received during the quarter, providing further evidence of the potential for a substantial gold discovery at West Zone, complementing trenching results released on 25th September 2017. Results include 15.6m at 6.1g/t gold in new trenches.

These results add to the emerging picture of a hydrothermal breccia-hosted epithermal gold system, with a surface footprint of at least 150m x 150m and depth extent to be tested by drilling. (Figures 4, 5 and 6). Local pit sampling and prospect scale geological mapping have defined other areas of mineralisation that suggest a larger mineralised system over an area of 400m x 300m. Furthermore, the system is open to the north, south-east and south-west.

These trenches present a continuous sample of bedrock across and within the mineralised zones, following a partially outcropping epithermal system which then continues under cover (colluvium on the slopes of hills). Much of the area is covered by scree on hill slopes limiting the lateral extent of some trenches. As a result, the lateral extent of mineralisation is yet to be defined but is expected to be larger than the limited area of trench sampling to date.

This area has never been drilled and represents a priority target for drilling. The presence of epithermal gold mineralisation adjacent to larger porphyry gold-copper systems is consistent with what we would expect to see in this geological environment and these encouraging results strongly support our 'bigger picture' plans and expectations for discovery within the Bramaderos Project.

ASX announcement dated 8 November 2017 presents all recent trenching results and historical results at West Zone.

At the Limon Prospect, soil sampling results define an anomaly that measures 1300m x 800m, is open to north, and is defined by overlapping gold and copper anomalism, with zinc and lead anomalism as a halo (refer to ASX announcements dated 4 December and 18 October 2017). This pattern is typical of zonation within porphyry gold-copper systems.

Rock chip samples collected by Sunstone, from outcrops in the area, have returned elevated copper and gold of up to 1.2g/t Au and 0.4% Cu. Previous rock chip sampling in the Limon area has returned up to 1.8% Cu and 1.45g/t Au in rock chip samples, and paired samples of 1.24g/t Au and 0.23% Cu, and 1.45g/t Au and 0.45% Cu. Historic soil sampling has defined areas of coincident Cu, Au, and Mo anomalies over an area of approximately 1.4km x 0.5km.

The Limon area has never been drilled and will be a priority target for drilling.

A soil sampling program to ultimately cover the entire Exploration Concession has commenced. An anomaly referred to as **Playas**, measuring 600m x 500m has been defined in the southern part of the Limon soil grid, and to the east of Bramaderos. It is open to the south and is defined by a tight coherent zone of coincident gold, copper, and molybdenum anomalism, and again a zinc and lead halo.

Figures 7, 8 and 9 provide context for the delineation of the main prospects.

ASX ANNOUNCEMENT

Drill Permitting

Sunstone's joint venture partner Cornerstone Capital Resources is managing this process and has previously implemented the same procedure at its other exploration properties in Ecuador over the past 10 years. Strong progress is being made. In light of the conditions being met in respect to both the water use permit and the Environmental Impact Assessment (EIA), Cornerstone believes it is on track to secure the drilling permit in early 2018.

Importantly, this permit will allow for drilling across the entire concession giving the Company a complete licence to test the numerous porphyry and epithermal gold targets it has identified, as well as providing flexibility to test additional targets on the concession in the future.

To secure the drilling permit, the JV needs to receive a water use permit. The water use permit application has been submitted and technically pre-qualified by the administering authority (SENAGUA). Under the process, SENAGUA will then designate a site inspector and complete a site inspection report prior to issuing the permit. An inspection request has been submitted to SENAGUA for the water permit process.

The EIA studies and draft EIA reports have also been completed. A 'Social Participation Phase', has been completed and was well received with no negative comments recorded on the Ministry of Environment website. An updated EIA report, recording the positive local response, has been submitted to the Ministry of Environment.

Viscaria Copper Project

Exploration Targets and Opportunities

The results of drilling in 2017 demonstrate significant potential strike extent of mineralisation immediately southwest of D Zone and extends beyond this to the even larger D Zone South target, which has a strike extent of 4km (refer to ASX Announcement dated 26 June 2017). The widespread and consistent copper mineralisation within the poorly tested D Zone South environment is very encouraging and brings this 4km-long anomaly to the top of the exploration priority list for future testing with potential to significantly expand the Viscaria copper project.

At D Zone itself, each hole Sunstone has drilled outside of the current D Zone mineral resource, targeting higher grade shoots has delivered >2% copper - a 100% hit rate with 3 from 3 holes, VDD 195, VDD 196 and VDD 200, intersecting >2% copper.

With these encouraging results at D Zone outside of the current mineral resource, and the copper price going from a low of less than US\$2/lb in 2016 to a recent high of US\$3.30/lb, combined with analysts' long-term copper price forecasts in excess of US\$3.25/lb, the scoping study metrics released to the ASX on 5 April 2016 are increasingly positive.

Environmental and Social Impact Assessment (ESIA) and Permitting

The environmental permitting is the primary focus of activities at this stage to further de-risk the project and support ongoing studies.

The Viscaria ESIA process is being progressed, which will deliver the necessary documents for application for a Permit to Mine from the Swedish Land and Environmental Court. The process is focussed on the immediate Viscaria area and supports planning for mine development initially within the approved Exploitation Concessions K3 and K4.

ASX ANNOUNCEMENT

Gold Portfolio

Tammela Gold Opportunity, Finland (Sunstone earning 80% from Nortec Minerals)

The Nortec earn-in agreement, for which Sunstone has completed the requirements to earn 51%, includes two known gold opportunities, Satulinmäki and Riukka, held within the claim areas. Reconnaissance scale prospecting has been completed through the belt which contains these gold deposits and interpretation of results is underway.

Other Gold Opportunities (Sunstone 100%)

Based on Sunstone's regional assessment of gold prospectivity in southern Finland, areas of interest are held under approved Exploration Reservations, and recently new applications have been lodged for Exploration Permits and additional Exploration Reservations covering known gold occurrences. These areas are held 100% by Sunstone and will be explored systematically.

Lithium Portfolio

The Nortec gold and lithium earn-in agreement area, for which Scandian has completed the requirements to earn 51%, includes the Kietyönmäki lithium occurrence which was discovered by the Finnish Geological Survey (GTK) in the mid-1980's. Sunstone's 80% subsidiary Scandian Metals Pty Ltd (Scandian) is earning 80% in the lithium rights. There was no significant activity during the quarter. Drilling by Scandian in September 2016 returned assays of up to 24.2m at 1.44% Li₂O.

Scandian also holds a portfolio of other exploration permits in Scandinavia considered prospective for lithium.

Tenements

During the quarter, the Huornas Nr 2 tenement in Sweden was allowed to lapse after a technical review downgraded the technical merits of that area.

ASX ANNOUNCEMENT

Corporate

Cash Resources - The Company's unaudited cash position for 31 December 2017 was A\$5.5 million.

Board Changes

Mr Crispin Henderson retired from the Board at the Company's AGM in November 2017. Mr Stephen Stroud was appointed prior to the AGM and was formally elected as a non-executive director at the November 2017 AGM.

Shareholder Information

As at 31 December 2017, the Company had 1,107,280,982 fully paid ordinary shares on issue and 988 shareholders.

On 30 October 2017, Sunstone announced that it had received firm commitments to raise approximately A\$4.8 million via an over-subscribed share placement at A\$0.019 (1.9c) per share.

The placement has resulted in a high proportion of institutional interest compared with previous capital raisings and has attracted new sophisticated investors alongside the participation of a number of existing shareholders.

The Placement consists of two tranches. In tranche 1, 221.4 million new shares were issued under the Company's capacity within the ASX Listing Rules. In tranche 2, 34.5 million new shares were issued following shareholder approval at a general meeting held 8 January 2018. Several directors and the Company's largest shareholder participated in Tranche 2.

6 million performance rights were issued to employees of Sunstone on 22 December 2017, under the Company's Employee Performance Rights Plan.

Notes Specific – December 2017 Quarter ASX Announcements

The following announcements, which relate to information in this Quarterly Report, were lodged with the ASX during the Quarter. Further details (including JORC 2012 Code Reporting Tables, where applicable) for the results summarised above can be found in the announcements:

Bramaderos Main porphyry target - strong trenching results	19/12/2017
Bramaderos Project Update	14/12/2017
Bramaderos soil sampling - multiple large drilling targets	04/12/2017
Results of Meeting	22/11/2017
AGM Presentation	22/11/2017
Chairman's Address to Shareholders	22/11/2017
Bramaderos - Strong Final Trenching Results at West Zone	08/11/2017
s708A Cleansing Notice	06/11/2017
Appendix 3B and LR 3.10.5A Disclosure	06/11/2017
Sunstone Metals to complete Placement	30/10/2017
Investor Update - Presentation	24/10/2017
Two large anomalies defined at Limon gold-copper target	18/10/2017
Bramaderos Trenching - Further Strong Results	17/10/2017

ASX ANNOUNCEMENT

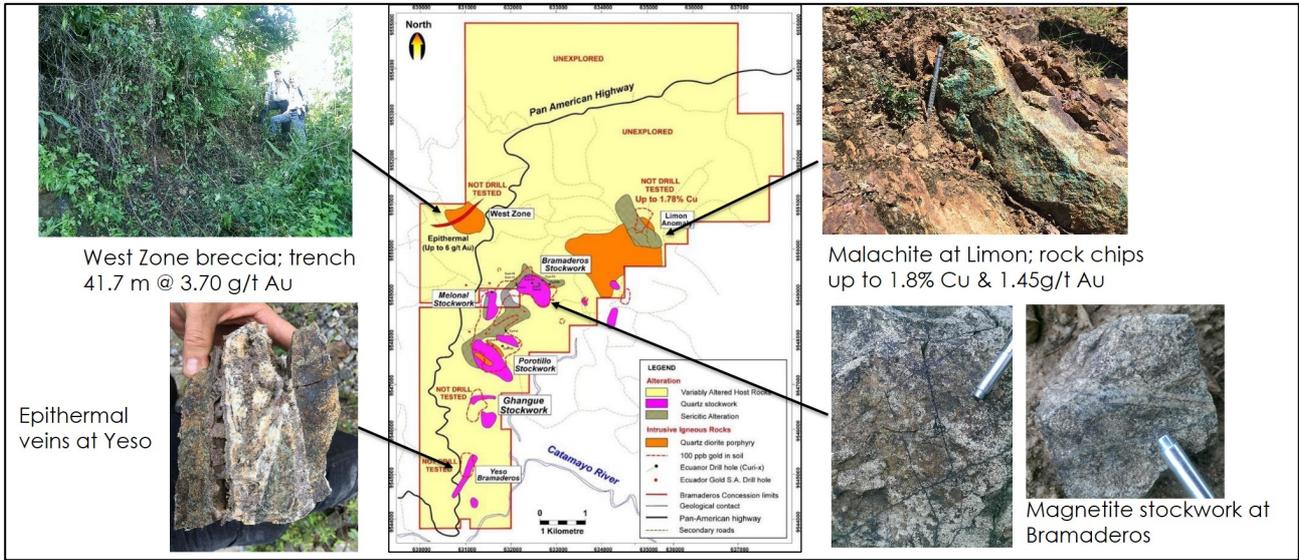


Figure 1: Representative images of veining and mineralisation from some of the mineral prospects on the Bramaderos property, including intense, malachite-bearing, stockwork veining at Limon.

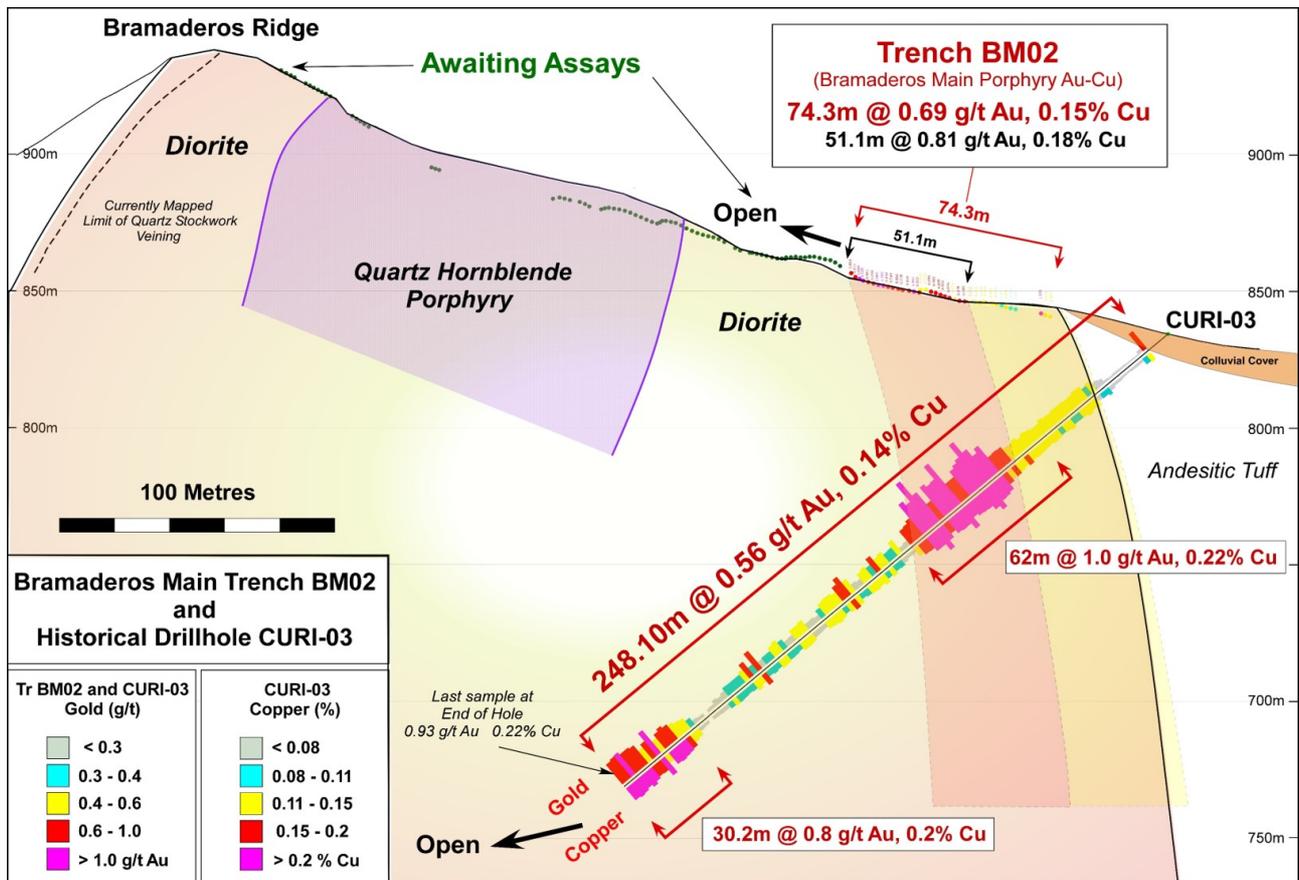


Figure 2: Cross section on Trench BM02 and historical drill hole CURI-03

ASX ANNOUNCEMENT

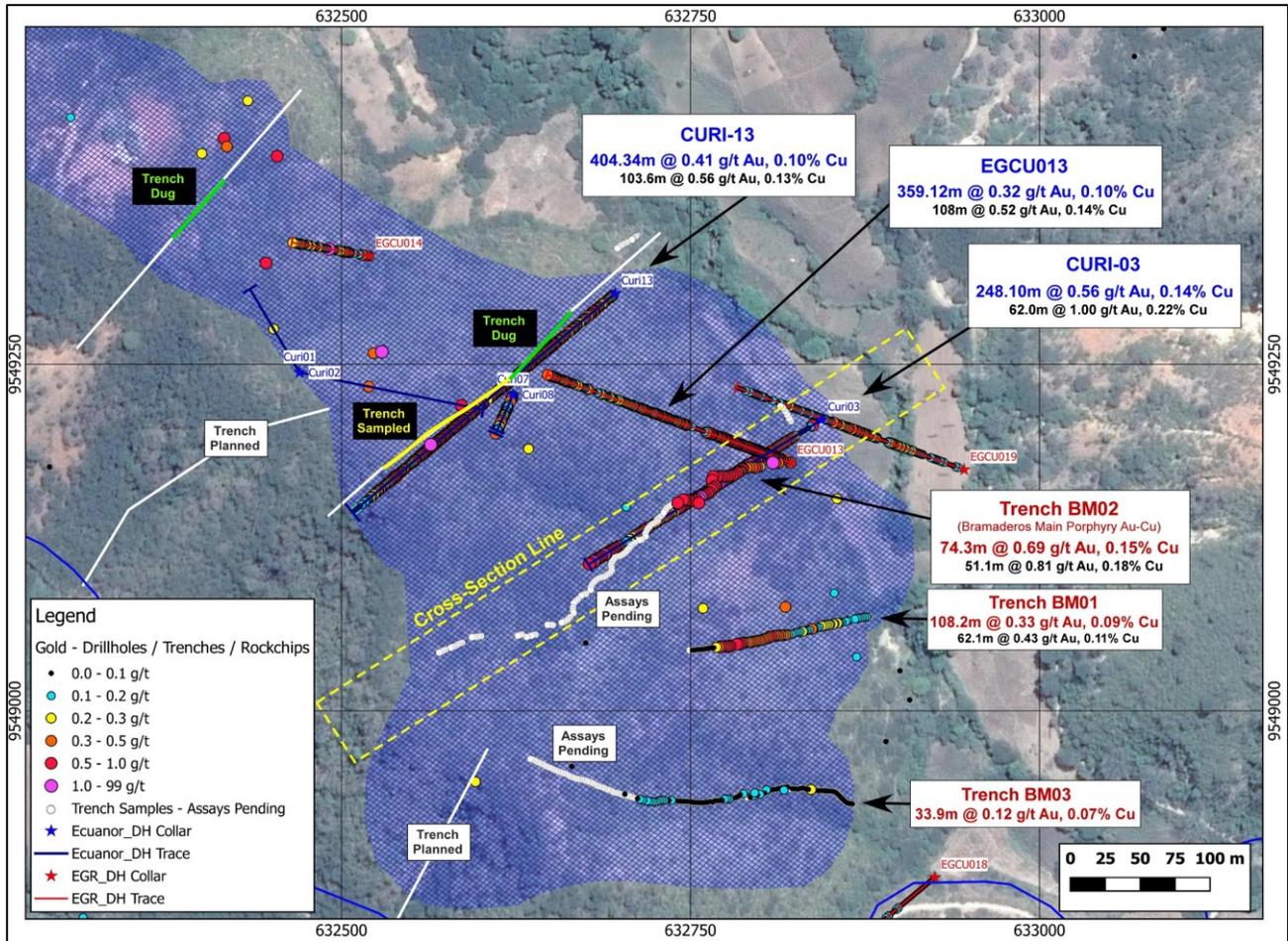


Figure 3: Plan showing locations of trenching, historical drill holes and surface rock chip samples. The transparent blue cross hatch is the area of mapped quartz stockwork veining.

ASX ANNOUNCEMENT

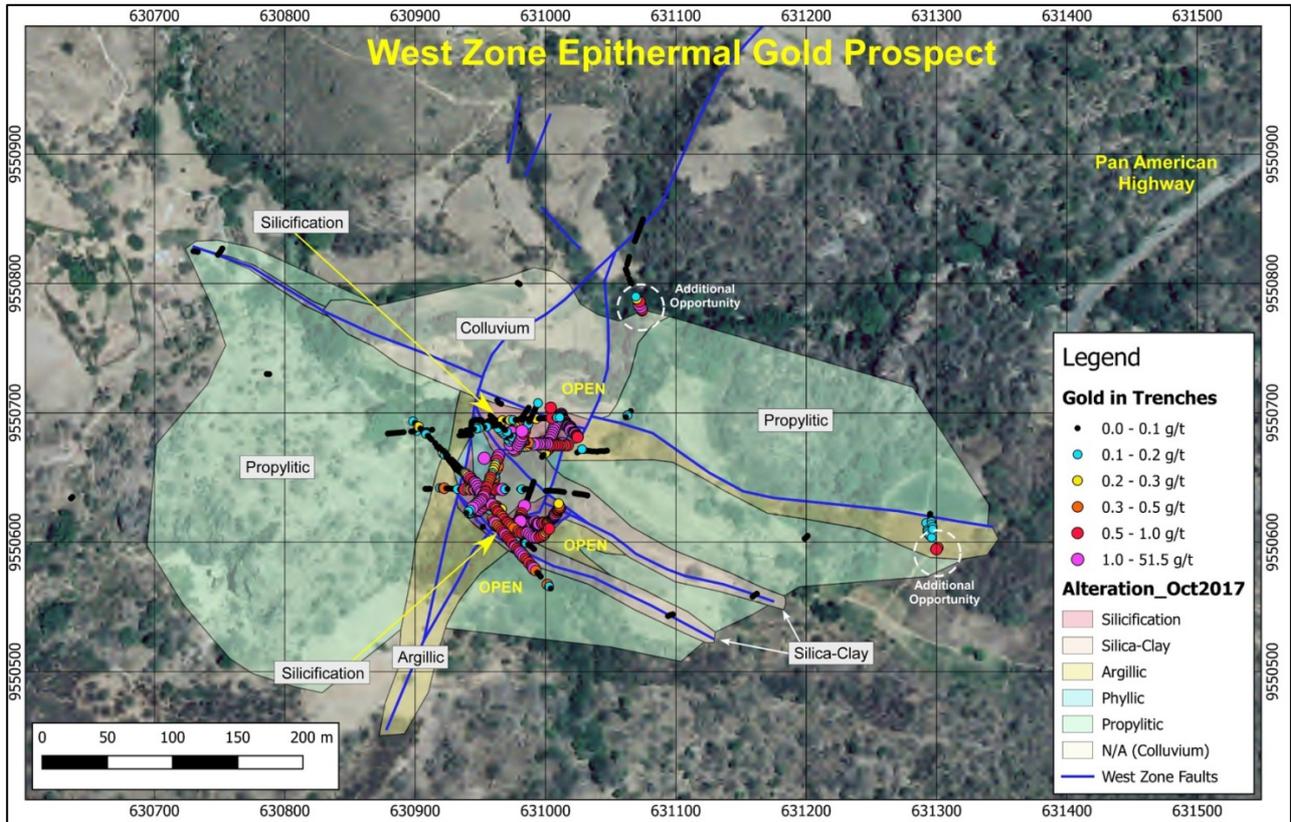


Figure 4: West Zone epithermal system showing the current breccia-hosted gold zone defined by trenches, and structural control on the location of silica alteration in breccia bodies. Additional mineralised areas based on very limited sampling have been defined to the north-northeast and east. Significant portions of the prospect are covered by colluvium and require detailed geophysics to assist in the definition of additional breccia bodies.

ASX ANNOUNCEMENT

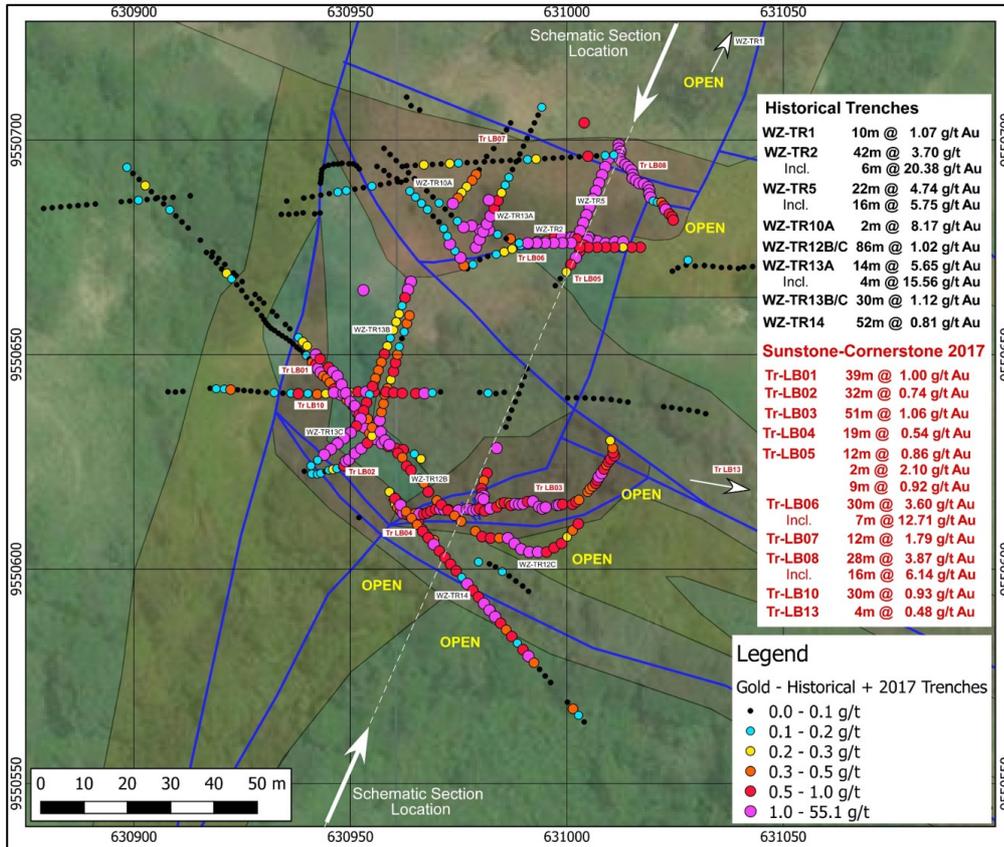


Figure 5: Detail of historical and 2017 trench gold results at the West Zone epithermal gold prospect.

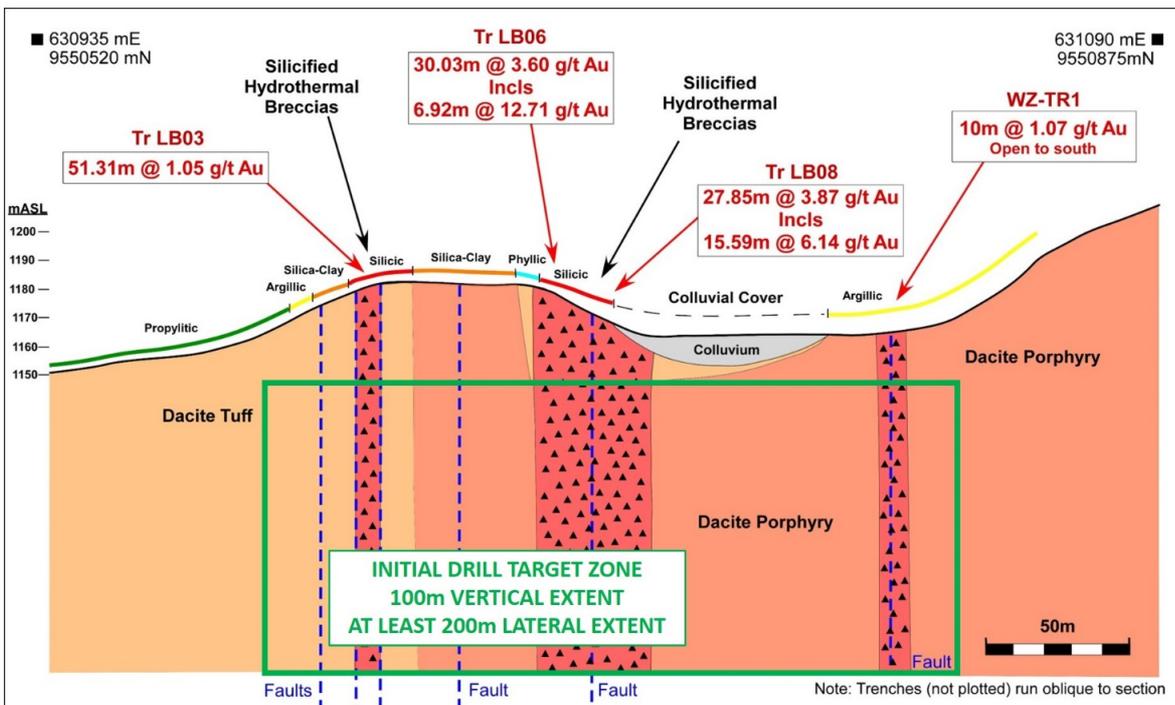


Figure 6: NNE-SSW cross-section through the West Zone breccia-hosted epithermal gold prospect and location of the broad area defined to drill test depth extension of high-grade gold mineralisation at surface.

ASX ANNOUNCEMENT

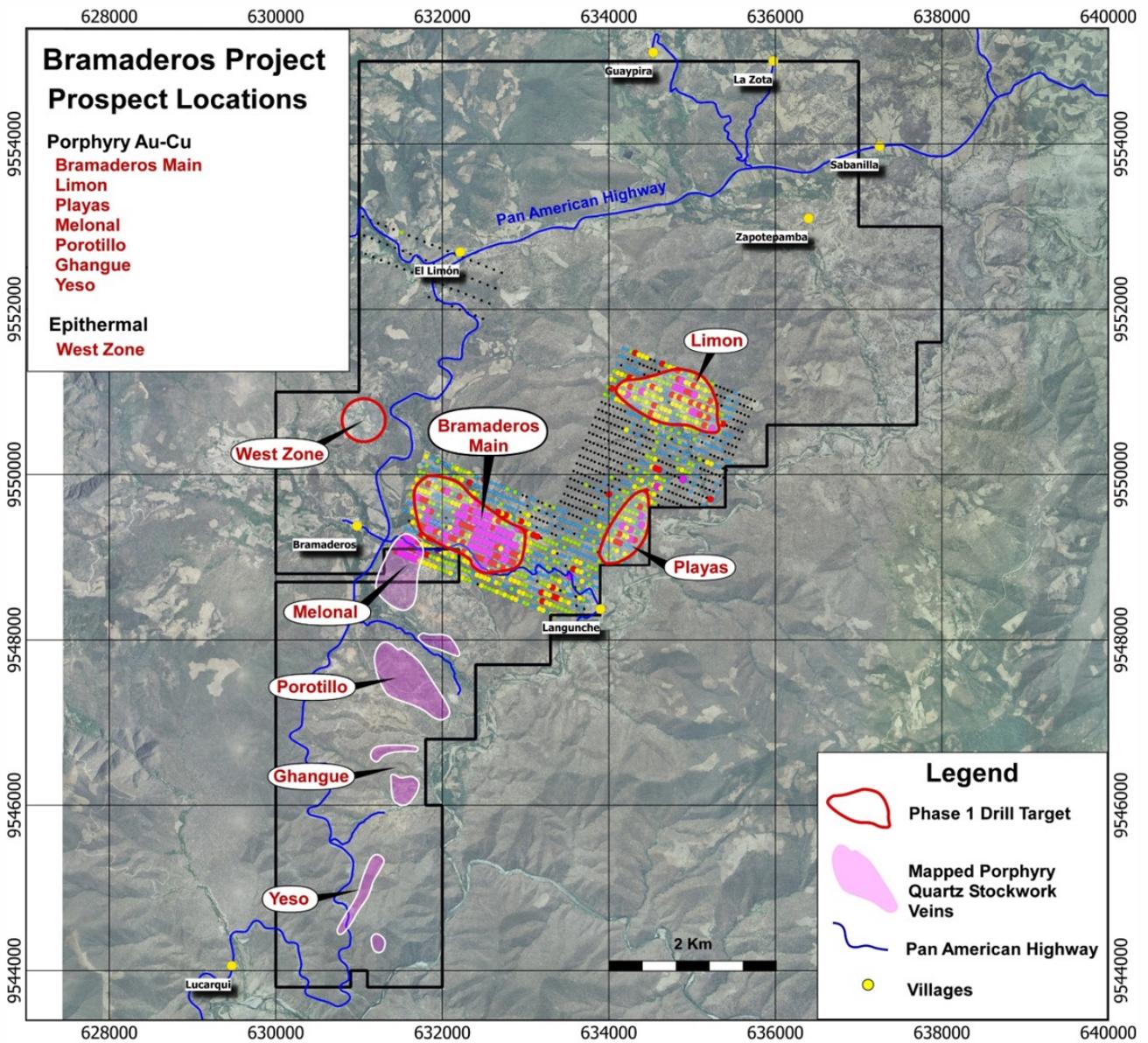


Figure 7: Bramaderos project showing location of the Bramaderos Main, Limon and Playas Au-Cu porphyry systems and the West Zone epithermal Au system. Other mapped areas of stockwork veins are yet to be assessed by Sunstone. Grid points are soil gold results from Sunstone sampling.

ASX ANNOUNCEMENT

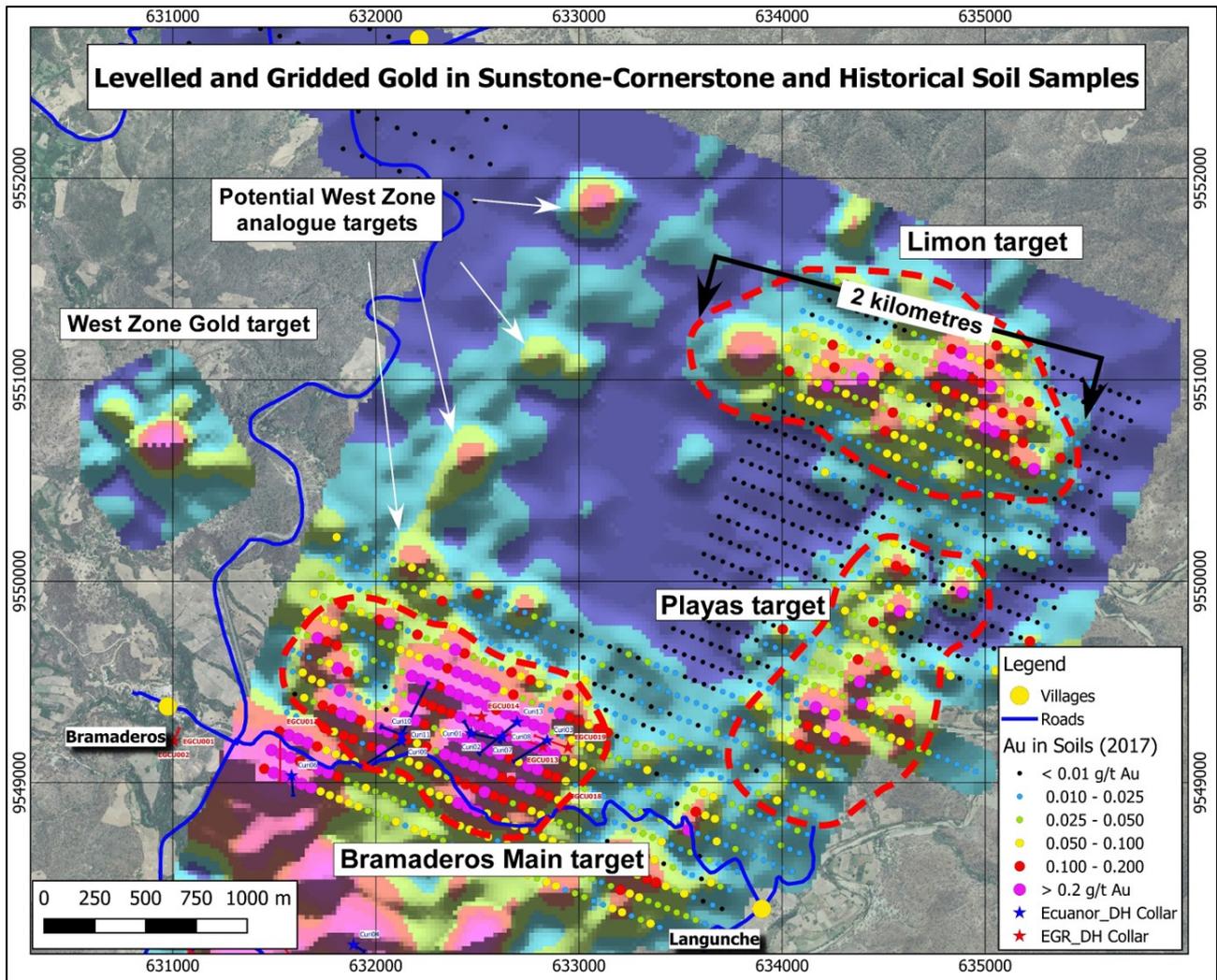


Figure 8: Image showing the current status of gold results from soil sampling on the Bramaderos property. The image comprises merged data from sampling by Sunstone, and from historical exploration. The three main porphyry gold-copper targets of Bramaderos Main, Limon and Playas are outlined. These targets will be drilled in the first phase of drilling. Warm colours are higher values, and blues are lower values. Absolute values are impacted by geology and weathering so are not necessarily directly comparable across targets. The blue and red stars show collar positions of historical drilling.

Grid points are recently completed Sunstone-Cornerstone sampling on a 100m x 50m grid. The coverage is currently being extended.

Details of individual gold-copper porphyry target soil sampling results are:

Bramaderos Main target:

Peak Au in Soil: 0.94 g/t Au (115 samples > 0.1 g/t Au)
 Peak Cu in Soil: 0.22% Cu (78 samples > 200 ppm Cu)
 Gold anomaly at > 0.1 g/t approximately 1.4 km long by up to 600m wide.

Limon target:

Peak Au in Soil: 0.87 g/t Au (34 samples > 0.1 g/t Au)
 Peak Cu in Soil: 0.20% Cu (16 samples > 200 ppm Cu)
 Copper is strongly leached from the surface environment, and the broader lower level anomaly measures approximately 2km long by up to 900m wide.

ASX ANNOUNCEMENT

Playas target:

Peak Au in Soil: 0.87 g/t Au (18 samples > 0.1 g/t Au)
 Peak Cu in Soil: 0.34% Cu (40 samples > 200 ppm Cu)
 Copper anomaly at > 200ppm is 1.4 km long by up to 300m wide.

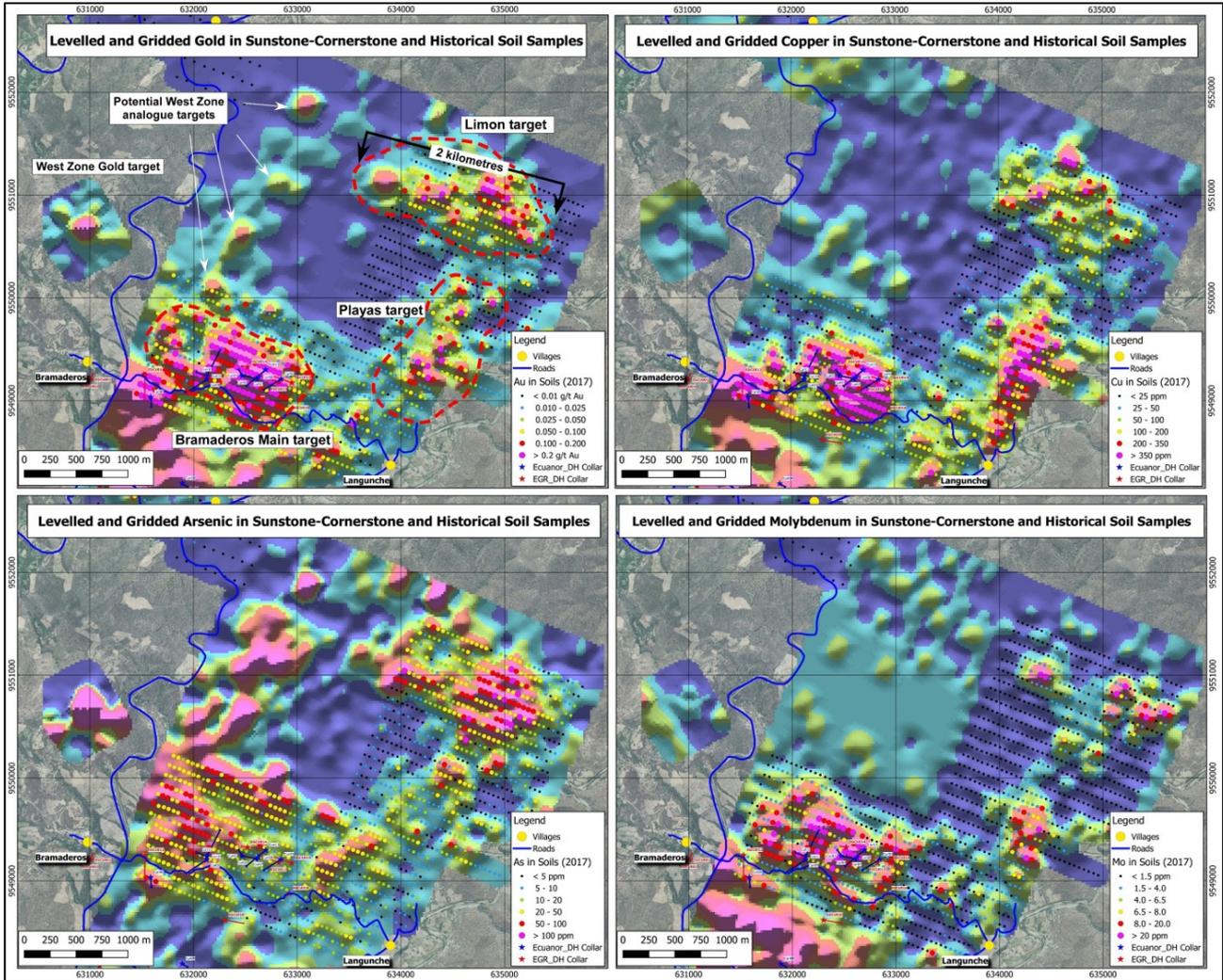


Figure 9: Images show the current status (dots) of Gold-Copper-Arsenic-Molybdenum soil sampling results at Bramaderos. Historical data has been levelled and is shown as coloured imagery.

ASX ANNOUNCEMENT

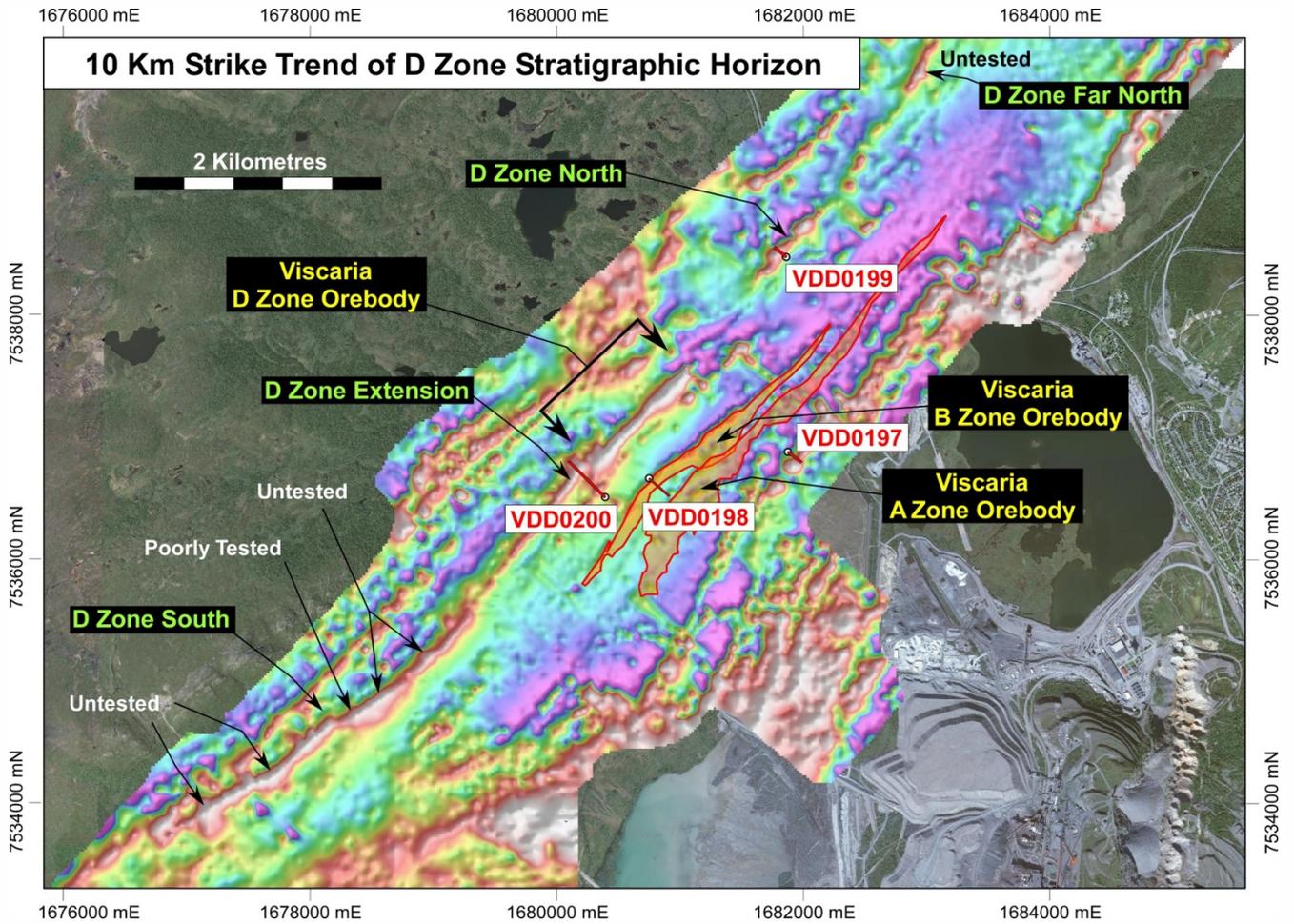


Figure 10: Plan view showing location of drill holes VDD 197 to VDD 200, and the highly prospective D Zone extension and D Zone South targets on a magnetic image.

ASX ANNOUNCEMENT

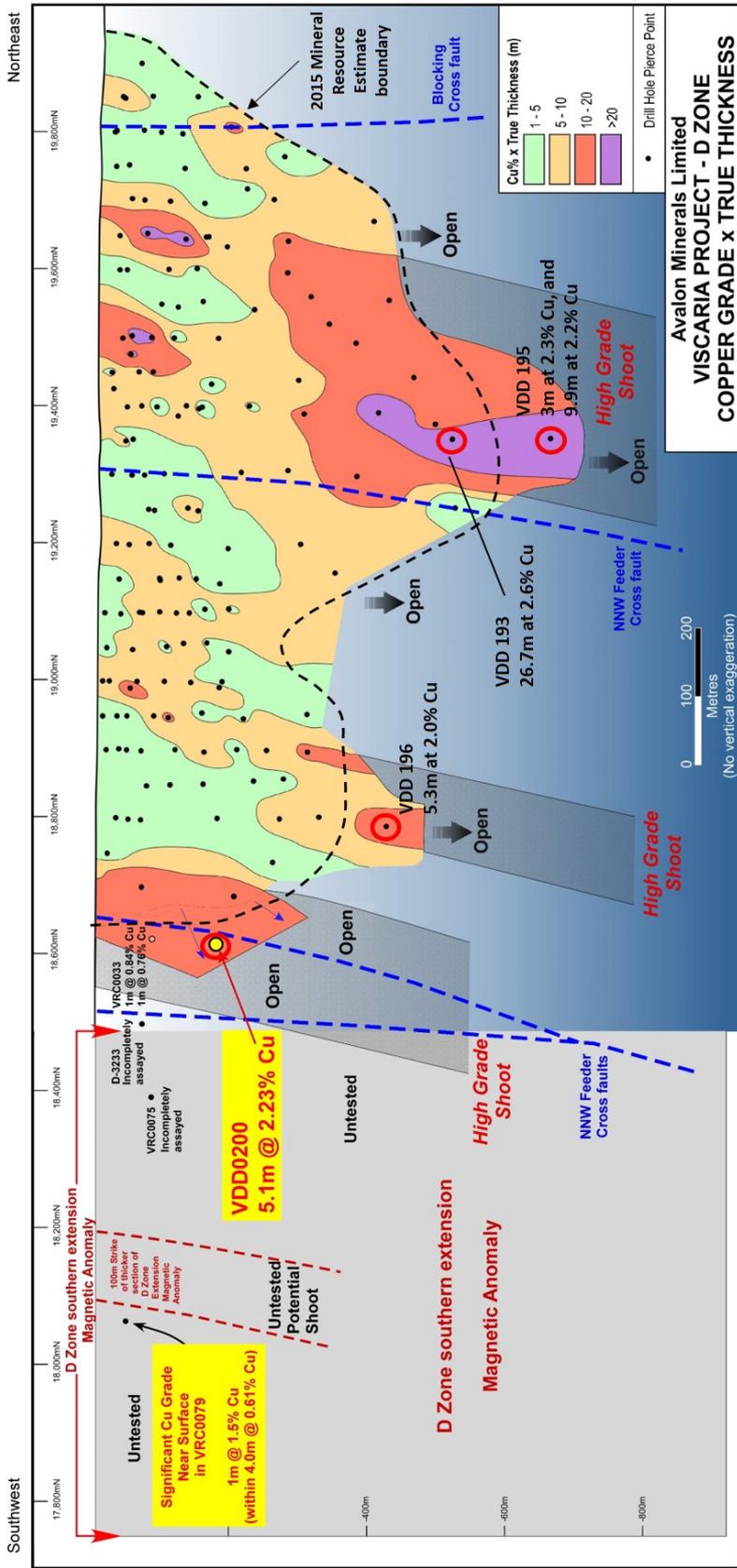


Figure 11: Long section D Zone showing southern extension target area.

ASX ANNOUNCEMENT

Competent Persons Statement

The information in this report that relates to exploration results is based upon information reviewed by Dr Bruce Rohrlach who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Rohrlach is a full-time employee of Sunstone Metals Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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". Dr Rohrlach consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

ASX ANNOUNCEMENT

TENEMENT SCHEDULE

At the end of the quarter, the Company holds the following tenements:

Gold-Copper Tenements – Ecuador

Tenement Holder	Tenement Name	Location	Status	Sunstone Ownership
La Plata Minerales S.A.	Bramaderos [^]	Loja, Ecuador	Granted	0%

Copper Tenements - Sweden

Tenement Holder	Tenement Name	Location	Status	Sunstone Ownership
Avalon Minerals Viscaria AB	Viscaria No 1	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria No 101	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria No 107	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria No 112	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Huornas No 2	Norrbottn, Sweden	Relinquished	100%
Avalon Minerals Viscaria AB	Viscaria K No 3	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria K No 4	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria K No 7 ^x	Norrbottn, Sweden	Application	100%
Avalon Minerals Viscaria AB	Nihka East	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Goddevarri	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria East	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Yhteinenjärvi No 1	Norrbottn, Sweden	Granted	100%

Gold Tenements - Finland

Tenement Holder	Tenement Name	Location	Status	Sunstone Ownership
Kultatie Oy	Somero 1-12 [*]	Somero, Finland	Granted	51%
Tammela Minerals Oy	Rehumäki [*]	Somero, Finland	Granted	51%
Scandian Metals AB	Ypäjä [†]	Somero, Finland	Granted	100%
Scandian Metals AB	Kukonharja [†]	Somero, Finland	Granted	100%
Scandian Metals AB	Paimio [†]	Somero, Finland	Granted	100%
Scandian Metals AB	Myllykulma [†]	Somero, Finland	Application	100%
Scandian Metals AB	Palikkala [†]	Somero, Finland	Application	100%
Scandian Metals AB	Uusikallio [†]	Somero, Finland	Application	100%
Kultatie Holding Oy	Arolanmäki	Somero, Finland	Granted	100%
Kultatie Holding Oy	Humpmila	Somero, Finland	Granted	100%

ASX ANNOUNCEMENT

Lithium Tenements – Finland and Sweden

Tenement Holder	Tenement Name	Location	Status	Sunstone Ownership
Scandian Metals AB	Ladumyrberget nr 1	Vasternorrlands, Sweden	Granted	80%
Scandian Metals AB	Ojaklacken nr 1	Vasternorrlands, Sweden	Granted	80%
Scandian Metals AB	Fannbyasen nr 1	Vasternorrlands, Sweden	Granted	80%
Scandian Metals AB	Fannbyasen nr 2	Vasternorrlands, Sweden	Granted	80%
Litiumloydos Oy	Tammela 1-3*	Somero, Finland	Granted	40.8%
Tammela Minerals Oy	Rehumäki*	Somero, Finland	Granted	40.8%
Scandian Metals AB	Hietahauta	Kaustinen, Finland	Granted	80%
Scandian Metals AB	Viitala	Kaustinen, Finland	Granted	80%

^Sunstone has a right to earn up to 80% under the terms of the earn-in agreement announced to ASX on 10 April 2017

* The approved, but under appeal, K7 Exploitation Concession at Viscaria has been returned to the Swedish Mines Inspectorate for further review as part of an industry wide review of appealed exploitation concessions in Sweden. The K7 Exploitation Concession has reverted to being under application, with further information being provided by Sunstone to support this application.

*Subject to earn-in joint venture with Nortec Minerals Corp. (Tammela Minerals Oy). 51% earned by Sunstone for gold and Scandian for lithium, and tenements have been transferred to JV entity. Exploration Reservations cannot be transferred under Finnish law, therefore Rehumäki remains in Tammela Minerals Oy name, until such time as an Exploration Permit is granted over the area.

† To be transferred to a 100% owned Sunstone subsidiary upon approval of Exploration Permits (Exploration Reservations cannot be transferred). Scandian Metals AB retains rights to any lithium interests within these areas.

ASX ANNOUNCEMENT

DIRECTORY

SUNSTONE METALS LIMITED
ABN 68 123 184 412

Web site: www.sunstonemetals.com.au
Email: info@sunstonemetals.com.au

Stock Exchange Listing

Australian Stock Exchange ASX Code: STM

Investor Information Contacts:

Mr Gavin Leicht - Company Secretary
Sunstone Metals Limited
Tel: 07 3368 9888
Email: gleich@sunstonemetals.com.au

Shareholder Enquiries:

Share registry matters should be directed to:

Computershare Investor Services
Phone: 1300 850 505
Website: www.computershare.com.au

Registered Office:

9 Gardner Close
Milton Queensland 4064
Phone: 07 3368 9888
Fax: 07 3368 9899

Issued capital:

Ordinary shares: 1,107,280,982 (STM)
Quoted Options: 154,837,500 (STMO)*
(at 31 Dec 2017)
* exercisable at 3 cents on or before 31 August 2019

Directors:

Graham Ascough – Non-Executive Chairman
Malcolm Norris – CEO/Managing Director
Don Hyma - Non-Executive Director
Stephen Stroud - Non-Executive Director

Company Secretary:

Gavin Leicht

For further information please visit www.sunstonemetals.com.au or contact:

Sunstone Metals Limited
T: 07 3368 9888
E: info@sunstonemetals.com.au
www.sunstonemetals.com.au

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Sunstone Metals Limited

ABN

68 123 184 412

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(294)	(838)
(b) development		
(c) production		
(d) staff costs	(282)	(598)
(e) administration and corporate costs	(216)	(477)
1.3 Dividends received (see note 3)		
1.4 Interest received	7	9
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds	96	(142)
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(689)	(2,045)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of: (a) property, plant and equipment (b) tenements (see item 10) (c) investments (d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	0	0

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	4,207	7,467
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	(262)	(420)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	3,945	7,047

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,222	476
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(689)	(2,045)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	0	0
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,945	7,047
4.5 Effect of movement in exchange rates on cash held	(1)	(1)
4.6 Cash and cash equivalents at end of period	5,477	5,477

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	509	337
5.2 Call deposits	4,968	1,885
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,477	2,222

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

133

Directors remuneration includes Managing Director salary.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,250
9.2 Development	
9.3 Production	
9.4 Staff costs	300
9.5 Administration and corporate costs	150
9.6 Other (provide details if material) Tax Payment	
9.7 Total estimated cash outflows	1,700

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Huornas Nr2 in Sweden	Exploration tenement lapsed after a technical review downgraded the technical merits of these areas	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 24 January 2018

Print name: GAVIN LEICHT

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.