

SPHERE MINERALS LIMITED

A SUBSIDIARY OF
GLENORE

QUARTERLY ACTIVITIES REPORT – 31 December 2015

Summary

The Askaf Project remains suspended due to the low iron ore price currently prevailing in the international seaborne iron ore market. The Feasibility Study for the Stage 1 development of the El Aouj East deposit was completed by El Aouj Mining Company SA (EMC) during the quarter.

Exploration Activities

Sphere Minerals Limited (Sphere) undertook no exploration activities during the quarter.

The following project development and evaluation activities for each of Sphere Mineral's key projects is described below.

Askaf Iron Ore Project (Sphere 90%)

The Askaf Project remains suspended due to the low iron ore price currently prevailing in the international seaborne iron ore market. Sphere continues to engage with the Department of Energy, Petroleum and Mines within the Government of Mauritania. Al Rawda continued their due diligence activities with respect to the option agreement over the Askaf Project (as reported 14 September 2015). As reported on 13 January 2016, Al Rawda extended the option period to 14 February 2016.

Guelb el Aouj Iron Ore Project (Sphere 50%; SNIM 50%)

The Feasibility Study for the Stage 1 development of the El Aouj East deposit was completed by El Aouj Mining Company SA (EMC). The primary activities during this quarter were the finalisation of the mining study, technical studies and SEIA. EMC, with support from Ausenco, developed the capital and operating cost estimates for the project.

Lebtheinia Iron Ore Project (Sphere 100%)

Sphere has applied for an exploitation licence for the Lebtheinia resource and continued to work on developing further required documentation needed to support the application.

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ASX Listing Rule 5.3.3 Disclosure

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

Exploitation Licence Schedule

Exploitation (Mining) Licence	Location Country	Name	Area (km ²)	Date Granted	Grant Period (Years)	Holding Company	Interest
EL 609	Mauritania	El Aouj / (Tintekrate)	520	27 April 2008	30	El Aouj Mining Company SA	50%
EL 1620	Mauritania	Askaf	194	26 September 2012	30	Sphere Mauritania SA	90%

Exploration Licence Schedule

Exploration Licence	Location Country	Name	Area (km ²)	Expiry date of licence	Holding Company	Interest
EL 264	Mauritania	Lebtheinia	324	5 September 2015	Sphere Lebtheinia SA	100%
EL 325	Mauritania	Aoueoua	45	5 December 2017	Sphere Lebtheinia SA	100%

Mining tenements acquired and disposed of during the quarter.

None

The beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter.

None

The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter.

None

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, 01/05/2013

Name of entity

Sphere Minerals Limited

ABN

66 009 134 847

Quarter ended ("current quarter")

December 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(664)	(14,955)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(210)	(431)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(874)	(15,386)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(874)	(15,386)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(874)	(15,386)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	205,146	205,146
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	4,201	17,142
1.17	Repayment of borrowings	(193,218)	(193,218)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	16,129	29,070
	Net increase (decrease) in cash held	15,255	13,685
1.20	Cash at beginning of quarter/year to date	1,343	2,914
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	16,598	16,598

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'ooo
1.23 Aggregate amount of payments to the parties included in item 1.2	50
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Directors' fees and related party service recharges

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

No interest expense accrued during the period as loan has been repaid

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'ooo	Amount used \$A'ooo
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'ooo
4.1 Exploration and evaluation	801
4.2 Development	-
4.3 Production	-
4.4 Administration	108
Total	909

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'ooo	Previous quarter \$A'ooo
5.1 Cash on hand and at bank	16,598	1,343
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	16,598	1,343

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Nil			
7.2	Nil			
	Nil			
7.3	1,038,852,112			
7.4	820,582,816	820,582,816	25	25
	Nil			
7.5	Nil			

+ See chapter 19 for defined terms.

Appendix 5B

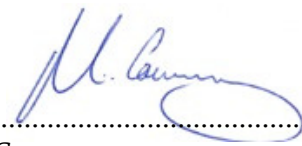
Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil			
7.7	Options (description and conversion factor)	Nil Nil		<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil Nil			
7.10	Expired during quarter	Nil			
7.11	Debentures (totals only)	Nil			
7.12	Unsecured notes (totals only)	Nil			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act 2001* or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



 Company secretary

Date: ..29 January 2016.....

Print name: Matthew Conroy

+ See chapter 19 for defined terms.

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities:** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards:** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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