

SPHERE MINERALS LIMITED

A SUBSIDIARY OF
GLENORE

QUARTERLY ACTIVITIES REPORT – 30 June 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 El Aouj Stage 1 Project continued during the quarter.

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. All project resources are now located at the Askaf mine site and all assets appropriately secured.

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

The Feasibility Study for the Stage 1 development of the El Aouj East deposit continues to be progressed by El Aouj Mining Company SA (EMC). The primary engineering study (by Ausenco), the mine planning study (by BBA) and the rail and port logistics study (by Hatch) continued during the quarter. AECOM/URS continue to develop the environmental assessment process in order to compile the required Environmental and Social Impact Assessment.

EMC has progressed the following activities:

- The ground magnetometer survey being conducted by Sphere on behalf of EMC was completed. The survey was oriented to locate any significant magnetic structures in the planned locations of the process plant and mine infrastructure buildings, the tailing storage area, and the waste dumps. Based on results obtained from the ground magnetic survey, no hidden or previously unknown ore bodies of any significance were identified. The absence of any strong subsurface magnetic anomalies immediately below the planned infrastructure area suggests that no sterilization drilling is required.

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- Ausenco completed the majority of the engineering design activities, and commenced the development to the capital cost estimate;
- The mine planning and production scheduling progressed significantly and BBA commenced the build-up of their capital cost and operating cost estimation;
- Site geotechnical investigations were completed and laboratory testing of samples continued; and
- An ESIA assessment workshop was held with AECOM/URS in preparation for the final environmental assessment phase of the ESIA process.

Lebtheinia Iron Ore Project (Sphere 100%)

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

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	Aoueuoua	45	5 December 2017	Sphere Lebtheinia SA	100%

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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")

June 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	(1,782)	(11,044)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(52)	(115)
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		(1,834)	(11,159)
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)	(1,834)	(11,159)

+ 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)	(1,834)	(11,159)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	1,144	10,171
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	1,144	10,171
	Net increase (decrease) in cash held	(690)	(988)
1.20	Cash at beginning of quarter/year to date	2,616	2,914
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,926	1,926

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

Interest expense accrued during the period: A\$4,817,115

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	241,636	151,610
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'ooo
4.1 Exploration and evaluation	2,244
4.2 Development	-
4.3 Production	-
4.4 Administration	58
Total	2,302

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	1,926	2,616
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,926	2,616

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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			
7.3	218,269,296			
7.4	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:


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Company secretary

Date:31/07/2015.....

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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