

ON AN ELEPHANT HUNT IN ECUADOR

If you are after a potentially large copper-gold porphyry story, STM might be your point of call.

- On 10 April 2017, STM, then Avalon Minerals announced the farm-in agreement which would start its journey in Ecuador. This had probably not come as a total surprise, given that part of the company's management team had successfully discovered the 2.05Bt Cascabel porphyry deposit in northern Ecuador with Solgold. The Bramaderos project was an addition to the Company's portfolio of Scandinavian project which were already delivering copper in Sweden and gold in Finland.**
- Bramaderos drilling is looming.** STM has started building access tracks in preparation for drilling. Any which way the Ecuadorian authorities go, STM should be able to drill shortly. The Company submitted its Environmental Impact Assessment in late 2017 and is in the top of the list for issuance of permit, if this process is delayed any longer, the implementation of the "scout drilling initiative" announced by the Vice Minister of Mines should allow STM to get drilling anyway.
- Surface exploration results are more than promising.** All the exploration STM conducted to date has delivered results in line with expectations. Those teasing indicators point towards several porphyry systems starting from surface. Trench sampling across the Limon project returned 97.6m at 0.71g/t Au and 0.23% Cu in a quartz sulphide stockwork, which, together with mapped advanced argillic alteration and a 1.6x0.9km Cu in soils anomaly tell that a whole intact porphyry system could lie below. The latest longitudinal trench at Bramaderos Main showing continuity of mineralisation at surface over 615m at 0.52g/t Au and 0.11% Cu, defining a consistent and still open 650x300m porphyry signature is calling for the planned drilling.
- All indicators are present.** Large porphyry systems have been delivering the largest copper and gold mines in the world, Chuquicamata, Grassberg, Kennecott, La Escondida, all those names are synonymous with giant and rich deposits. The science surrounding those deposits has been honed over the years and the search for those porphyries following alteration patterns and haloes, chasing elemental ratios, age dating successive intrusions, is reasonably well mastered. All that science applied to the Bramaderos project, so far, has returned positive indicators.
- Sale of the Viscaria Cu project will provide a welcome capital injection.** Exploration companies always need more money to keep with the "game of permanent hope", testing the next project, running the next exploration campaign, hoping that the next set of results will bring the next significant discovery. STM sold its Swedish copper project to Copperstone Resources AB, a local company, in a deal which should bring a total of c.\$8.2m cash in the coffers (c\$2.7m is conditional). STM will keep a financial interest in the project through a c.40% stake in Copperstone Mining AB.
- Backing the Team.** As we mentioned briefly before, STM is headed by CEO and MD Malcolm Norris, teamed up with Dr Bruce Rohrlach, GM Geology, both credited with the discoveries of the Tujuh Bukit and Cascabel porphyry deposits which represent a combined 13.8Mt of copper and 30.4Moz of gold. We are led to believe that this team has a fairly good idea of how to track and find porphyries.

5 February 2019

12mth Rating	Spec Buy	
Price	A\$	0.04
Target Price	A\$	n/a
12mth Total Return	%	na
RIC: STM.AX		BBG: STM AU
Shares o/s	m	1214.9
Free Float	%	100.0
Market Cap.	A\$m	45.0
Net Debt (Cash)	A\$m	-2.6
Net Debt/Equity	%	na
3mth Av. D. T'over	A\$m	0.060
52wk High/Low	A\$	0.05/0.02
2yr adj. beta		1.23
Valuation:		
Methodology		na
Value per share	A\$	n/a

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12 Month Share Price Performance



Performance %	1mth	3mth	12mth
Absolute	68.2	23.3	19.4
Rel. S&P/ASX 300	64.5	23.4	21.6

PROJECTS

Bramaderos (Sunstone earning 80% - Cornerstone Capital Resources TSXV-CGP)

In April 2017, Sunstone entered into an earn-in agreement with Cornerstone Capital Resources Inc. (TSXV-CGP) by which STM has the right to earn a 51% controlling interest in the Bramaderos project by spending US\$3.4 million over 3 years to complete a phase 1 drill program. If this first option is earned, STM can earn in an additional 19% to reach a 70% interest by funding a feasibility study, and can then increase its stake to 80% by loan financing 100% of the cost of construction of a mine and mill.

The Bramaderos project presents all of the symptoms of a potential world class discovery. Of course, at this stage in the game it is a bit early to jump to conclusions, but to date, all the work STM has managed to conduct points in the right direction.

The Andean belt is host to some of the biggest copper gold porphyries in the world with Chuquicamata and La Escondida being prime examples.

Closer to Bramaderos, Ecuador hosts the Cascabel deposit, well known to some STM management for the simple reason that they contributed to its discovery.

Figure 1: Bramaderos project location map in Ecuador



Source: STM

Ecuador has been seen as a new frontier for mineral exploration as the country only recently opened to mineral exploration and mining. Up until 2010, the country's authorities were more focussed on the oil and gas potential of the amazon basin when it came to natural resources.

In 2012, Ecuador, with the views of attracting foreign investment as well as extracting wealth from its mining potential embarked on a set of reforms aimed at developing a workable mining code. Unfortunately, following those reforms, the country became quickly a victim of its own success and the administration was unable to cope with the additional workload generated by the increasing amount of exploration activities.

STM has been caught up, like a lot of other exploration companies, in the process. Drilling in Ecuador, just as in many other jurisdiction necessitates a permit which is conditioned by the submission an Environmental Impact Assessment by the explorer. STM submitted this EIA in November 2017 and answered all subsequent queries from the administration, but to date, the drilling permit has not been received.

In 2018, the Vice Minister of Mines of Ecuador announced a scout drilling initiative where explorers in the early stages of exploration would be allowed to drill from up to 40 platforms within a mineral Concession without an EIA in the early stages of exploration. There again, when hope of a quick resolution came back, this initiative was set back by the fact that Ecuador did not have an appointed environment minister.

After all those delays, now seems to finally be the time. Ecuador has appointed an Environment Minister with a natural resources private sector background and STM has received positive signs that its EIA had progressed through the various levels of approvals. So hopefully, the Company should be in a position to drill, either through the EIA permitting process or though the scout drilling initiative.

We do not have any preference and we believe that nor does STM, as long as the much awaited maiden drilling campaign can happen. STM has already put in place the access tracks and secured a drilling contractor.

The Bramaderos geology is a prime example of porphyry mineralisation potential.

Geophysics show magnetite destruction haloes surrounding porphyry centres with high magnetic signatures.

Surface expressions of epithermal veins have been seen in trenches as well as in natural outcrops, soils geochemistry shows widespread copper in soils anomalies.

All the ingredients of large porphyry systems are here.

At Bramaderos Main, it seems that parts of the original porphyry have been eroded but at Limon, surface geology and geochemistry suggest that the whole porphyry system is preserved.

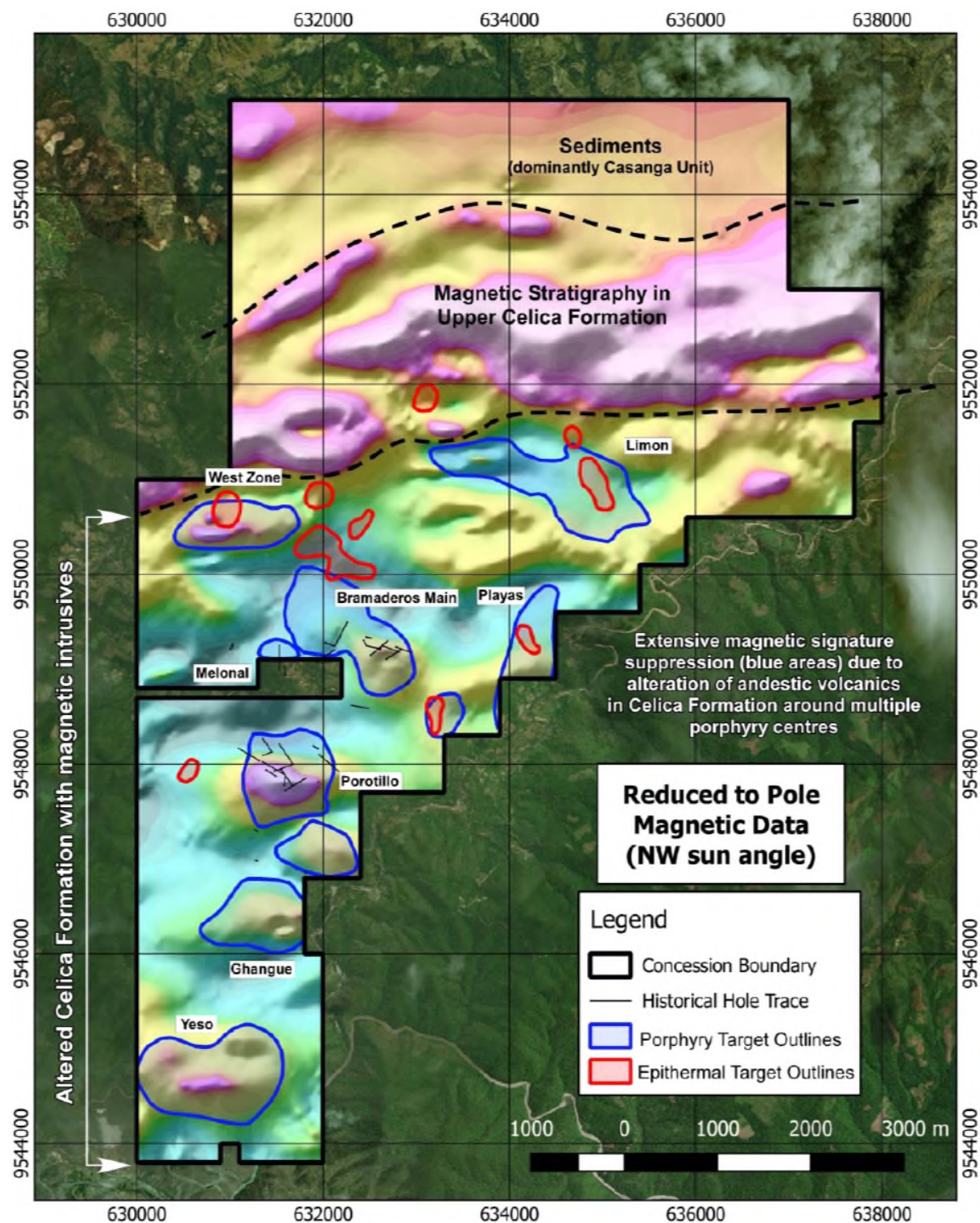
The beauty of porphyry systems is that all individual parts of a system have the possibility to host economic mineralisation. Which means that there are multiple different targets within the Bramaderos project and all of them have the potential to be economic in their own right.

Of course, it is difficult to comment any further on the quality of the project without being a porphyry specialist but we know that STM's General Manager Geology, Dr Rohrlach has extensive experience with the matter.

Our general understanding of those mineralised systems tells us that all the work conducted to date has returned results worthy of follow up with drilling and that all of the extra geological work conducted by STM while waiting for the drilling approvals has been refining the targets to an extreme level.

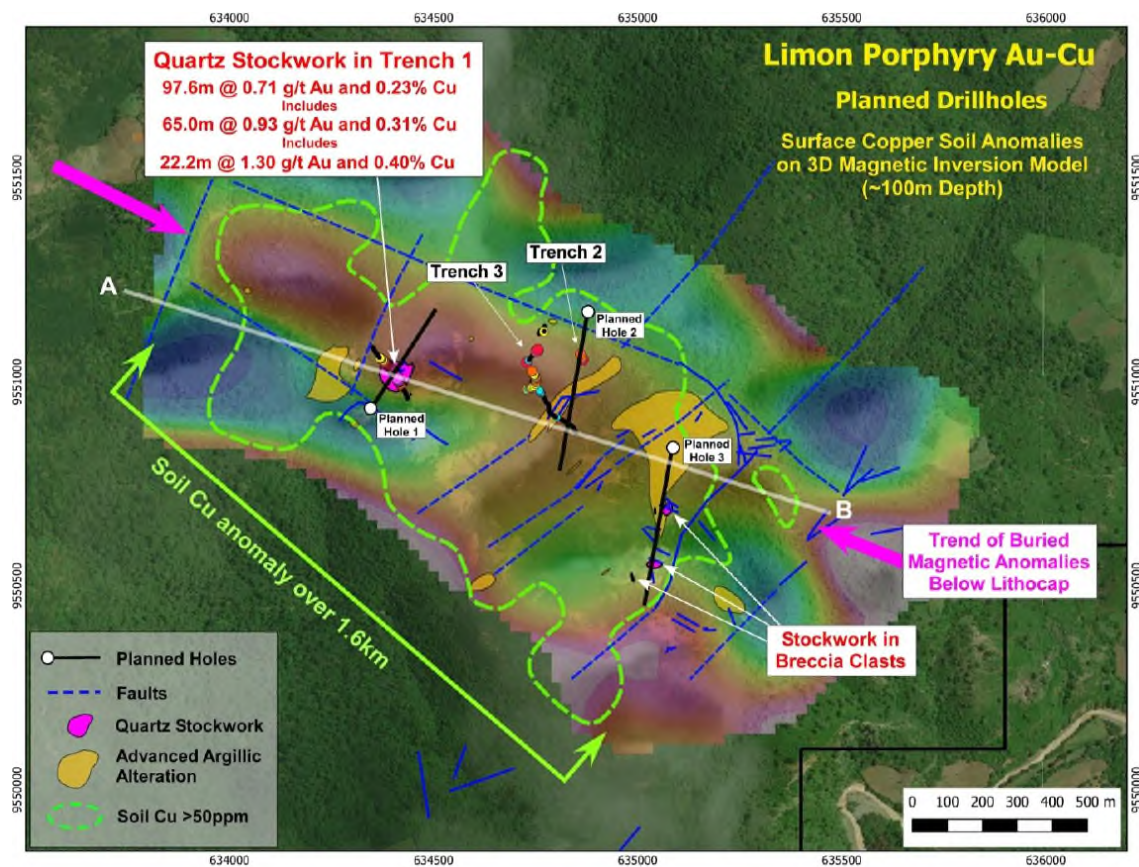
True to the adage saying that a good drawing is worth a thousand words, STM released several plans, maps and interpretative sections which speak for themselves.

Figure 2: Bramaderos Concession map with magnetic image showing magnetite destruction and porphyry centers



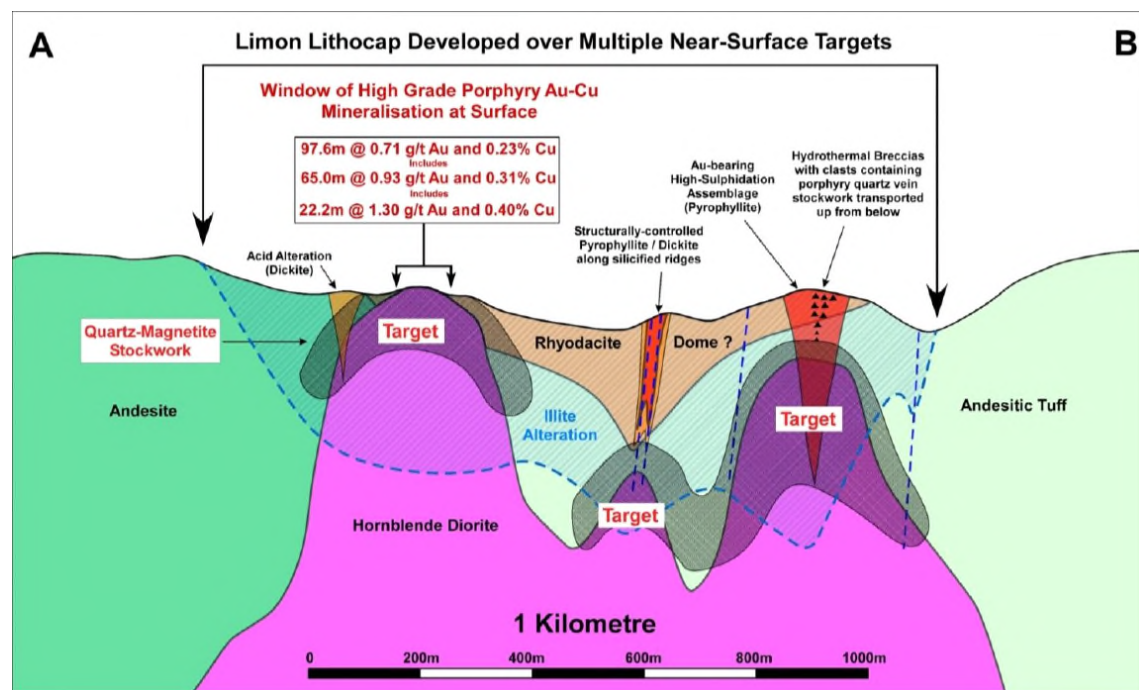
Source: STM

Figure 3: Limon Prospect with 50ppm copper in soils contour, trenching results and magnetics and mapped alteration



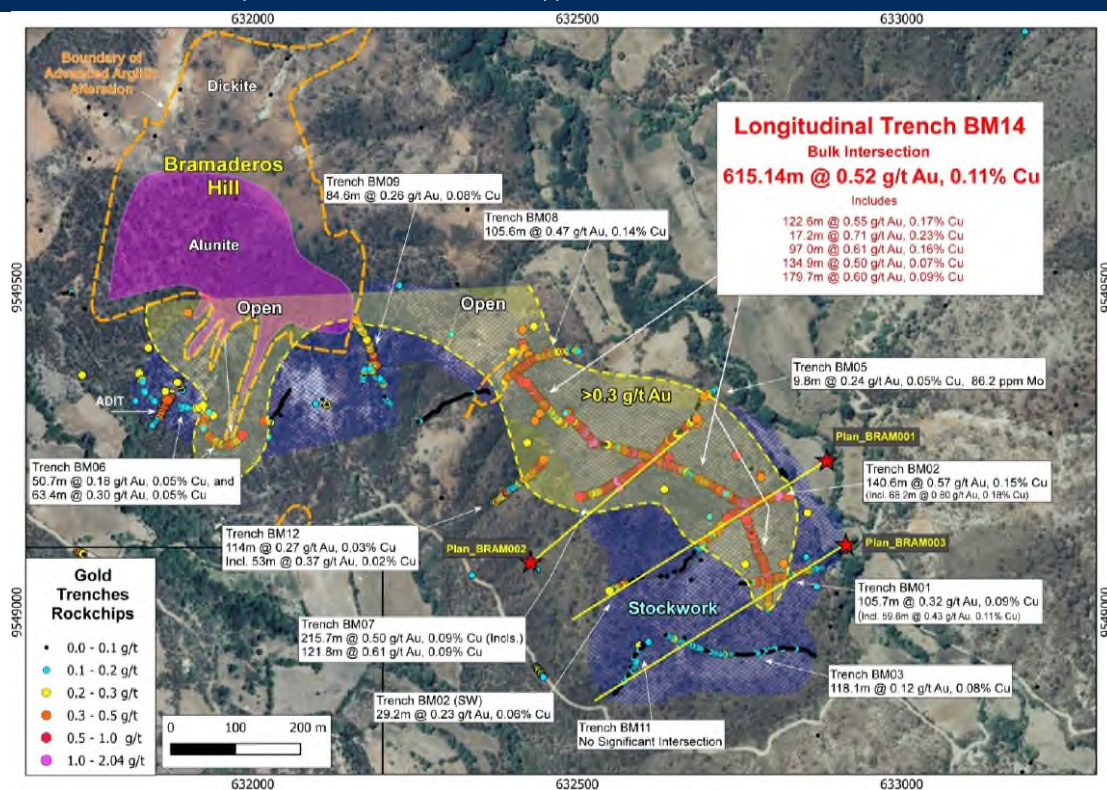
Source: STM

Figure 4: Limon schematic interpretative long section with target zones to be drilled ASAP



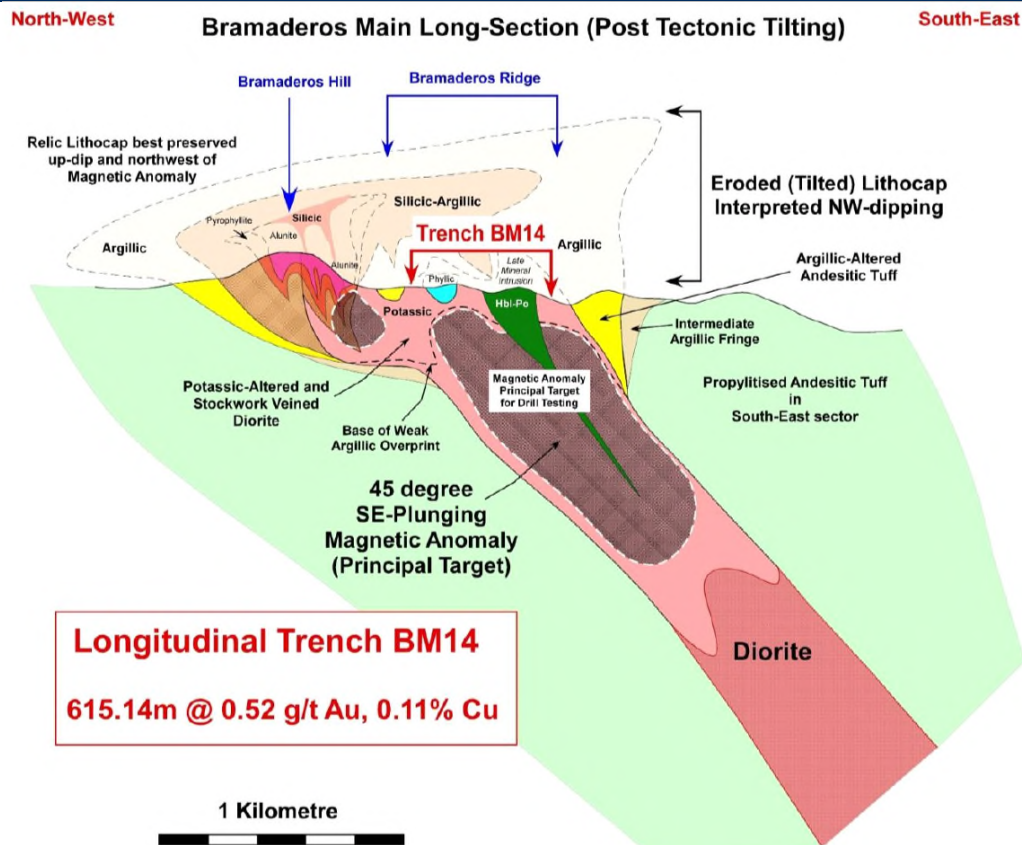
Source: STM

Figure 5: Bramaderos Main plan with trenches results, mapped stockwork and alteration



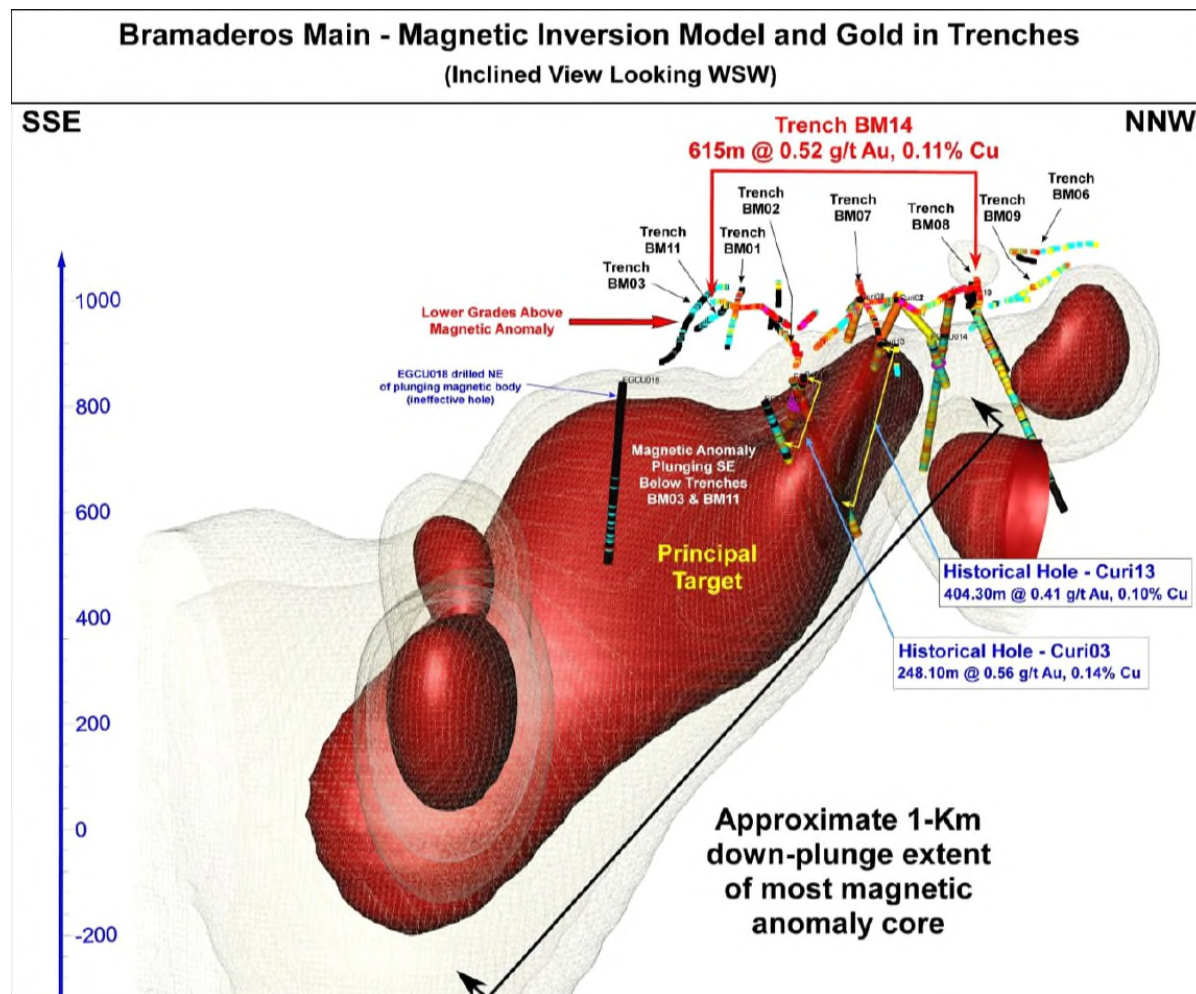
Source: STM

Figure 6: Bramaderos Main interpretative schematic section with drill target



Source: STM

Figure 7: Bramaderos Main 3D geophysical interpretation with surface exploration results to date



Source: STM

What strikes the eye in all of those pictures is that all indicators of sizeable porphyry systems are there.

STM is now “in the starting blocks”, waiting to uncover the potential of all those prime targets as soon as permission to drill is granted.

Southern Finland Gold projects

Before entering the Bramaderos JV agreement, STM, then known as Avalon Minerals was exploring the Proterozoic Svecofennian shield in Finland for gold.

Finland takes the first spot on the list of mining friendly jurisdictions published by the Fraser Institute.

The mineral rich jurisdiction has a very supportive legal framework as well as strong financial incentives and a very active geological survey, generating large amounts of exploration data.

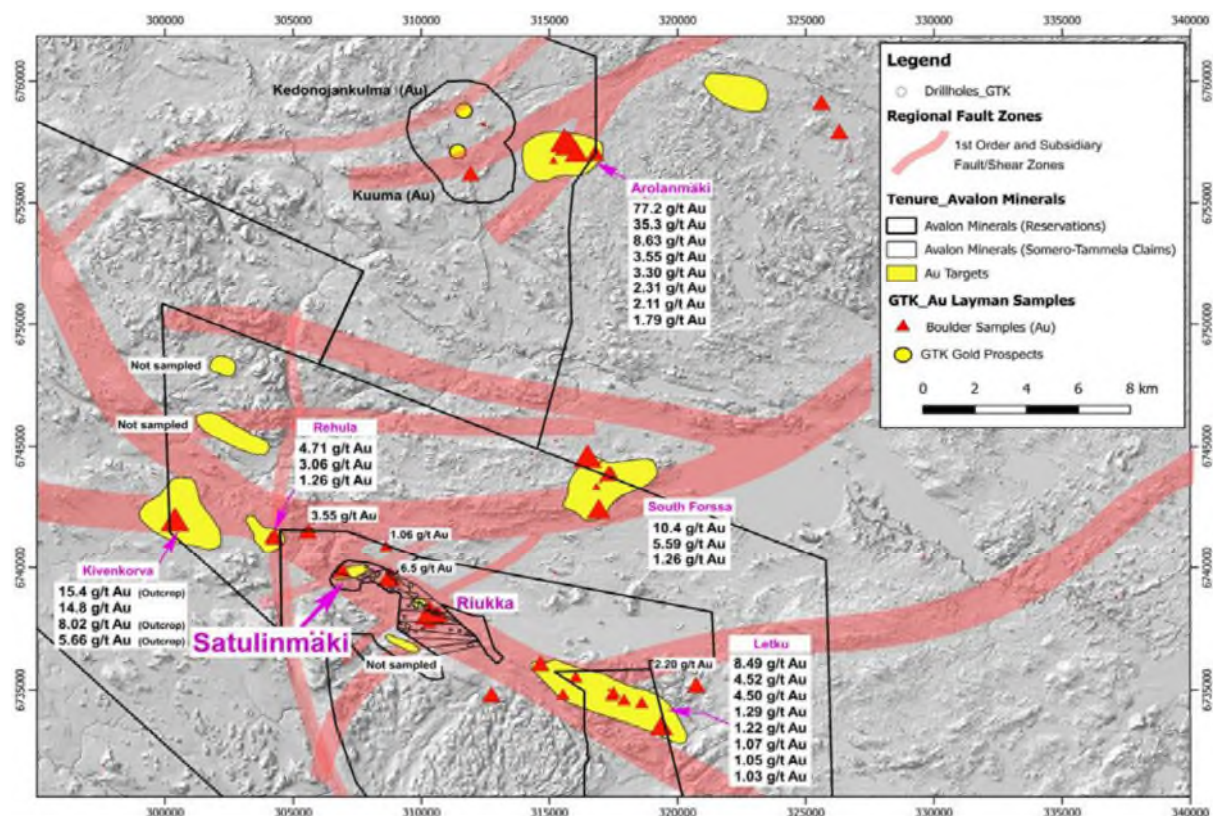
Despite the distraction generated by a project like Bramaderos, STM has kept its interest in the Finnish projects.

Figure 8: STM Southern Finland projects location map



Source: STM

Figure 9: Satulinmäki gold in boulder sampling map.

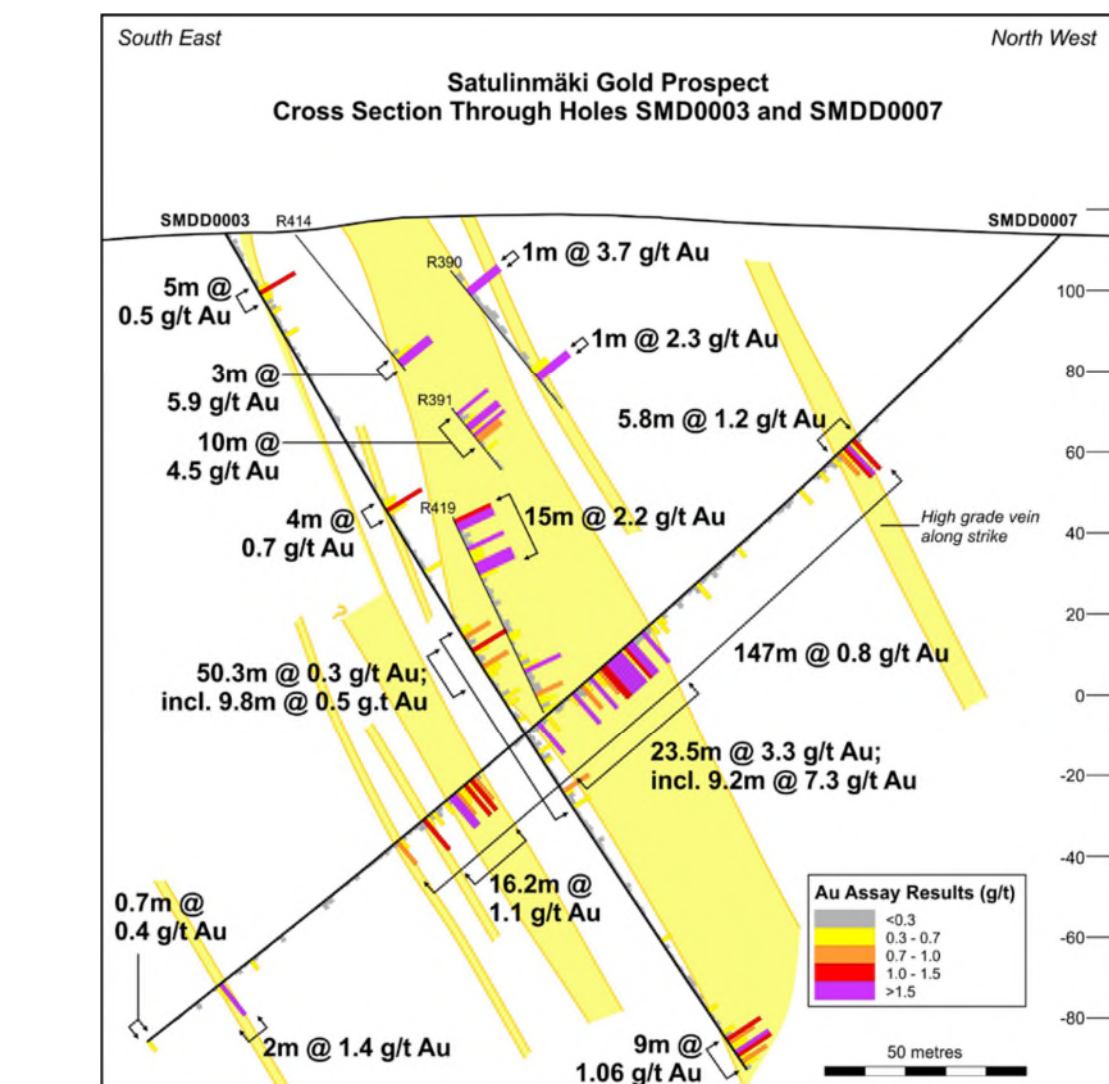


Source: STM

In 2017, prior to the Bramaderos acquisition, STM drilled 7 diamond holes into the Satulinmäki gold project. Those holes were further testing drill targets originally drilled by GTK, the Finnish Geological Survey in their project generations efforts.

We view the results of this drilling as very encouraging and given the level of support the country is providing to the mining industry; we are confident that STM's Finnish projects will somehow deliver value to its shareholders.

Figure 10: Satulinmäki cross section with STM drill results



Source: STM

Finland Lithium Project

With the retraction in the lithium price, we do not see those projects as core assets. In 2016, STM purchased Lithium tenements in Sweden and Finland.

Diamond drilling at the Kietyönmäki Lithium Project had returned 24.2m at 1.4% Li₂O including 9m at 2%Li₂O.

In the December quarter 2018, STM let go of the Swedish tenements but kept its interest in the Finnish Lithium Tenements. Those projects have not received a high level of attention but from the GTK work reported in its days by STM, we understand that the tenure covers areas of Lithium bearing pegmatite dykes. Such pegmatites are currently mined in Australia as a Lithium source.

Viscaria (Sweden)

STM had successfully explored the Viscaria Copper project located near the town of Kiruna in Northern Sweden, identifying and delineating a copper deposit. STM is finalising the sale of Viscaria to a Swedish listed company in a cash and scrip transaction valuing Viscaria at c.\$45m.

The sale will bring in cash which will help financing Ecuador exploration without further short term shareholders dilution.

PROJECTS UPSIDE

Bramaderos

We see Bramaderos drilling as the big catalyst for STM share price. Investors have been waiting for the drilling to happen and we can clearly see share price appreciation as soon as the drill permits are received and drilling commences.

We are confident, given the quality of the targets that drilling has the potential to deliver satisfying results.

The discovery of an economic porphyry deposit at Bramaderos, given the level of attention the country has received from large mining companies, would certainly be a “game changer”.

The current inferred porphyry centres are large.

If only one of the targets at Bramaderos was proving to be an economic deposit, given each target is over 1km in size in one direction, one does not need a crystal ball to see the upside.

Finland gold

From the early work reported by the company, we see the Finland gold prospects as being very prospective.

Drill results returning large high grade intervals such as 23.5m at 3.3g/t Au at Satulinmäki show that there is potential for an economic gold deposit in the area.

Finland is a mining Friendly jurisdiction and we see prospective gold projects in Finland as having the potential to deliver value for shareholders.

Finland Lithium

Despite difficult market conditions for Lithium, as usual in mining and exploration high grade quality deposits always deliver value to their owners.

It only takes the Finnish Lithium projects to have sufficient tonnage and grade to be generating value for shareholders. However, we cannot really see any short term upside from early lithium exploration.

We believe that STM has the same understanding of the current lithium market as we have not seen any indications of major work being conducted on those leases.

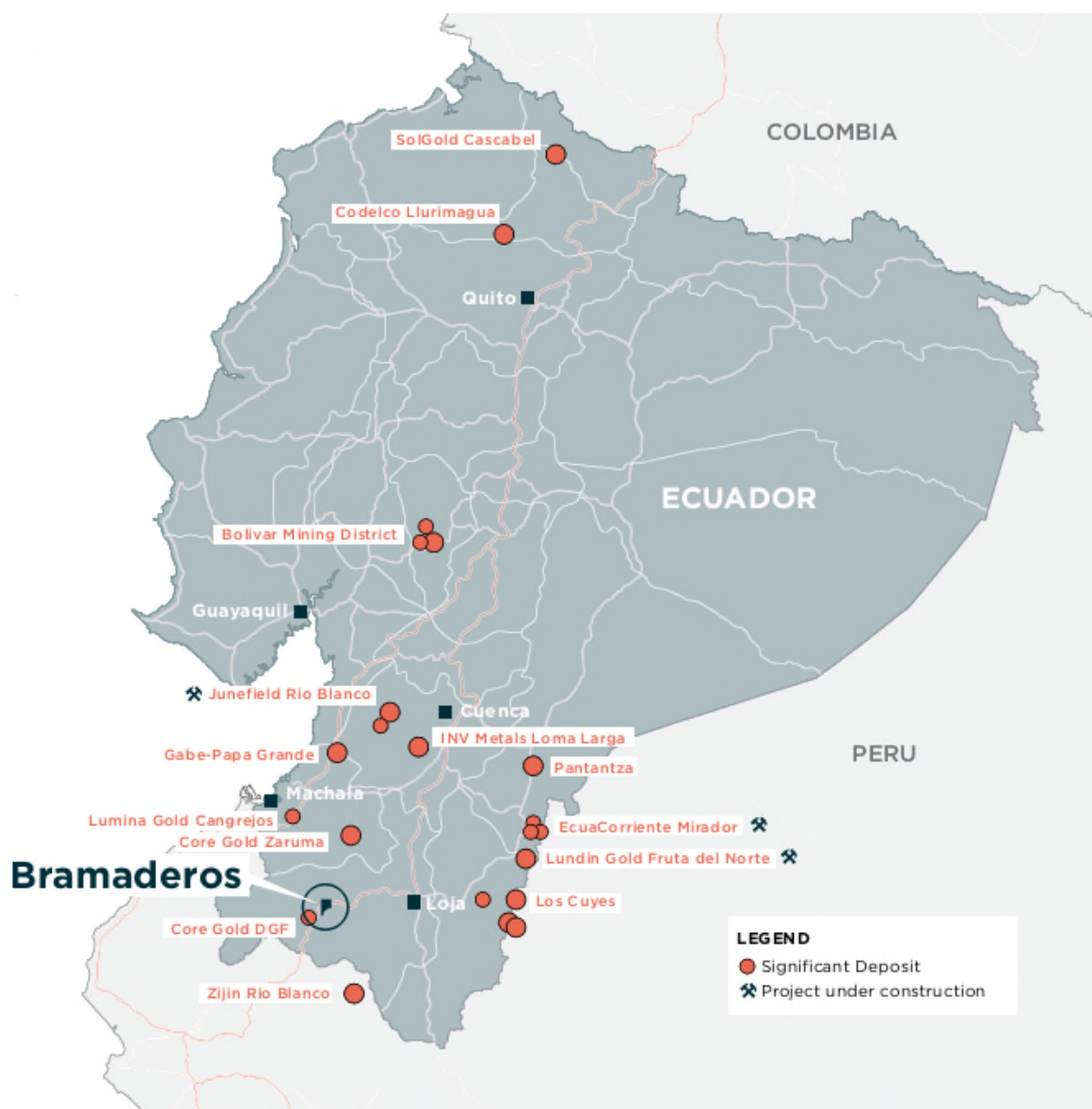
TIMELINE

Clearly, timing of exploration activities has been an issue for STM. Unfortunately, those timing issues were not the responsibility of the company who, in our view, did everything it could to expedite the drilling approvals process.

From the latest company's announcement, we feel that whether it is through the original EIA process or the expedited scout drilling initiative, STM should receive permission to drill shortly and be in a position to deliver drilling results.

NEIGHBOURS OPERATIONS AND METRICS

Figure 11: Significant deposits of Ecuador map with projects under development.



Source: STM

Of the significant deposits presented on the map, a limited number are in the hands of companies submitted to compulsory disclosure resources estimates, therefore, it is not possible for us to comment on those projects in absence of reliable publicly available information.

Fruta del Norte (Lundin Gold TSX-LUG)

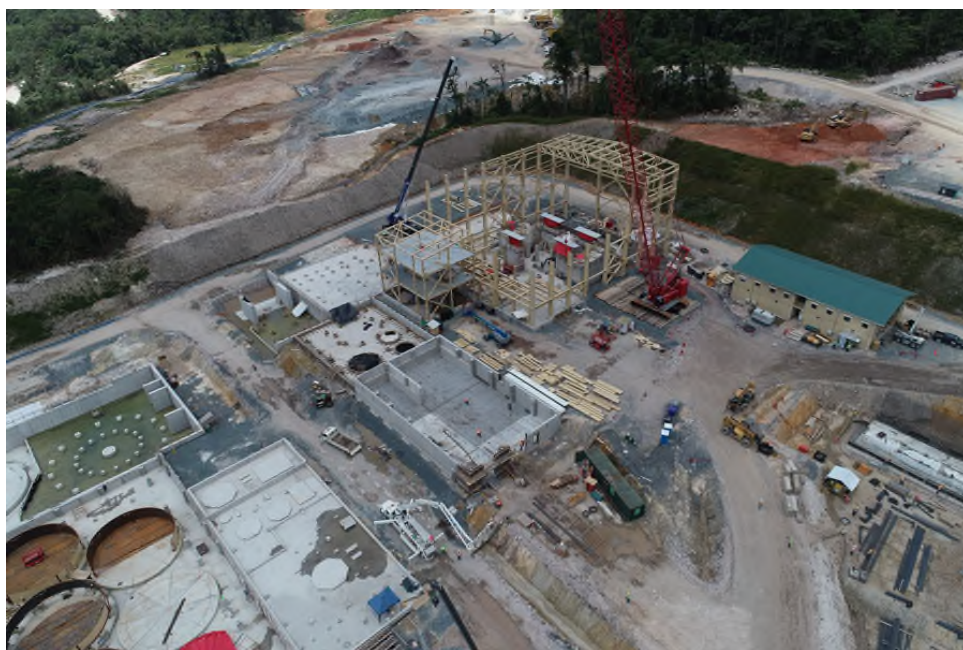
The Fruta del Norte gold deposit is located 140km to the ENE of Bramaderos, it was discovered by Aurelian Resources in 2006 and two years later Kinross acquired the company for \$1.2 billion. Lundin Gold purchased the asset from Kinross in 2014 for \$240 million. Since acquiring the asset, Lundin Gold has signed all major agreements with the Ecuadorian Government to start development, completed a feasibility study and a project update.

Fruta del Norte is now one of the next major gold mines currently being developed. It is a large, high-grade gold deposit with inferred and indicated resources of approximately 35.4Mt at 8.3g/t Au and 12.2 g/t Ag for 9.5Moz Au and 13.9Moz Ag

Construction began mid-2017 and first gold is expected in the fourth quarter of 2019. The project is pencilled to produce 325,000oz per annum processing 3,500 tonnes per day.

Fruta del Norte is an intermediate sulphidation epithermal deposit with an approximate strike extent of 1670m a dip extent of 700m and is 150 to 300m wide. The deposit lies under 200m of younger geological cover. Intermediate sulphidation deposits consist of quartz sulphide veins with precious metals.

Figure 12: Fruta del Norte process plant under construction , December 2018



Source: Lundin Gold (TSX-LUG)

Cascabel (Solgold TSX-SOLG 85% - Cornerstone Capital Res. inc. TSXV-CGP 15%)

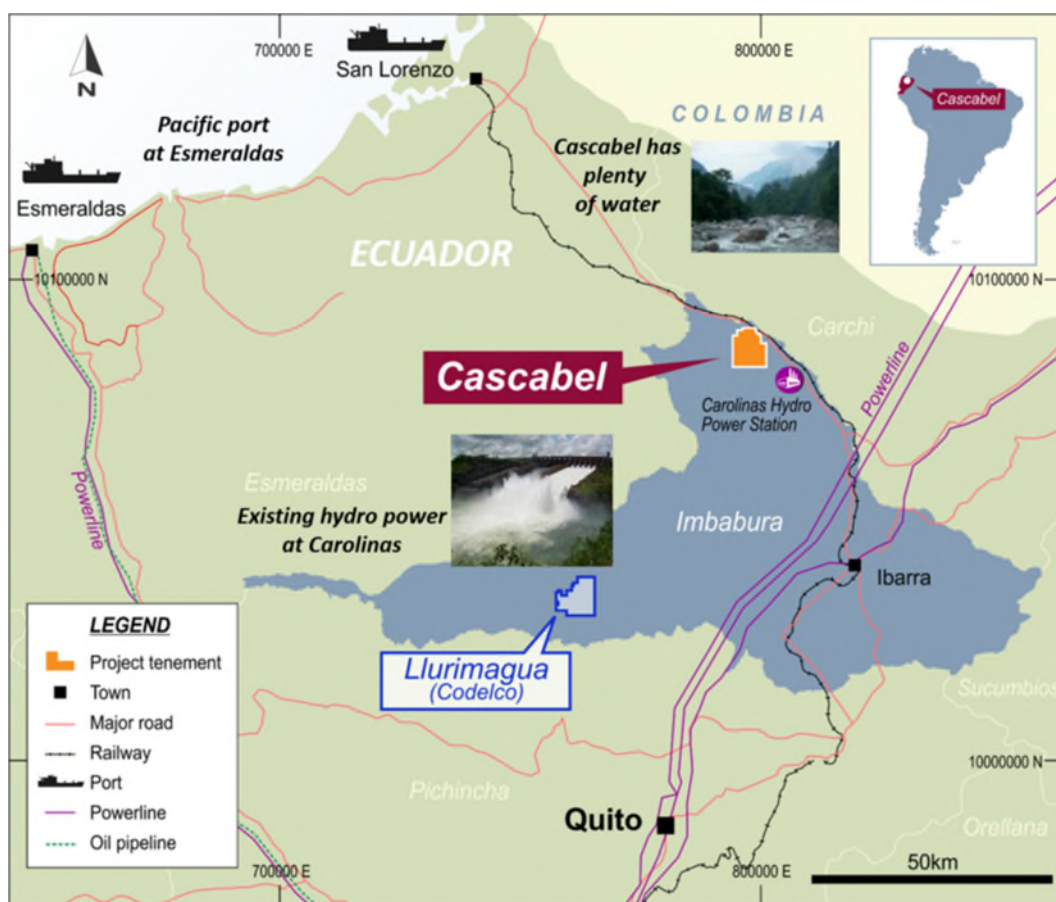
The Cascabel deposit is located in the North of Ecuador, 490km north of the Bramaderos project.

The Porphyry deposit currently hosts a resource of 2.95Bt at 0.52% CuEq (15.4 Mt CuEq) containing 10.9 Mt Cu and 23.2 Moz Au at a 0.2% CuEq cut off.

The Cascabel deposit is not similar neither in age nor in nature to Bramaderos but the fact that it was a greenfields discovery made in 2013 shows that Ecuador is underexplored and has the potential to deliver large and rich deposits

Solgold's current market capitalisation is c. C\$1.14bn.

Figure 13: Cascabel project location map



Source: Solgold

Loma Larga (INV Metals TSX-INV)

INV Metals announced the positive results of a Feasibility Study on the Loma Larga gold property in November 2018. The FS contemplates an underground mine with a daily production rate of approximately 3,000 to 3,500tpd, resulting in a high average annual gold recovered production of 206,000 ounces over an initial projected life of mine of approximately 12 years

Figure 14: Loma Larga mineral resource estimate

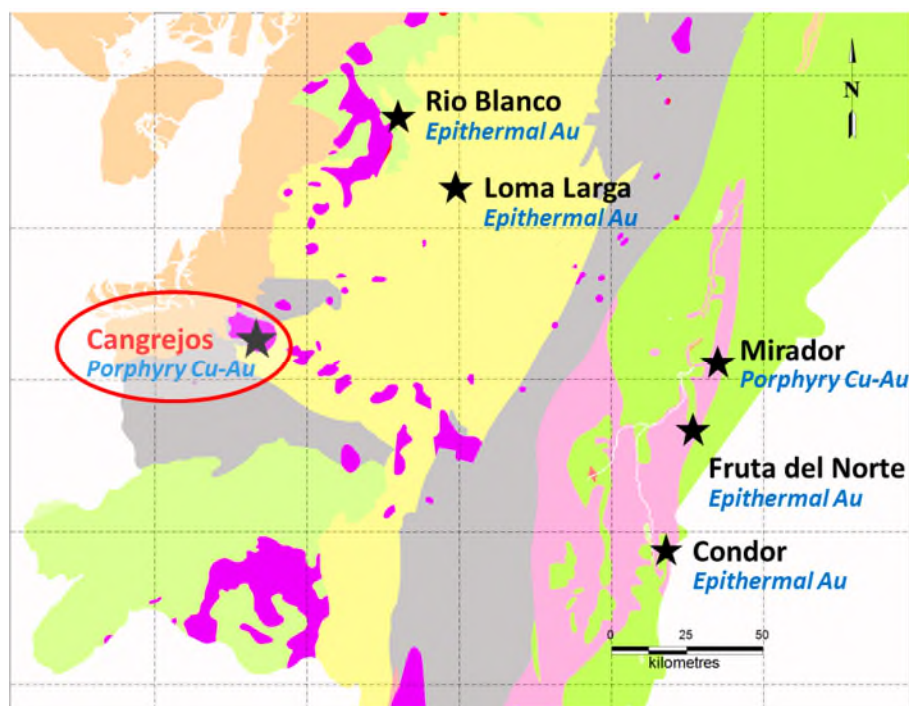
Mineral Resources	Zone	Tonne (M)	Grade AuEq (g/t)	Contained AuEq (M oz)	Au Grade (g/t)	Contained Au (M oz)	Ag Grade (g/t)	Contained Ag (M oz)	Cu Grade (%)	Contained Cu (M lb)
Measured	High Grade Main	2.9	8.45	0.78	7.31	0.67	34.9	3.2	0.44	28.2
Indicated	High Grade Main	10.3	5.68	1.88	4.85	1.60	30.7	10.1	0.28	62.3
	Low Grade Main	6.0	2.49	0.48	2.01	0.39	21.1	4.0	0.12	15.7
	Low Grade Lower	0.7	2.70	0.06	2.21	0.05	12.8	0.3	0.21	3.4
Total		17.0	4.43	2.42	3.74	2.04	26.5	14.5	0.22	81.4
Total Measured & Indicated		19.8	5.01	3.20	4.25	2.71	27.8	17.7	0.25	109.5
Inferred		4.7	2.84	0.43	2.22	0.33	29.7	4.5	0.14	14.5

Source: INV Metals

Cangrejos (Lumina Gold TSXV-LUM)

The Cangrejos project is a gold silver copper porphyry project with an age similar to the porphyries at Bramaderos. There is also higher grade mineralisation related to epithermal veins at Cangrejos.

Figure 15: Cangrejos location map over simplified geology



Source: Lumina Gold

Figure 16: Cangrejos mineral resources estimate

Type	Million Tonnes	Average Grade					Contained Metals			
		AuEq (g/t)	Au (g/t)	Cu (%)	Ag (g/t)	Mo (ppm)	Au (Moz)	Cu (Mlbs)	Ag (Moz)	Mo (Mlb)
Oxide Material	17.7	0.77	0.61	0.09	0.6	21.9	0.3	35	0.4	0.9
Sulphide Material	390.2	0.86	0.65	0.12	0.6	25.1	8.2	998	7.4	21.6
Total	408.0	0.85	0.65	0.11	0.6	25.0	8.5	1,033	7.8	22.5

Source: Lumina Gold

Dynasty Goldfield and Zaruma Mine (Core Gold TSXV-CGLD)

The Dynasty goldfield is currently producing, mining 3.2g/t ore at a rate of 750tpd. The Dynasty goldfield was the first open pit gold mine permitted in Ecuador. The open pit mine is located approximately 15km from the Bramaderos project, with the Portovelo processing facility located approximately 90km from the open pit operations.

Core Gold, owner and operator of the Dynasty Goldfield mine also controls the Zaruma mine, currently on care and maintenance. Historically, silver and gold were mined from the saprolite by the Incas using hydraulic mining. The mines were subsequently controlled by the Spanish conquistadores. In modern history, the mine was operated continuously until 2006. Since then, Core Gold has put the Zaruma mine on a minimum operation profiles (care and maintenance).

Figure 17: Dynasty goldfield mineral resource estimate

Category	Tonnes (Thousands)	Au (g/t)	Ag (g/t)	Contained Au (1,000 ozs)	Contained Ag (1,000 ozs)
Measured	2,909	4.7	38.1	437	3,567
Indicated	3,958	4.6	38.8	585	4,936
Total Measured + Indicated	6,867	4.6	38.5	1,022	8,504
Inferred	7,825	4.4	39.4	1,118	9,901

Source: Core Gold

Figure 18: Zaruma mineral resource estimate

Location	Measured			Indicated			Inferred		
	Tonnes (million)	Grade Au (g/t)	Contained Au (Ozs)	Tonnes (million)	Grade Au (g/t)	Contained Au (Ozs)	Tonnes (million)	Grade Au (g/t)	Contained Au (Ozs)
Cabo de Hornos	1.30	13.99	585,000	0.86	12.46	343,000	3.0	12.30	1,201,000
Barbasco	0.19	11.05	66,000	0.09	10.81	33,000	0.3	12.13	128,000
Ayapamba	0.07	12.64	30,000	0.06	11.63	23,000	0.2	12.40	96,000
Vizcaya	0.03	8.40	8,000	0.02	8.40	6,000	0.1	8.40	23,000
Total	1.59	13.48	689,000	1.03	12.18	405,000	3.7	12.2	1,448,000

Source: Core Gold

Mirador (Ecuacorriente - ECSA)

The open pit mine is currently under construction by Ecuacorriente, an Ecuadorian subsidiary of China's CRCC-Tongguan consortium. The CRCC-Tongguan joint venture is comprised of Chinese state companies Tongling Non Ferrous Metals and China Railways Construction Corporation.

As those companies are not submitted to compulsory compliant disclosure of their mineral resources estimates, there is no information as to the size and quality of the deposit.

Media reports state that the Mirador Mine, currently under construction will be the largest open pit mine in Ecuador.

Llurimagua (Codelco 49% - Enami EP 51%)

Both companies which own the Llurimagua project are state owned companies and are not traded on an exchange imposing compulsory disclosure of compliant resources statements.

Ecuador is a destination for majors in their search for world class deposits

Over the past years, Ecuador has become a destination for major mining companies on the look for major world class deposits.

Newcrest Mining (ASX-NCM)

In February 2018, Newcrest took a financial interest in Canadian listed Lundin Gold (TSX-LUN). On top of this financial interest, NCM entered a farm-in Joint Venture with Lundin Gold over granted exploration licences in Ecuador.

Since then, Newcrest has also applied for exploration tenements in its own right.

Newcrest also holds 13.6% of SolGold.

BHP Group (ASX-BHP)

BHP is part owner of the giant La Escondida deposit and the operator of the mine. BHP also owns interest in the Pampa Norte copper mine in Chile and the Antamina copper mine in Peru. All of those deposits are porphyry copper-gold deposits.

In October 2016, BHP increased its stake in Solgold's capital and now owns 11.2% of the Company's capital.

Fortescue Metals Group (ASX FMG)

FMG announced its intention to diversify from Iron ore and in 2016 applied for exploration licences in Ecuador.

FMG Has been experiencing the same delays as STM with its drilling permits and has been announcing regularly that it was waiting for approvals.

CODELCO (State owned Chilean mining company)

In March 2018, Codelco, the world's largest copper producer, signed an agreement with the Ecuadorian government for the joint development of the Llurimagua copper project near Quito with Ecuador's state-owned miner Enami EP.

HANCOCK Prospecting

Gina Rinehart's private company, which had never ventured outside Australia acquired exploration licences in Ecuador in 2016.

CAPITAL STRUCTURE

Figure 19: STM Capital structure

Class of securities	Number	Options Exercise price	Expiry date	Value if exercised
Fully paid ordinary shares	1,214,876,776			
Options	154,837,500	\$0.030	31/08/2019	\$4,645,125
Options	4,500,000	\$0.032	-	\$144,000
Options	5,600,000	\$0.080	-	\$448,000
Performance Rights	34,371,223			
Fully diluted capital	1,414,185,499			
Cash at end of 31/12/18	\$2,557,000			
Fully diluted Market Capitalisation	\$50,910,678			
Fully diluted Enterprise Value	\$43,116,553			

Source: STM

BOARD OF DIRECTORS

Board composition

Mr Graham Ascough - Non-Executive Chairman

Mr Ascough (BSc, PGeo, MAusIMM) is a senior resources executive with more than 25 years of industry experience evaluating mineral projects and resources in Australia and overseas. He is currently non-executive Chairman of ASX listed companies PNX Metals Limited, Mithril Resources Limited and Musgrave Minerals Limited. Mr Ascough, a geophysicist by training, has had broad industry involvement playing a leading role in setting the strategic direction for companies, completing financing and in implementing successful exploration programmes. He is a member of the Australasian Institute of Mining and Metallurgy and is a Professional Geoscientist of Ontario, Canada.

Mr Malcolm Norris CEO & Managing Director

Mr Norris (MSc, MAppFin, MAICD, FAusIMM) is a senior mining industry professional with extensive experience in business management, mineral exploration, development of new business opportunities and asset transactions. His roles have covered a wide range of commodities, geographic locations and management of global portfolios of projects in both large and small organisations. Mr Norris holds an MSc in Geology and a Masters in Applied Finance. He has more than 30 years of industry experience and in the last 15 years has focused primarily on corporate roles. He led the team which discovered the giant 2Bt Tujuh Bukit copper-gold deposit in Indonesia. Previous experience has included 23 years with WMC Resources, followed by roles with Intrepid Mines and SolGold where he led the team which discovered Cascabel.

Mr Don Hyma Non-Executive Director

Mr Hyma (BSc, MSc, PEng, IED) is a mining industry executive with more than 25 years of progressive capital project experience in the resource sector in Canada, Chile, New Caledonia and Australia. His experience includes direct involvement in delivering numerous major projects, taking them from studies through to implementation, for several multi-national resource companies in the nickel, copper and iron ore industries. Mr Hyma holds a BSc in Mining Engineering and an MSc in Mineral Processing, along with an International Executive Management Diploma (INSEAD).

Mr Stephen Stroud Non-Executive Director

Mr Stroud (B.Acc, CPA, FINSIA) is an experienced CPA qualified corporate finance executive with over 20 years experience advising across all aspects of corporate finance both as an advisor and client. He has advised Boards and management teams across a broad range of transactions including public and private equity raisings, debt/hybrid debt, Initial Public Offerings, mergers & acquisitions, selldowns and restructures both in Australia and overseas. Mr Stroud is Director – Corporate Finance with Morgans Financial Limited. Mr Stroud possesses strong relationships across buy and sell side clients across Australia, Asia, UK and North America.

Board Shareholding

Figure 20: STM Board shareholding

Director	Direct and indirect FPO Holdings	Options	Performance Rights
Graham Ascough	10,979,881	2,437,500	
Malcolm Norris	13,953,126	3,125,000	8,732,338
Don Hyma	703,125	1,500,000	
Stephen Stroud	2,105,264	1,500,000	

Source: STM

Board cost

Figure 21: STM Board cash cost

Director	Cash salary and fees	Superannuation	Total Cash Cost
Graham Ascough	\$75,000		\$75,000
Malcolm Norris	\$270,000	\$25,650	\$295,650
Don Hyma	\$45,000	\$4,750	\$49,750
Stephen Stroud	\$45,000	\$4,750	\$49,750
Total board annual cash cost	\$420,400		

Source: STM

RISKS

We have identified a number of risks which may impact STM. These are by no means a complete list of risks and there may be others beyond those identified.

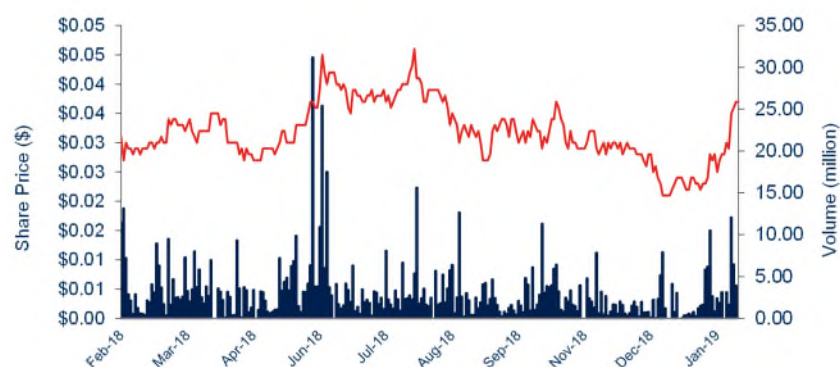
Exploration: STM is an exploration company. Exploration is inherently risky. Despite geological evidences that the Bramaderos project has the potential to host mineral resources, and there is no guarantee that economic mineralisation can be delineated. Drilling is needed to follow-up targets which may or may not result in further discoveries.

Financing: The ongoing exploration will require capital. There is no guarantee that these funds will be available at a reasonable cost nor create an excessive level of dilution to existing shareholders. We currently this risk mitigated, in the short term, by the cash injection from the sale of Viscaria.

Commodity Price: STM being a gold explorer, the Company is exposed to fluctuations in the price of gold and investor's sentiment towards the commodity. Despite consensus estimate showing some stability in the gold price, there is no guarantee that the gold price will stay in a range where the mining of gold at Bellevue is economically viable.

Exchange Rate: STM has assets in Finland and Ecuador and is subject to fluctuations in the Australian dollar against the US dollar and other currencies. The price of gold on the international markets being quoted in US dollars, a fluctuation in the exchange rate can have repercussions on the economic assessment of potential discoveries.

Recommendation History



Date	Type	Target Price	Share Price	Recommendation	Return
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Stock recommendations: Investment ratings are a function of Patersons expectation of total return (forecast price appreciation plus dividend yield) within the next 12 months. The investment ratings are Buy (expected total return of 10% or more), Hold (-10% to +10% total return) and Sell (> 10% negative total return). In addition we have a Speculative Buy rating covering higher risk stocks that may not be of investment grade due to low market capitalisation, high debt levels, or significant risks in the business model. Investment ratings are determined at the time of initiation of coverage, or a change in target price. At other times the expected total return may fall outside of these ranges because of price movements and/or volatility. Such interim deviations from specified ranges will be permitted but will become subject to review by Research Management. This Document is not to be passed on to any third party without our prior written consent.

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