

SPHERE MINERALS LIMITED

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ASX RELEASE

25 September 2015

SPHERE MINERALS LIMITED (ASX:SPH) RENOUNCEABLE ENTITLEMENT OFFER

Sphere Minerals Limited (**Sphere** or the **Company**) is pleased to announce an equity raising to raise up to \$240 million. The purpose of the equity raising is to repay the Company's existing debt facility from Glencore Australia Holdings Pty Limited and to fund the Company's ongoing operations from the end of August 2015 until approximately the end of 2016.

The equity raising will comprise a traditional renounceable pro rata entitlement offer (**Entitlement Offer**) at a price of \$0.25 per share (**Offer Price**). The Entitlement Offer will be made on the basis of 4.4 new ordinary shares (**New Shares**) for every 1 existing ordinary share held at 7.00pm (Sydney time) on Thursday, 1 October 2015 (**Record Date**) (with fractional entitlements being rounded down to the nearest whole number of New Shares).

The Offer Price of \$0.25 per New Share represents a discount of 33% to value of the shares based on the book value of the Company's assets (excluding debt) as at 30 June 2015.¹ The last material trade in the Company's shares on ASX was in March 2013 at a sale price of \$3.10. Since this time, there has been a material fall in the price of iron ore and other commodities and ongoing uncertainty surrounding the global growth outlook which have adversely affected the value of resources companies and in particular iron ore companies. In determining the Offer Price, the Board has had regard to:

- the prolonged illiquidity in trading in the Company's shares on ASX;
- the book value of the Company's assets (excluding debt) in the Company's financial report for the six month period ended 30 June 2015;
- advice obtained from KPMG Corporate Finance² as to the value of the Company's shares based on managements' operational assumptions;

¹ Based on the book value of the Company's assets (excluding debt) as set out in the Company's financial report for the six month period ended 30 June 2015 of US\$57,730,000 converted into AUD at a rate of AUD/USD of 0.71 and divided by the 218,269,296 shares in issue before the Entitlement Offer.

² KPMG Corporate Finance is a division of KPMG Financial Advisory Services (Australia) Pty Ltd.

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- advice obtained from KPMG Corporate Finance² on an appropriate discount to apply to the shares in the context of an entitlement offer; and
- fixing an Offer Price which will encourage shareholders to participate in the Entitlement Offer and promote a market for the trading of rights on ASX.

The Entitlement Offer is not underwritten, however, Sphere's largest shareholder, Sidero Pty Limited (a wholly owned subsidiary of Glencore plc) (**Sidero**) has indicated to the Company that it intends to take up its full entitlement under the Entitlement Offer. Sidero's participation in the Entitlement Offer will raise approximately \$211.7 million which is sufficient to repay the debt facility from Glencore Australia Holdings Pty Limited, pay for the costs associated with the Entitlement Offer and to fund the Company's ongoing operations from the end of August 2015 until approximately the end of 2016.

Prior to the launch of the Entitlement Offer, Sphere approached the Company's three major shareholders: Sidero, Qatar Steel Company (**Qatar Steel**) and Aus-Ore Investments Pty Ltd/Sin-Tang Development Pte Ltd (the **Sin-Tang Group**) regarding participation in a potential equity raising. Neither Qatar Steel nor the Sin-Tang Group were willing to commit to participate in a potential equity raising. Qatar Steel indicated that its decision concerning participation would be made after the terms of the equity raising are announced while the Sin-Tang Group indicated that it was not minded to participate in a potential equity raising.

All shareholders with a registered address in Australia, New Zealand, Qatar, Singapore, Malaysia, British Virgin Islands and Hong Kong (being all of the jurisdictions of shareholders as at today's date) will be eligible to participate in the Entitlement Offer (**Eligible Shareholders**). Eligible Shareholders may take up their entitlement to acquire New Shares in full or in part or not at all.

Eligible Shareholders may also apply for New Shares in excess of their entitlement (**Additional Shares**) under a shortfall facility (**Shortfall Facility**). Any Additional Shares will be limited to the extent that there are New Shares not taken up under the Entitlement Offer and to the extent permitted by law. Sphere reserves the right to issue the Additional Shares in its absolute discretion. In the event that applications for Additional Shares exceed the number of Additional Shares available for issue under the Shortfall Facility, the Board has determined to exercise its discretion to allocate such Additional Shares to applicants based on their holdings as at the Record Date. In accordance with the ASX Listing Rules, Sphere's largest shareholder, Sidero which owns approximately 88.16% of the shares in issue before the Entitlement Offer, is not eligible to participate in the Shortfall Facility.

The Entitlement Offer is renounceable. This means Eligible Shareholders who do not wish to subscribe for some or all of their entitlement may sell or transfer their rights to some or all of the entitlement in order to realise any value which may attach to those rights. Trading of entitlements is expected to commence on the ASX on Tuesday, 29 September 2015.

All New Shares will rank equally with existing ordinary shares in the capital of the Company. An indicative timetable for the Entitlement Offer is overleaf.

Assuming no other shareholders take up their entitlement under the Entitlement Offer (or otherwise acquire shares under the Entitlement Offer) and Sidero takes up its full entitlement, Sidero will own approximately 97.6% of the Company's issued share capital at the conclusion

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of the Entitlement Offer. This would give Sidero the right, but not the obligation, to compulsorily acquire the remaining issued share capital in the Company in accordance with Part 6A.2 of the *Corporations Act 2001* (Cth). Sphere is not aware whether Sidero will exercise its right of compulsory acquisition if it is entitled to do so. Further information on the potential effect that the Entitlement Offer will have on control of the Company and the consequences of that effect are contained in the notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (the 'cleansing statement') and the Offer Booklet, both of which are being released on ASX today.

The Offer Booklet sets out the terms of the Entitlement Offer and contains instructions as to how to apply for New Shares and will be sent to shareholders with a personalised Entitlement and Acceptance Form on or about Tuesday, 6 October 2015.

Yours sincerely,



Matthew Conroy
Company Secretary
Sphere Minerals Limited

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Entitlement Offer Timetable

Event	Time and Date*
Announcement of Entitlement Offer	Friday, 25 September 2015
“Ex” date and Rights trading on ASX begins	Tuesday, 29 September 2015
Record Date for Entitlement Offer	7.00pm on Thursday, 1 October 2015
Dispatch of Offer Booklet and Entitlement Offer opens	Tuesday, 6 October 2015
Rights trading on ASX ends	Monday, 12 October 2015
Entitlement Offer closes	5.00pm on Monday, 19 October 2015
Notice of shortfall to ASX	Wednesday, 21 October 2015
Issue of New Shares under Entitlement Offer (including any Additional Shares under Shortfall Facility)	Friday, 23 October 2015
New Shares commence trading on a normal settlement basis	Monday, 26 October 2015

*Dates and times are indicative only and subject to change. All times and dates refer to the time in Sydney Australia.

Sphere reserves the right, subject to the *Corporations Act 2001* (Cth), ASX Listing Rules and other applicable laws to vary the dates of the Entitlement Offer, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, without notice. Accordingly, applicants are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Entitlement Offer opens. No cooling off rights apply to the Entitlement Offer.

Important Notice

THE ENTITLEMENT OFFER DESCRIBED IN THIS DOCUMENT IS NOT BEING MADE TO SHAREHOLDERS OR INVESTORS IN THE UNITED STATES. This document should not be distributed, forwarded to or transmitted in or into the United States and does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States.

None of the entitlements, the New Shares offered in the Entitlement Offer nor the Entitlement and Acceptance Form have been or will be registered under the US Securities Act of 1933, as amended (the **Securities Act**), or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, transferred, renounced or delivered, directly or indirectly, in, into or within the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and any other applicable securities laws. There will be no public offer of the entitlements, the New Shares or the Entitlement and Acceptance Form in the United States.