

SPHERE MINERALS LIMITED

A SUBSIDIARY OF
GLENORE

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

ASX RELEASE

25 September 2015

SPHERE MINERALS LIMITED (ASX:SPH) SPHERE MINERALS LIMITED ENTITLEMENT OFFER BOOKLET

Please find attached the Offer Booklet relating to Sphere Minerals Limited's Entitlement Offer which is expected to be dispatched to shareholders on 6 October 2015.

Yours sincerely

Sphere Minerals Limited



Matthew Conroy

Sphere Secretary

Entitlement Offer Booklet

SPHERE MINERALS LIMITED ACN 009 134 847 ("Sphere" or "the Company")

A pro-rata renounceable rights issue by Sphere of 4.4 New Shares for every 1 Share held on the Record Date at an issue price of A\$0.25 per New Share to raise approximately A\$240 million

**Entitlement Offer closes at
5.00pm on 19 October 2015**

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This is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety. Please call your professional adviser or Sphere's company secretary if you have any questions

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FORWARD LOOKING STATEMENTS

This Offer Booklet contains certain “forward looking statements”. Forward looking statements should or can generally be identified by the use of forward looking words such as “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “will”, “could”, “may”, “target”, “plan” and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings, distributions or financial position or performance are also forward looking statements. The forward looking statements contained in this Offer Booklet involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Sphere, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward looking statements may also be based on estimates and assumptions which are subject to change. Actual results, performance or achievements may vary materially for many projections because events and actual circumstances frequently do not occur as forecast and these differences may be material. These statements may assume the success of Sphere’s business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Sphere’s control (including uncertainties described in the “Key Risks” section in this Offer Booklet), and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward looking statements and, except as required by law, Sphere assumes no obligation to update or revise such information to reflect any change in expectations or assumptions. The inclusion of the forward looking statements in this Offer Booklet should not be regarded as a representation, warranty or guarantee with respect to its accuracy or the accuracy of the underlying assumptions or that Sphere will achieve, or is likely to achieve, any particular results.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

THE ENTITLEMENT OFFER DESCRIBED IN THIS DOCUMENT IS NOT BEING MADE TO SPHERE SHAREHOLDERS OR INVESTORS IN THE UNITED STATES. This Offer Booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form should not be distributed, forwarded to or transmitted in or into the United States and do 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 not 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. None of the Entitlements, the New Shares or the Entitlement and Acceptance Form or any offering document has been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other US regulatory authority, nor has any such authority passed upon or endorsed the merits of the Entitlement Offer or the accuracy or the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Chairman's Letter

Dear Sphere Shareholder,

On behalf of the Directors of Sphere, I am pleased to invite you to participate in a 4.4-for-1 renounceable pro-rata entitlement offer of new fully paid ordinary shares in Sphere (**New Shares**) at an issue price of A\$0.25 per New Share to raise up to A\$240 million (**Entitlement Offer**).

The Entitlement Offer

Sphere is seeking to raise approximately A\$240 million of new equity through the Entitlement Offer at an issue price of A\$0.25 per New Share.

The Offer Price of A\$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 A\$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 management's operational assumptions;
- advice obtained from KPMG Corporate Finance² on an appropriate discount to apply to the New Shares in the context of a renounceable rights issue; and
- fixing an Offer Price which will encourage Eligible Shareholders to participate in the Entitlement Offer and promote a market for the trading of Rights on ASX.

Purpose of the Entitlement Offer and use of proceeds

The funds raised under the Entitlement Offer will be used to repay the Glencore Loan and to fund the Company's ongoing operations from the end of August 2015 until approximately the end of 2016. The amount outstanding under the Glencore Loan as at 31 August 2015 was US\$136.6 million (A\$192.4 million)³ and the amount expected to be outstanding at maturity on 23 November 2015 is US\$143.4 million (A\$202 million)⁴ and the current budget to fund operations from 31 August 2015 until 31 December 2016 is approximately US\$8.5 million (A\$12 million).⁵ Operations are budgeted to remain at current levels and no further exploration is planned to occur in 2015 or 2016.

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 A\$211.7 million which is sufficient to repay the Glencore Loan, 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.

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.

³ Converted into AUD at a rate of AUD/USD of 0.71.

⁴ Converted into AUD at a rate of AUD/USD of 0.71.

⁵ Converted into AUD at a rate of AUD/USD of 0.71.

Prior to the launch of the Entitlement Offer, Sphere approached the Company's three major shareholders: Sidero, Qatar Steel and 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.

Details of your Entitlement

As a Sphere Shareholder you are entitled to subscribe for 4.4 New Shares for every 1 existing Share held on the Record Date (being 7.00pm (Sydney time) on Thursday, 1 October 2015) with fractional entitlements being rounded down to the nearest whole number of New Shares (**Entitlement**).

The Entitlement Offer is renounceable. This means that Sphere Shareholders who do not wish to subscribe for their Entitlement may sell or transfer their Rights to their Entitlements on the ASX. New Shares will be issued on a fully paid basis and will rank equally with existing Shares.

Shortfall Facility

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, who owns approximately 88.16% of the Shares in issue before the Entitlement Offer, is not eligible to participate in the Shortfall Facility.

Potential effect on control

Assuming no other Sphere Shareholders take up their Entitlement under the Entitlement Offer (or otherwise acquire New 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 of the Entitlement Offer. This would give Sidero the right, but not the obligation, to compulsorily acquire the remaining issued Shares in accordance with Part 6A.2 of the Corporations Act. 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 set out in the "Information on Sphere" section in paragraphs 7 and 8 of this Offer Booklet.

Offer Booklet

This Offer Booklet contains a number of important sections including:

- "Key Dates for the Entitlement Offer";
- Instructions on "How to Apply", setting out how to accept all or part of your Entitlement in the Entitlement Offer if you choose to do so;
- Information on Sphere and Sphere's projects;
- A copy of the ASX Announcement;
- "Important Information";

- “Key Risks”; and
- an Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions provided on the form and the instructions in the “How to Apply” section of this Offer Booklet.

The Entitlement Offer closes at 5.00pm (Sydney time) on Monday, 19 October 2015.

Participation in the Entitlement Offer

To participate, you need to ensure that:

- you have made your payment (**Application Monies**) via BPAY® pursuant to the instructions that are set out on the Entitlement and Acceptance Form so that your payment via BPAY® has been received by Sphere by 5:00pm (Sydney time) on Monday, 19 October; or
- your completed Entitlement and Acceptance Form, together with payment of Application Monies, by cheque, bank draft or money order is received by Sphere by 5:00pm (Sydney time) on Monday, 19 October.

Please refer to instructions in the “How to Apply” section in this Offer Booklet for further information.

Further information

Further information on the Entitlement Offer and Sphere’s business is detailed in this Offer Booklet or you can call Sphere’s company secretary on +612 9253 6700.

You should read the entirety of this Offer Booklet carefully (including the “Key Risks” section, which contains a summary of key risks associated with an investment in Sphere) before deciding whether to participate in the Entitlement Offer.

If you have any further questions about the Entitlement Offer, you should seek advice from your stockbroker or other professional adviser.

The Board looks forward to your participation in the Entitlement Offer.

Yours sincerely,



Peter Coates, AO
Chairman

Key Dates for the Entitlement Offer

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

Note: The above timetable is indicative only and subject to change. Sphere reserves the right to amend any or all of these events, dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Sphere reserves the right to extend the closing date of the offers, to accept late applications either generally or in particular cases or to withdraw the offers without prior notice. The commencement of quotations of New Shares is subject to confirmation from ASX. All references in this Offer Booklet are to the time in Sydney Australia on the given date.

How to Apply

1. The Entitlement Offer

Under the renounceable pro-rata entitlement offer (**Entitlement Offer**), Eligible Shareholders are being offered the opportunity to subscribe for 4.4 new fully paid ordinary shares in Sphere (**New Shares**) for every 1 Sphere fully paid ordinary share (**Share**) held at 7.00pm (Sydney time) on Thursday, 1 October 2015 (**Record Date**), at the offer price of A\$0.25 per New Share (**Offer Price**) with fractional entitlements being rounded down to the nearest whole number of New Shares (**Entitlement**). The Entitlement Offer is not underwritten.

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.

New Shares issued pursuant to the Entitlement Offer will be fully paid and rank equally with existing Shares in issue.

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 (**Rights**) in order to realise any value which may attach to those Rights. The Rights will be quoted on the ASX.

The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues to be offered without a prospectus. This Offer Booklet is not a prospectus and does not contain all of the information which may be required in order to make an informed assessment decision regarding the New Shares. As a result, it is important for Eligible Shareholders to carefully read and understand the information on Sphere and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please refer to this Offer Booklet and other announcements made available at <http://www.asx.com.au/>

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 4.4 New Shares for every 1 Share you held as at 7.00pm (Sydney time) on the Record Date (with fractional entitlements being rounded down to the nearest whole number of New Shares). If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

You should note that only Eligible Shareholders as at 7.00pm (Sydney time) on the Record Date will be eligible to participate in the Entitlement Offer. See paragraphs 1 and 2 of the "Important Information" section of this Offer Booklet for more information on Eligible Shareholders and Ineligible Shareholders.

2. Consider the Entitlement Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspect of the Entitlement Offer.

You should also refer to the "Key Risks" section in this Offer Booklet.

3. Complete and return the accompanying Entitlement and Acceptance Form with your Application Monies or make a payment by BPAY®

If you are an Eligible Shareholder, you may do any one of the following:

- take up all or part of your Entitlement;
- apply for Additional Shares under the Shortfall Facility; or
- do nothing, in which case all of your Entitlement will lapse.

If you decide to take up all or part of your Entitlement or apply for Additional Shares under the Shortfall Facility, please complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies or pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form.

Sphere will treat you as applying for as many New Shares as your payment will pay for in full, up to your full Entitlement and, in respect of amounts received by Sphere in excess of your Entitlement (**Excess Amount**), Sphere may treat you as applying for as many Additional Shares under the Shortfall Facility as your Excess Amount will pay for in full, subject to any scale-back in respect of Additional Shares under the Shortfall Facility. Sphere's decision on the number of new Additional Shares allocated to you under the Shortfall Facility will be final.

If you are paying by BPAY®, please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that Form.

If you take up and pay for all or part of your Entitlement or apply for Additional Shares under the Shortfall Facility before the closing date of the Entitlement Offer of 5:00pm (Sydney time) Thursday, 1 October 2015, you will be allotted your New Shares and Additional Shares (if any and subject to scale-back) on 23 October 2015.

Sphere also reserves the right to reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or if they or their nominees fail to provide information to substantiate their claims.

4. Acceptance of the Entitlement Offer

The method of acceptance of the Entitlement Offer will depend on your method of payment being:

- by BPAY®; or
- by cheque, bank draft or money order.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have represented that you are an Eligible Shareholder (as defined in the "Important Information" section of the Offer Booklet) and have made the other declarations on that personalised Entitlement and Acceptance Form.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- a) you are acquiring the Entitlements or the New Shares in an "offshore transaction" as defined in, and meeting the requirements of, Regulation S under the Securities Act (**Regulation S**);
- b) you acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States and are being distributed and offered outside the United States in reliance on Regulation S
- c) the Entitlements and the New Shares have not been offered to you by means of any "directed selling efforts" as defined in Regulation S;
- d) you acknowledge that the Entitlements and the New Shares have not been, and will not be, registered in any jurisdiction outside Australia, New Zealand, Qatar, Singapore, Malaysia, British Virgin Islands and Hong Kong;
- e) you are not engaged in the business of distributing securities; and
- f) you are not and will not send any materials relating to the Entitlement Offer to any person in the United States.

Each subscriber or purchaser acknowledges that the Company will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations and agreements deemed to have been made by such subscriber or purchaser by its subscription for, or purchase of, the Entitlements or the New Shares, as the case may be, are no longer accurate, it shall promptly notify the Company. If such subscriber or purchaser is subscribing for, or purchasing, the Entitlements or the New Shares as a fiduciary or agent for one or more investor accounts, each subscriber or purchaser represents

that it has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form;
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies; and
- if you pay an amount of money in excess of that required for your Entitlement, Sphere may treat you as applying for as many Additional Shares under the Shortfall Facility as your Excess Amount will pay for in full, subject to any scale-back in respect of Additional Shares under the Shortfall Facility.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (Sydney time) on Thursday, 1 October 2015 (subject to variation). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

Any Application Monies received for more than your final allocation of New Shares and Additional Shares will be refunded (except where the amount is less than A\$1.00 in which case it will be donated to a charity chosen by Sphere). No interest will be paid on any Application Monies received or refunded.

Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions set out on that form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to "Sphere Minerals Limited" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- for an amount equal to A\$0.25 multiplied by the number of New Shares and Additional Shares (if any) that you are applying for;
- if you applying for Additional Shares under the Shortfall Facility in excess of your Entitlement, also for the value of the Additional Shares you apply for (being A\$0.25 multiplied by the number of Additional Shares you wish to apply for); and
- in Australian currency drawn on an Australian branch of a financial institution.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares and Additional Shares (if any) you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares Additional Shares (if any) as your cleared Application Monies will pay for (and taken to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

Any Application Monies received for more than your final allocation of New Shares Additional Shares (if any) will be refunded (except where the amount is less than A\$1.00 in which case it will be donated to a charity chosen by Sphere). No interest will be paid on any Application Monies received or refunded.

Cash payments will not be accepted. Receipts for payment will not be issued.

5. Selling all or part of your Rights on ASX

If you wish to sell all or part of your Rights on ASX, you should instruct your stockbroker personally and provide details set out on the Entitlement and Acceptance Form.

Rights trading on ASX is expected to commence on 29 September 2015, with the sale of your Rights to be completed by 12 October 2015 when Rights trading ceases.

Please note that you may incur brokerage if you choose to sell your Rights on ASX. Eligible Shareholders who sell their Rights before receiving confirmation of their Entitlement in their personalised Entitlement and Acceptance Form do so at their own risk.

If you wish to take up all or part of the Entitlement and apply for Additional Shares under the Shortfall Facility, you must either:

- complete and return the slip attached to the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the applicable amount of Application Money (for the number of New Shares and Additional Shares (if any) you wish to take up); or
- make payment of the applicable amount of the Application Money (for the number of New Shares and Additional Shares (if any) you wish to take up) using BPAY (if you use BPAY you do not need to return the slip attached to the Entitlement and Acceptance Form),

in each case in accordance with the instructions on the Entitlement and Acceptance Form.

6. Entitlement not taken up – if you do nothing

If you do nothing, that is, decide not to sell all or part of your Entitlement and do not take up all or part of your New Shares before 5.00pm (Sydney time) 19 October 2015 you will be taken to have authorised the sale of those New Shares that represent Entitlements by allocation as Additional Shares in the Shortfall Facility. Although you will continue to own the same number of Shares, your shareholding in Sphere will be diluted. The "Information on Sphere" section in paragraph 9 of this Offer Booklet shows the potential dilutive impact of the Entitlement Offer on Sphere Shareholders who do not take up their Entitlement.

As the price for which your Entitlement will be sold in the Shortfall Facility is the Offer Price, you will not receive any value for your Entitlement not taken up. The tax consequences from selling your Entitlement or from doing nothing may be different. Before selling your Entitlement or choosing to do nothing in respect of your Entitlement, you should seek your own tax advice.

7. Mail

To participate in the Entitlement Offer, your payment must be received no later than the close of the Entitlement Offer, on 5.00pm (Sydney time) on 19 October 2015. Eligible Shareholders who make payment via cheque, bank draft or money order should mail their completed personalised Entitlement and Acceptance Form together with Application Monies deliver to:

Sphere Minerals Limited
C/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001
Australia

Information on Sphere

1. Sphere's business

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

The Guelb el Aouj Project is an iron ore project located in Mauritania in West Africa and is operated as a 50:50 joint venture between Sphere and Société Nationale Industrielle et Minière.

The Feasibility Study for the Stage 1 development of the El Aouj East deposit is being progressed by El Aouj Mining Company SA (**EMC**). The primary engineering study (by Ausenco) and the mine planning study (by BBA) have been progressed and are close to finalisation. A rail and port logistics and simulation study has been initiated by EMC and SNIM to examine in detail the capacity of the SNIM network and the rail and port upgrade requirements necessary to support the El Aouj Stage 1 Project. This work was won by Hatch and should be completed by the end of October 2015. The overall Feasibility Study is expected to be completed by November 2015 and considered for approval by EMC shareholders in late December 2015.

Askaf Iron Ore Project (Sphere 90%)

The Askaf Project is a development stage iron ore project which is located 35km south of the Guelb el Aouj Project area.

In October 2014, Sphere conducted a review of the viability of the Askaf Project in light of deteriorating conditions in the iron ore market. As a result of this review, in November 2014 Sphere announced that, in light of the deteriorating iron ore market conditions, the Board had decided to demobilize the construction contractor and the sub-contractors to the Askaf Project. On 3 March 2015, Sphere announced that, following the collapse in the then current and forecast long term iron ore prices, Glencore (the parent company of Sphere's major shareholder Sidero) had impaired its iron ore assets including its investment in Sphere and that Sphere was undertaking an asset impairment assessment with its auditors. On 11 March 2015, Sphere announced that as a result of the fall in iron ore prices, it would be recording an impairment charge of US\$192.5 million to write down the exploration and evaluation expenditure on the Askaf Project to zero and that the Board had determined to defer further development of the Askaf Project, close out all construction commitments, minimise expenditure and reduce employee numbers.

Throughout the process, Sphere has continued to engage closely with the Government of Mauritania. Sphere continues to monitor and assess market conditions so that it is able to determine whether it is economic to restart the Askaf Project at some time in the future.

On 14 September 2015, Sphere announced that it had executed an agreement to grant an exclusive option to Al Rawda Resources Limited (**Al Rawda**) to purchase an 80% interest in Sphere Mauritania SA, the entity which owns the Askaf Project. Exercise of the option is subject to a number of conditions precedent including the completion of satisfactory due diligence, government approvals and finalisation of transaction documents. The option is in effect for a three month period during which time Al Rawda will undertake detailed due diligence which may, or may not, lead to a transaction. The purchase price payable if the option is exercised is US\$10 million in cash plus a life of mine royalty of 2.5% of FOB revenue. The US\$10 million cash consideration is payable in three equal tranches. Firstly, on completion of the transaction documents, secondly, on the taking of a decision to mine (after completion of a Feasibility Study) and finally, on the commencement of production.

Lebtheinia Iron Ore Project (Sphere 90%)

The Lebtheinia Iron Ore Project is an iron ore exploration project located 145km from the iron ore port of Nouadhibou in Mauritania. Sphere has completed its application for an exploitation licence for the Lebtheinia resource based on a feasibility study developed for that purpose. Sphere continues to work on developing further documentation needed to support the application process.

2. Background and the Company's register

In 2010, Xstrata plc, via its wholly-owned subsidiary Sidero made an off-market takeover bid for the Company. At the conclusion of the takeover, Sidero had voting power of 86.8% in the Company.

Soon after the conclusion of the takeover, the Company conducted a 1 for 4 non-renounceable entitlement offer to raise A\$128.5 million to fund:

- Pre-feasibility studies and early capital works for the Askaf Project;

- exploration drilling and studies for the El Aouj Project;
- concept studies for the Lebtheinia Project; and
- general corporate costs, capital expenditure and working capital.

The 2011 entitlement offer was not underwritten, but Sidero took up its full entitlement under the entitlement offer. At the conclusion of the 2011 entitlement offer, Sidero had voting power of 87.78 in the Company and the remainder of the Company's register was as follows:

- Qatar Steel with voting power of 7.75%;
- Sin-Tang Group with voting power of 4.20%; and
- approximately 80 other Sphere Shareholders owning the balance of the Shares which amounts to 0.27% of the Shares in issue.

Since the conclusion of the 2011 rights issue there has been very little trading of Shares on ASX. The last material trade in the Shares on ASX in March 2013 at a sale price of A\$3.10. Accordingly, the share price quoted on ASX is not a true representation of the current value of the Shares.

In 2013, Glencore International plc (now Glencore) merged with Xstrata plc resulting in Glencore being Sidero's ultimate holding company.

3. Need for funds

In March 2014, the Company entered into a debt facility with Glencore Australia for the amount of up to US\$80 million to fund ongoing project works (the Glencore Loan). On 19 April 2014, the maximum amount which could be drawn down under the Glencore Loan was extended to US\$186 million to in part fund construction of the Askaf North Project which had forecast construction costs of US\$900 million.

The key terms of the Glencore Loan were disclosed in announcements made on ASX on 19 March 2014 and 24 April 2014. They are also referred to in note 17 to the financial statements in the 2015 Annual Report. The repayment date of the Glencore Loan is the earlier of:

- 18 months from first drawdown (23 November 2015);
- completion of a rights issue; and
- the issue of new equity by the Company in an amount sufficient to repay the amount owing under the facility.

The proceeds of the Entitlement Offer will be used to repay the Glencore Loan, pay for the costs associated with the Entitlement Offer and to fund the Company's ongoing operations until approximately the end of 2016. The amount outstanding under the Glencore Loan as at 31 August 2015 was US\$136.6 million (A\$192.4 million)⁶ and the amount expected to be outstanding at maturity on 23 November 2015 is US\$143.4 million (A\$202 million).⁷ The current budget to fund operations from 31 August 2015 until 31 December 2016 is approximately US\$8.5 million (A\$12 million).⁸ Operations are budgeted to remain at current levels and no further exploration is planned to occur in 2015 or 2016.

4. Change in market conditions

Since the time of the Glencore Loan there has been a material fall in the price of iron ore and other commodities and ongoing uncertainty surrounding the global growth outlook and, as a result, material changes to the Company's operation and outlook.

On 17 November 2014, the board announced the decision to demobilise the construction contractor and sub-contractors to the Askaf Project. On 11 March 2015 the board announced that due to the fall in iron ore prices it had decided to defer further development of the Askaf Project as there was no prospect for profitable development of this project based on the project metrics and prevailing iron ore price at that time.

⁶ Converted into AUD at a rate of AUD/USD of 0.71.

⁷ Converted into AUD at a rate of AUD/USD of 0.71.

⁸ Converted into AUD at a rate of AUD/USD of 0.71.

On 11 March 2015 the Company also announced that it would be recording an asset impairment charge of US\$240.7 million in its financial statements for the year ended 31 December 2014. This impairment charge comprised:

- US\$192.5 million to write down the Askaf Project exploration and evaluation expenditure to zero;
- US\$39.7 million impairment charge for exploration and evaluation expenditure on the El Aouj Project;
- US\$7.0 million impairment of the value of the Company's investment in the El Aouj Project; and
- US\$1.5 million impairment charge for exploration and evaluation expenditure on the Lebtheinia Project.

After these impairments, the carrying value of the Company's 50% share in the El Aouj Project was US\$50.8 million and the value of the Askaf Project was written down to nil.

These impairment charges resulted in the Company moving from a positive net asset position in 2013 to a US\$64.9 million negative net asset position as at 31 December 2014. The negative net asset position as at 30 June 2015 was US\$75.1 million.

5. Alternatives to Entitlement Offer considered

The Company has considered a range of fund raising alternatives including as follows.

Extension of the Glencore Loan

The Company has discussed the possibility of Glencore Australia agreeing to extend the maturity date of the Glencore Loan. While Glencore has stated that it intends to work with the Company to seek appropriate funding required for the company to remain a going concern, Glencore Australia is unwilling to grant a material extension to the term of the Glencore Loan.

Refinancing

The Company has held discussions with third party lenders with a view to refinancing the Glencore Loan through third party debt facilities. However, third party lenders approached were unwilling to provide debt facilities to the Company on a stand-alone basis.

Alternative equity raise

The Board considered raising equity through alternative structures including a placement or a share purchase plan. However, given the quantum of funds required to repay the Glencore Loan and fund the Company's operations, these equity raising alternatives will not raise sufficient capital.

Sale of assets

The Board has considered the sale of certain of the Company's assets in order to repay the Glencore Loan and fund the Company's operations. However, given the quantum of funds required to repay the Glencore Loan and to fund the Company's operations in the short term, a sale of the Company's assets would not generate sufficient funds for these purposes.

6. Size of the Entitlement Offer

The funds required to repay the Glencore Loan, pay for the costs associated with the Entitlement Offer and to fund operations from 31 August 2015 until approximately the end of 2016 is approximately A\$210 million.

Prior to the launch of the Entitlement Offer, Sphere approached the Company's three major shareholders: Sidero, Qatar Steel and the Sin-Tang Group regarding participation in a potential equity raising. Sidero was the only major shareholder which indicated that it was willing to participate in such equity raising and has indicated to the Company that it intends to take up its full Entitlement under the Entitlement Offer. 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.

Accordingly, in order to raise the A\$210 million necessary to repay the Glencore Loan, pay for the costs associated with the Entitlement Offer and to fund the Company's operations from 31 August 2015 until approximately the end of 2016, the size of the Entitlement Offer has been set at up to A\$240 million, being the size at which the Company will raise approximately A\$210 million regardless of whether Sphere Shareholders other than Sidero participate in the Entitlement Offer. In the event that Sphere Shareholders other than Sidero participate in the Entitlement Offer, these funds will be used to fund the Company's operations.

7. Potential effect on control

If all Sphere Shareholders take up their Entitlement under the Entitlement Offer, there will be no effect on the control of the Company.

The Entitlement Offer is not underwritten. However, Sidero, has indicated to the Company that it intends to take up its full Entitlement under the Entitlement Offer. 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.

Given that Sidero has indicated to the Company that it intends to take up its full Entitlement, the effect of the Entitlement Offer on the control of the Company will largely be determined by whether Qatar Steel and the Sin-Tang Group take up their respective Entitlement. Assuming that no other Sphere Shareholders except for Qatar Steel and/or the Sin-Tang Group take up their Entitlement, the following scenarios are possible:

- If Qatar Steel and the Sin-Tang Group each take up their Entitlement, then Sidero will have voting power of approximately 88.3%.
- If Qatar Steel takes up its Entitlement but the Sin-Tang Group does not take up its Entitlement, then Sidero will have voting power of approximately 91.4%.
- If the Sin-Tang Group takes up its Entitlement but Qatar Steel does not take up its Entitlement, then Sidero will have voting power of approximately 94.1%.
- If neither Qatar Steel nor the Sin-Tang Group take up their respective Entitlement, then Sidero will have voting power of approximately 97.6%.

8. Consequences of the potential effect on control

If following the Entitlement Offer Sidero has full beneficial interests in at least 90% of the Shares (by number), then Sidero will be entitled to compulsorily acquire the remaining Shares under the statutory procedure in Part 6A.2 of the Corporations Act (otherwise known as the "general compulsory acquisition procedure").

If enlivened, Sidero will have six months from the date it becomes entitled to compulsorily acquire the remaining Shares by lodging a notice with ASIC exercising this right (**Compulsory Acquisition Notice**). Sphere is not aware whether Sidero will exercise its right of compulsory acquisition if it is entitled to do so.

If the right of compulsory acquisition is exercised by Sidero, Sidero must:

- offer a cash amount for the acquisition of the remaining Shares which must be the same amount for each Share;
- engage an independent expert nominated by ASIC to prepare a report which states whether, in the expert's opinion, the proposed price gives full value for the Shares being acquired; and
- provide Sphere Shareholders with a copy of the Compulsory Acquisition Notice, the expert's report and an objection form.

Sphere Shareholders will have a right to object to the compulsory acquisition procedure by returning the objection form to Sidero. If Sphere Shareholders which hold at least 10% of the Shares covered by the Compulsory Acquisition Notice object to the compulsory acquisition by the relevant deadline, Sidero must apply to the Court for approval if it wishes to proceed with the compulsory acquisition. The costs of such Court proceedings will be borne by Sidero unless the Court finds that the objector (or objectors) acted improperly, vexatiously or otherwise unreasonably. If Sidero establishes that the acquisition terms represent fair value, the Court must approve the acquisition on those terms, otherwise, the Court must confirm that the acquisition will not take place.

9. Potential dilution

Due to the large size of the Entitlement Offer, Sphere Shareholders that do not take up their Entitlement will be diluted by the Entitlement Offer.

The table set out below shows the potential dilutive impact of the Entitlement Offer on Sphere Shareholders who do not take up their Entitlement assuming that Sidero is the only Sphere Shareholder which takes up its Entitlement under the Offer.

Shareholder	Shares before Entitlement Offer	% before Entitlement Offer	New Shares taken up	Shares after Entitlement Offer	% after Entitlement Offer
Sidero	192,431,526	88.16%	846,698,714	1,039,130,240	97.57%
Qatar Steel	16,406,250	7.52%	Nil	16,406,250	1.54%
Sin-Tang Group	8,900,000	4.08%	Nil	8,900,000	0.84%
Other shareholders	531,520	0.24%	Nil	531,520	0.05%
Total	218,269,296	100.0%	846,698,714	1,064,968,010	100.0%

10. Financial Information

Sphere's last published audited financial statements are for the financial year ended 31 December 2014 and were lodged with ASX on 24 April 2015. Details of Sphere's operational, financial and exploration activities are provided in Sphere's quarterly report for each of the periods ended 31 March 2015 and 30 June 2015, lodged with ASX on 30 April 2015 and 31 July 2015 respectively, and the half-yearly report for the period ended 30 June 2015, lodged with the ASX on 26 August 2015. Copies of these reports may be obtained from the ASX website at <http://www.asx.com.au/>

In its report for the half-year ended 30 June 2015, Sphere disclosed that its cash on hand was US\$1.2 million. So far as is known to the Directors of Sphere, the financial position of Sphere has not materially changed since the date of the report for the half-year ended 30 June 2015 other than an increased cash position in the normal course of operating its businesses. As at 31 August 2015, Sphere's cash on hand was US\$1.3 million.

11. Directors Of Sphere

The Sphere Directors as at the date of this Offer Booklet are:

- Peter Coates, AO (Chairman)
- Jon Parker
- Anthony Clark, AM
- Jonathan Romcke
- Nicholas Ogden
- Jyothish George

12. Issued Capital

As at the date of this Offer Booklet, Sphere's issued capital consisted of 218,269,296 ordinary shares. There are no options currently on issue.

13. Substantial and major shareholders

As at 23 September 2015, Sphere's substantial shareholders are as follows. Sidero which holds 192,431,526 Shares with voting power of 88.16% and Qatar Steel which holds 16,406,250 Shares with voting power of 7.52%.

The Sin-Tang Group (Aus-Ore Investments Pty Ltd together with Sin-Tang Development Pte Limited) hold 8,900,000 Shares with voting power of 4.08%.

ASX Offer Announcement

SPHERE MINERALS LIMITED

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NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OR INTO ANY OTHER JURISDICTION WHERE TO DO SO MIGHT CONSTITUTE A VIOLATION OR BREACH OF ANY APPLICABLE LAW. PLEASE SEE THE IMPORTANT NOTICE AT THE END OF THIS ANNOUNCEMENT.

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.

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Important Information

This Offer Booklet (including the ASX Announcement and the enclosed personalised Entitlement and Acceptance Form has been prepared by Sphere . This Offer Booklet is dated 25 September 2015.

No party other than Sphere has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Offer Booklet.

This Offer Booklet is important and requires your immediate attention.

You should read this Offer Booklet carefully and in its entirety before deciding whether to invest in New Shares. In particular, you should consider the risk factors outlined in the "Key Risks" section of this Offer Booklet that could affect the operating and financial performance of Sphere or the value of an investment in Sphere.

You should consult your stockbroker, accountant or other independent professional adviser to evaluate whether or not to participate in the Entitlement Offer.

Sphere has applied for the grant by ASX of official quotation of the New Shares.

1. Eligible Shareholders

This Offer Booklet contains an offer of New Shares to Eligible Shareholders in Australia, New Zealand, Qatar, Singapore, Malaysia, British Virgin Islands and Hong Kong (being all of the jurisdictions of shareholders as at the date of this Offer Booklet). Eligible Shareholders are those holders of Shares who:

- are registered as a holder of Shares as at 7.00pm (Sydney time) on Thursday, 1 October 2015 (**Record Date**);
- as at the Record Date, have a registered address in Australia, New Zealand, Qatar, Singapore, Malaysia, British Virgin Islands or Hong Kong (being all of the jurisdictions of Sphere Shareholders as at the date of this Offer Booklet);
- are not in the United States; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

By returning a completed Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

This Entitlement Offer has been made in accordance with section 708AA of the Corporations Act as modified by ASIC Class Order 08/35.

This Offer Booklet is not a prospectus and neither this Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC and no prospectus for the Entitlement Offer will be prepared. These documents do not contain or purport to contain all of the information that a prospective investor may require in evaluating an investment in Sphere (see paragraph 8 of this "Important Information" section). They do not contain all the information which would be required to be disclosed in a prospectus. As a result, it is important for Eligible Shareholders to carefully read and understand the information on Sphere and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please refer to this Offer Booklet and other announcements made available at <http://www.asx.com.au/>. The Entitlement Offer is not being made available to Sphere Shareholders or investors in the United States.

2. Ineligible Shareholders

All Sphere Shareholders who are not Eligible Shareholders are ineligible Shareholders (**Ineligible Shareholders**). Ineligible Shareholders will not be entitled to participate in the Entitlement Offer.

As at the date of this Offer Booklet, Sphere does not have any Ineligible Shareholders on its register. In the event that one or more Ineligible Shareholder comes onto the register between the date of this Offer Booklet and the Record Date, Sphere will appoint a nominee approved of by ASIC pursuant to section 615 of the Corporations Act (**Nominee**) to sell the Rights of Ineligible Shareholders on ASX if there is a viable market in the Rights and a premium over the expenses of sale can be obtained and write to each Ineligible Shareholder informing them of the details of the Entitlement Offer, advising them they will not be offered New Shares and the main features of the process which will be conducted under which the Rights that would otherwise have been offered to the Ineligible Shareholder will be offered for sale by the Nominee including

that the proceeds of sale (if any) will be distributed pro-rata to each Ineligible Shareholder (after deducting the costs of the sale and net of any withholdings required by law). Any sale will be at a price and will be conducted in such manner as the Nominee may determine in its sole and absolute discretion. Any interest earned on the proceeds of sale of the Rights will be applied against the expenses of such sale including any brokerage. The proceeds of sale (if any) will be distributed pro-rata to each Ineligible Shareholder (after deducting the costs of the sale and net of any withholdings required by law). Neither Sphere nor Nominee will be liable for any failure to sell the Rights of Ineligible Shareholders at all or at any particular price.

3. No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

4. Rights trading

Entitlements are renounceable and Rights can be traded on ASX. A person who acquires Rights on ASX or who will otherwise be exercising those Rights will be treated as:

- agreeing to being bound by provisions of the Constitution;
- authorising Sphere to register them as the holder of New Shares and authorise Sphere as its officers or agents to do anything on their behalf necessary for the New Shares to be issued to them;
- having warranted that:
 - (i) you are acquiring the Entitlements or the New Shares in an "offshore transaction" as defined in, and meeting the requirements of, Regulation S;
 - (ii) you acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States and are being distributed and offered outside the United States in reliance on Regulation S
 - (iii) the Entitlements and the New Shares have not been offered to you by means of any "directed selling efforts" as defined in Regulation S;
 - (iv) you acknowledge that the Entitlements and the New Shares have not been, and will not be, registered in any jurisdiction outside Australia, New Zealand, Qatar, Singapore, Malaysia, British Virgin Islands and Hong Kong;
 - (v) you are not engaged in the business of distributing securities; and
 - (vi) you are not and will not send any materials relating to the Entitlement Offer to any person in the United States.
- having acknowledged for themselves and on behalf of each person on whose account they are acting that New Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia, New Zealand, Qatar, Singapore, Malaysia, British Virgin Islands or Hong Kong and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

Each person who acquires Rights on ASX or who will otherwise be exercising those Rights acknowledges that the Company will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations and agreements deemed to have been made by such subscriber or purchaser by its subscription for, or purchase of, the Entitlements or the New Shares, as the case may be, are no longer accurate, it shall promptly notify the Company. If such subscriber or purchaser is subscribing for, or purchasing, the Entitlements or the New Shares as a fiduciary or agent for one or more investor accounts, each subscriber or purchaser represents that it has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

5. Shortfall Facility

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.

6. Minimum subscription

There is no minimum subscription for the Entitlement Offer.

7. ASX quotation

On the Announcement Date, Sphere made an application to ASX for admission of the New Shares offered under this Offer Booklet.

If the New Shares are not admitted to official quotation on the ASX within three months after the date of this Offer Booklet, or such longer period as is permitted by the Corporations Act, none of the New Shares will be issued. In that circumstance, all applications for New Shares will be dealt with in accordance with section 724 of the Corporations Act.

8. Not investment advice

This Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Sphere is not licensed to provide financial product advice in respect of the New Shares. This Offer Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Sphere's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at <http://www.asx.com.au>

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Offer Booklet, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

9. Issue of New Shares and Additional Shares

New Shares and Additional Shares will be issued as soon as practicable after the close of the Entitlement Offer and holding statements are anticipated to be dispatched on or about 26 October 2015. Issues of New Shares and Additional Shares under the Entitlement Offer will only be made after permission for their quotation on ASX has been granted.

Subscription money will be held in a subscription account until the New Shares and Additional Shares are issued. This account will be established and kept by Sphere on behalf of each participating Eligible Shareholder and Applicant.

Any interest earned on the subscription money will be for the benefit of Sphere, and will be retained by Sphere irrespective of whether New Shares are issued.

10. Rights Attaching to New Shares and Additional Shares

The New Shares and Additional Shares issued will rank equally with the existing Shares in issue. The rights and liabilities attaching to the New Shares and Additional Shares are set out in the Constitution, the ASX Listing Rules and the Corporations Act.

11. Privacy Statement

If you complete an application for New Shares, you will be providing personal information to Sphere (directly or by Computershare Investor Services Pty Ltd). Sphere collects, holds and will use that information to assess your application, service your needs as a Sphere Shareholder and to facilitate distribution payments and corporate communications to you as a Sphere Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that is held about you. If you wish to do so please contact Computershare Investor Services Pty Ltd at the relevant contact numbers set out in this Offer Booklet.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if the information required on the application for New Shares is not provided, Sphere may not be able to accept or process your application.

12. Taxation

Sphere Shareholders should be aware that there may be taxation implications of participating in the Entitlement Offer. Sphere Shareholders should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

13. Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded down to the nearest whole number of New Shares.

14. Offer Booklet availability

Eligible Shareholders in Australia, New Zealand, Qatar, Singapore, Malaysia, British Virgin Islands and Hong Kong can obtain a copy of this Offer Booklet during the period of the Entitlement Offer by accessing the ASX website or by calling the Sphere company secretary on the number listed in the Corporate Directory in this Offer Booklet. Persons who access the electronic version of this Offer Booklet should ensure that they download and read the entire Offer Booklet. The electronic version of this Offer Booklet on the ASX website will not include a personalised Entitlement and Acceptance Form.

A replacement Entitlement and Acceptance Form can be requested by calling the Sphere company secretary on +61 2 9253 6700.

This Offer Booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form should not be distributed, forwarded to or transmitted in or into the United States and do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States.

15. Future performance and forward looking statements

This Offer Booklet contains certain “forward looking statements”. Forward looking statements should or can generally be identified by the use of forward looking words such as “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “will”, “could”, “may”, “target”, “plan” and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings, distributions or financial position or performance are also forward looking statements. The forward looking statements contained in this Offer Booklet involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Sphere, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward looking statements may also be based on estimates and assumptions which are subject to change. Actual results, performance or achievements may vary materially for many projections because events and actual circumstances frequently do not occur as forecast and these differences may be material. These statements may assume the success of Sphere’s business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Sphere’s control (including uncertainties described in the “Key Risks” section in this Offer Booklet), and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward looking statements and, except as required by law, Sphere assumes no obligation to update or revise such information to reflect any change in expectations or assumptions. The inclusion of the forward looking statements in this Offer Booklet should not be regarded as a representation, warranty or guarantee with respect to its accuracy or the accuracy of the underlying assumptions or that Sphere will achieve, or is likely to achieve, any particular results.

16. Past performance

Investors should note that the past share price performance of Sphere provides no guidance as to future share price performance.

17. Governing law

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of Entitlement Offers pursuant to the personalised Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares and Additional Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

18. Foreign jurisdictions

This Offer Booklet does not constitute an offer of Entitlements or New Shares in any jurisdiction in which it would be unlawful. In particular, this Offer Booklet may not be distributed to any person, and the Rights and New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

British Virgin Islands

The Rights and the New Shares may not be offered in the British Virgin Islands unless Sphere or any person offering the New Shares on its behalf is licensed to carry on business in the British Virgin Islands. Sphere is not licensed to carry on business in the British Virgin Islands. The securities may be offered to British Virgin Islands business companies from outside the British Virgin Islands without restriction.

Hong Kong

WARNING: The contents of this Offer Booklet have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Entitlement Offer. If you are in doubt about any contents of this Offer Booklet, you should obtain independent professional advice.

Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of Rights or New Shares. The Rights and the New Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act.

New Zealand

The Rights and the New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Sphere with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). The offer of New Shares is renounceable in favour of members of the public.

This Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Offer Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Qatar

This Offer Booklet is provided on an exclusive basis to the specifically intended recipient thereof upon that person's request and initiative, and for the recipient's personal use only.

Nothing in this Offer Booklet constitutes, is intended to constitute, or shall be treated as constituting, any offer or sale of the securities in the State of Qatar or in the Qatar Financial Centre or any attempt to do business as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre.

This Offer Booklet and any related document have not been reviewed, approved, registered or licensed by the Qatar Central Bank, the Qatar Financial Centre Regulatory Authority or any other regulator in the State of Qatar.

Recourse against Sphere or others involved with the Entitlement Offer may be limited or difficult and may have to be pursued in a jurisdiction outside Qatar and the Qatar Financial Centre.

Any distribution of this Offer Booklet by the recipient to third parties in Qatar or the Qatar Financial Centre is not authorised and shall be at the liability of such recipient.

Singapore

This Offer Booklet and any other materials relating to the Rights and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Offer Booklet and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the

SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Offer Booklet has been given to you on the basis that you are an existing holder of Shares. In the event that you are not such a shareholder, please return this Offer Booklet immediately. You may not forward or circulate this Offer Booklet to any other person in Singapore.

Any offer is not made to you with a view to the Rights or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

19 Withdrawal of Entitlement Offer

The Directors reserve the right to withdraw all or part of the Entitlement Offer (including the Shortfall Facility) at any time prior to the issue of New Shares, in which case Sphere will refund Application Monies in accordance with the Corporations Act without payment of interest.

20. Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet.

Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by Sphere, or its related bodies corporate in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of Sphere, or any other person, warrants or guarantees the future performance of Sphere or any return on any investment made pursuant to this Offer Booklet.

21. Risk factors

An investment in Sphere involves general risks associated with an investment in the share market. The price of New Shares may rise or fall.

There are also a number of risk factors, both specific to Sphere and of a general nature, which may affect the future operating and financial performance of Sphere and the value of an investment in Sphere. Before deciding to invest in Sphere, prospective investors should carefully consider the “Key Risks” section in this Offer Booklet.

22. Obtaining copies of Documents

Sphere will provide free of charge to any Sphere Shareholder who asks before the Entitlement Offer closes, a copy of:

- the annual financial report of Sphere for the year ended 31 December 2014 or the half year report of Sphere for the 6 months ended 30 June 2015, being the most recently lodged annual financial report and half year report of Sphere before the date of this Offer Booklet; and
- any continuous disclosure notices given by Sphere to ASX after the lodgement of the half year report of Sphere for the 6 months ended 30 June 2015 with ASIC and before lodgement of a copy of this Offer Booklet with the ASX.

These documents are available by calling Sphere’s company secretary on +61 2 9253 6700 and are also available on <http://www.asx.com.au/>

Key Risks

Potential investors should treat the investment in Sphere as speculative and should consult their stockbroker or professional advisers before deciding whether to apply for New Shares.

This list of risk factors is not exhaustive of the risks faced by Sphere or by investors in Sphere. Potential investors should also have regard to Sphere's prior publications and announcements. The below factors, and others not referred to specifically below, may in the future materially affect the financial performance of Sphere and the value of the New Shares offered under the Entitlement Offer.

1. GENERAL RISKS

Factors such as inflation, interest rates, levels of tax, taxation law and accounting practices, government legislation or intervention, natural disasters, social upheaval, war and civil disturbances may have an impact on prices, operating costs and market conditions generally. Accordingly, Sphere's future possible revenue and operations can be affected by these factors, which are beyond the control of Sphere. General movements in local and international stock markets, and economic conditions could all affect the market price of Sphere Shares.

2. EXPLORATION AND DEVELOPMENT SUCCESS

By its nature, the business of exploration, mineral development and production which Sphere participates in is a high risk undertaking. Prosperity depends on the successful exploration and/or acquisition of reserves, development of a commercial process route for processing the ore, design and construction of efficient processing facilities, competent operation and management, and efficient financial management. For its part, exploration is a speculative endeavour. The development of a commercial process route cannot be assured, while mining operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events.

The mineral tenements of Sphere are at various stages of exploration and development. There can be no assurance that exploration and development of Sphere's project areas will result in the expansion of Sphere's mineral resources and reserves or their economic exploitation.

3. OPERATING RISKS

The operations of Sphere may be affected by various factors, including failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; infrastructure failures and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

4. RESOURCE ESTIMATES

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect Sphere's operations.

5. FUTURE CAPITAL REQUIREMENTS

Sphere's activities will require substantial expenditures. If Sphere is unable to use debt or equity to fund development of its projects there can be no assurances that it will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to Sphere or at all. Any additional equity financing may be dilutive to Sphere Shareholders and any debt financing, if available, may involve restrictive covenants, which limit its operations and business strategy. Sphere's failure to raise capital if and when needed could delay or suspend its business strategy and could have a material adverse effect on Sphere's activities.

6. ECONOMIC FACTORS

Factors such as inflation, currency fluctuations, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market processes. Sphere's future possible revenues and share price can be affected by these factors which are beyond the control of Sphere and the Board.

7. GOVERNMENT POLICY CHANGES

Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of Sphere and may affect industry profitability as well as Sphere's capacity to explore and mine.

Other than as previously announced, Sphere is not aware of any reviews or changes that would affect its tenements. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect Sphere's exploration plans, development plans, or its rights and obligations in respect of its tenements. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by Sphere.

8. MINERAL PRICE VOLATILITY

If Sphere achieves success leading to mineral production, the revenue it will derive through the sale of minerals exposes the potential income of Sphere to commodity price and exchange rate risks.

Mineral prices fluctuate and are affected by many factors beyond the control of Sphere. Such factors include supply and demand fluctuations for ferrous metals, technological advancements and other macro-economic factors such as project demand growth or contraction of main ferrous consuming countries. Mineral price fluctuation may also affect the viability of Sphere's exploration assets as lower iron ore prices can lead to asset viability risks. It is difficult to predict accurately future demand and iron ore price movements and how such movements may adversely impact Sphere's profitability, financial position and performance, prospects, future exploration, development and any future production.

9. ENVIRONMENTAL RISKS

The operations and proposed activities of Sphere are subject to Mauritanian laws and regulations concerning the environment.

As with most exploration projects and mining operations, Sphere's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is Sphere's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

10. SOVEREIGN RISK

Sphere is conducting its exploration and development activities primarily in Mauritania. As with all governments, there is no guarantee that future political and economic conditions in this country will not result in the government adopting policies precluding foreign development and ownership of mineral resources. Any such changes in policy may result in changes in laws affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both Sphere's ability to undertake exploration and development activities in respect of future properties in the manner currently contemplated, as well as its ability to continue to explore and develop those properties in respect of which it has obtained exploration and development rights to date. The possibility that a future government may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

There can be no guarantee that the government of Mauritania or its instrumentalities, agencies or controlled entities and operations will not impose measures that could have material adverse effects on Sphere's operations or will renew or issue new exploration or exploitation permits to Sphere.

11. TITLE RISKS

Although Sphere has obtained legal advice with respect to its Mauritanian properties, there is no guarantee that title to such properties will not be challenged or impugned. The properties may be subject to prior unregistered agreements or transfers or land claims and title may be affected by undetected defects. There is no guarantee that the prospecting permits granted by the government of Mauritania in connection with the properties will be renewed, or upgraded, upon their termination. In addition, according to the terms and conditions of its exploration permits and agreements with other parties relating to some of its properties, Sphere undertook certain obligations with respect to the exploration activities to be conducted on these properties. If Sphere does not meet its obligations, it may lose its interests in the properties. The Askaf tenement and the El Aouj tenement has already been converted to an exploitation licence and therefore security of tenure has improved compared to the previously held exploration tenement. However, tenement risk remains as the timeframe for development under the respective exploitation licences is unlikely to meet government expectations. The Lebtheinia exploration licence expires in September 2015 and Sphere currently has a mining licence application before the Government to convert the Lebtheinia exploration licence to an exploitation licence.

Government approvals and permits are currently, and may in the future be, required in connection with Sphere's operations. To the extent such approvals are required and not obtained, Sphere may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

12. LEGAL RISKS

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern Sphere's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of Sphere and the Shares. In addition there is a risk that that action may be taken against Sphere Mauritania in connection with the deferring of the development of the Askaf Project given that the rail and port services contemplated by a Rail and Port Termsheet between Sphere Mauritania and SNIM are no longer on the original timetable for development. The Rail and Port Termsheet between Sphere Mauritania and SNIM contain certain 'take-or-pay' provisions which are due to commence in 2018. The option agreement entered into with Al Rawda regarding the potential purchase of an 80% interest in Sphere Mauritania contemplates the termination or renegotiation of the Rail and Port Termsheet before the option is exercised. Sphere Mauritania and Al Rawda are planning to hold discussions with SNIM to agree a commercial arrangement with SNIM regarding the Rail and Port Termsheet and rail and port services to the Askaf Project site in contemplation of Al Rawda acquiring 80% of the shares in Sphere Mauritania pursuant to the option agreement.

Mauritania has a different legal system to Australia, which could result in risks such as effective legal redress in the courts of Mauritania being more difficult to obtain; a higher degree of discretion on the part of governmental authorities; the lack of judicial or administrative guidance on interpreting applicable rules and regulations; inconsistencies or conflicts between and within various laws; or relative inexperience of the judiciary and courts.

13. STOCK MARKET CONDITIONS

Stock market conditions may affect the listed shares regardless of the operating performance. Stock market conditions are affected by many factors such as:

- general economic outlook;
- movements in, or outlook on, interest rates and inflation rates;
- currency fluctuations;
- commodity prices;
- changes in investor sentiment towards particular market sectors; and
- the demand for, and supply of, capital.

Many factors outside the operations of Sphere will affect the price of the Shares including local and international stock markets, movements in interest rates, economic conditions and investor sentiment generally.

14. RISK OF FURTHER IMPAIRMENTS

At each reporting date, Sphere reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Recoverable amounts of exploration and evaluation assets are measured based on fair value less costs of disposal which is typically determined by discounted cash flow techniques based on the most recent approved financial budgets and 3 year business plans, both of which are underpinned and supported by life of mine plans for the respective operations. Such valuation models use the most recent reserve and resource estimates, relevant cost assumptions generally based on past experience and where possible, market forecasts of commodity price and foreign exchange rate assumptions discounted using operation specific discount rates. Therefore valuations are sensitive to these factors and further deterioration in the pricing outlook may result in additional impairments which may have an adverse effect on Sphere's financial performance and position. Sphere's main asset is its interest in the El Aouj Project. Sphere is in the process of completing the overall Feasibility Study which is expected to be completed by November 2015 and considered for approval by EMC shareholders in late December 2015. The results of this overall Feasibility Study may have a material impact on the carrying values of this asset and therefore whether further impairments may be recognised.

On 11 March 2015 Sphere announced that it would be recording an asset impairment charge of US\$240.7 million in its financial statements for the year ended 31 December 2014. These impairment charges resulted in the Company moving from a positive net asset position in 2013 to a US\$64.9 million

negative net asset position as at 31 December 2014. The negative net asset position as at 30 June 2015 was US\$75.1 million. As part of the preparation and audit of the financial statements for the year ending 31 December 2015, Sphere will undergo a further round of impairment testing. There is a risk that if iron ore prices remain low and uncertainty surrounding the global growth remains that Sphere may have to record further impairment charges.

15. LIQUIDITY OF SPHERE SHARES

The market for Shares is illiquid due to the combined shareholding of its three major shareholders (who hold in aggregate approximately 99.76% of the total issued Shares (see paragraph 13 of the "Information on Sphere" section of this Offer Booklet for further information). Due to this illiquidity, it may not be possible for you to dispose of all or part of your Shares in a timely matter or at all. In addition, to the extent that there may be only a limited number of potential buyers for the Shares, the realisable value of those Shares may be significantly less than the Offer Price under the Entitlement Offer.

16. UNINSURED LOSS AND LIABILITY

Exploration for and development of minerals involves hazards and risks that could result in Sphere incurring losses and liabilities to third parties. There is a risk that Sphere may not be insured against all losses or liabilities that could arise from its operations. If Sphere incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration and development will be reduced and the value and/or tenure of Sphere's assets may be at risk.

17. POTENTIAL CONTROL IMPLICATIONS

If all Sphere Shareholders take up their Entitlement under the Entitlement Offer, there will be no effect on the control of the Company. If however, no Sphere Shareholders apart from Sidero takes up its Entitlement under the Entitlement Offer (or otherwise acquires shares under the Entitlement Offer) and Sidero takes up its full Entitlement, there will be a material effect on control of the Company because Sidero will own 97.6% of the Company's issued share capital at the conclusion 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. 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 (the Cleansing Statement) and in the "Information on Sphere" section in paragraphs 7 and 8 of this Offer Booklet.

18. POTENTIAL DILUTION

Owing to the large size of the Entitlement Offer, Eligible Shareholders who do not take up their Entitlement and do not sell their Rights (or cannot sell their Rights if there is no active market for such Rights) will be diluted by the Entitlement Offer. The "Information on Sphere" section in paragraph 9 of this Offer Booklet shows the potential dilutive impact of the Entitlement Offer on Sphere Shareholders who do not take up their Entitlement and do not (or cannot) sell their Rights.

19. KEY PERSONNEL RISK

All Sphere international management employees are employees of Glencore and are the subject of a management services agreement between Sphere and Glencore. If the management services agreement is terminated, this could materially disrupt operations as Sphere will no longer have any management employees.

Sphere Mauritania SA employees are responsible for operations in Mauritania, and hold much of the company history and technical data in Mauritania. If the senior employees leave the company certain knowledge and experience will be lost.

Glossary

TERM	MEANING
A\$	Australian dollars.
Additional Shares	New Shares offered under the Shortfall Facility, in excess of a Sphere Shareholder's Entitlement.
Al Rawda	Al Rawda Resources Limited.
Announcement Date	the date of the announcement of the Entitlement Offer being Friday, 23 September 2015.
Applicant	a person applying to take up the Entitlement under the Entitlement Offer as described in paragraph 9 (<i>Issue of New Shares</i>) of the "Important Information" section of this Offer Booklet.
Application Monies	a payment or payments made to subscribe for New Shares and Additional Shares (if any).
ASIC	Australian Securities and Investments Commission.
Askaf Project	the Askaf Iron Ore Project as described in paragraph 1 (<i>Sphere's Business</i>) of the "Information on Sphere" section of this Offer Booklet.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the market operated by ASX.
ASX Announcement	the ASX Announcement in relation to the Entitlement Offer as set out in the ASX Offer Announcement section.
ASX Listing Rules	the official listing rules of ASX.
ASX Settlement Operating Rules	the operating rules of ASX Settlement.
Biller Code	your specific Biller Code, as described in paragraph 3 (<i>Complete and return the accompanying Entitlement and Acceptance Form with your Application Monies or make a payment by BPAY</i>) of the "How to Apply" section of this Offer Booklet.
Board or Directors	the board of directors of Sphere.
Company or Sphere	Sphere Minerals Limited ACN 009 134 847.
Compulsory Acquisition Notice	a notice to be lodged with ASIC as described in paragraph 8 (<i>Potential effect on control</i>) of the "Information on Sphere" section.
Constitution	the company constitution of Sphere.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Court	a court of the relevant jurisdiction as referred to paragraph 8 (<i>Potential effect on control</i>) in the "Information on Sphere" section of this Offer Booklet.
El Aouj Project	the Guelb el Aouj Iron Ore Project as described in at paragraph 1 (<i>Sphere's Business</i>) of the "Information on Sphere" section of this Offer Booklet.
Eligible Shareholder	<p>Sphere Shareholders who:</p> <ul style="list-style-type: none"> • are registered as a holder of Shares as at the Record Date; • as at the Record Date, have a registered address in Australia, New Zealand, Qatar, Singapore, Malaysia, British Virgin Islands or Hong Kong (being all of the jurisdictions of shareholders as at the date of this Offer Booklet); • are not in the United States; and • are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.
EMC	El Aouj Mining Company SA.

TERM	MEANING
Entitlement	the number of New Shares which an Eligible Shareholder is entitled to subscribe for under the Entitlement Offer.
Entitlement and Acceptance Form	the personalised entitlement and acceptance form accompanying this Offer Booklet which Eligible Shareholders may use to apply for New Shares.
Entitlement Offer	the 4.4 for 1 renounceable pro-rata entitlement offer to subscribe for New Shares at the Offer Price set out in this Offer Booklet and announced to ASX by Sphere on 25 September 2015.
Glencore Australia	Glencore Australia Holdings Pty Limited ABN 37 160 626 102.
Glencore Loan	the debt facility entered into by Sphere and Glencore Australia and disclosed to the ASX on 19 March 2014 and on 4 April 2014 as described in at paragraph 3 (<i>Need for Funds</i>) in the "Information on Sphere" section of this Offer Booklet.
Glencore	Glencore plc, parent company of Glencore Australia.
Ineligible Shareholders	Sphere Shareholders who do not satisfy the criteria of Eligible Shareholders as defined in paragraph 2 (<i>Ineligible Shareholders</i>) of the "Important Information" section of this Offer Booklet.
Lebtheinia Project	the Lebtheinia Iron Ore Project as described in paragraph 1 (<i>Sphere's Business</i>) of the "Information on Sphere" section of this Offer Booklet.
New Share	a Share issued under the Entitlement Offer.
Nominee	a nominee appointed by Sphere and approved of by ASIC pursuant to section 615 of the Corporations Act to sell the Rights of Ineligible Shareholders (if any).
Offer Booklet	this document, including the Entitlement and Acceptance Form.
Offer Price	A\$0.25 per New Share.
Qatar Steel	Qatar Steel Company.
Record Date	7.00pm (Sydney time) on 1 October 2015.
Reference Number	your unique customer Reference Number, as described in paragraph 3 (<i>Complete and return the accompanying Entitlement and Acceptance Form with your Application Monies or make a payment by BPAY</i>) of the "How to Apply" section of this Offer Booklet.
Rights	the renounceable rights of Eligible Shareholders to subscribe for New Shares under this Offer Booklet.
SFA	Securities and Futures Act, Chapter 289 of Singapore.
Share	a fully paid ordinary share in the capital of Sphere.
Share Registry	Computershare Investor Services Pty Ltd ABN 48 078 279 277.
Shortfall Facility	The offer to Eligible Shareholders of Additional Shares.
Sidero	Sidero Pty Ltd, a wholly owned subsidiary of Glencore plc.
Sin-Tang Group	Sin-Tang Development Pte Ltd and Aus-Ore Investments Pty Ltd.
SNIM	Société Nationale Industrielle et Minière.
Sphere Mauritania	Sphere Mauritania SA a 90% owned subsidiary of Sphere which owns the Askaf Project
Sphere Shareholder	a holder of Shares.
U.S. Persons	has the meaning given to that term by regulations made under the U.S. Securities Act.
Securities Act	U.S. Securities Act of 1933 (as amended).

Corporate Directory

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ACN 009 134 847

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