

SPHERE MINERALS LIMITED

A SUBSIDIARY OF
GLENORE

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ASX RELEASE

25 September 2015

SPHERE MINERALS LIMITED (ASX:SPH) NOTIFICATION UNDER SECTION 708AA(2)(F) OF THE CORPORATIONS ACT AS MODIFIED BY ASIC CLASS ORDER 08/35 (CO 08/35)

Sphere Minerals Limited (the **Company**) today announced a renounceable entitlement offer of up to 960,384,903 ordinary shares in the capital of the Company (**New Shares**) at an offer price of \$0.25 per New Share (**Entitlement Offer**). The Entitlement Offer will be made on the basis of 4.4 New Shares for every 1 existing ordinary share held at 7.00pm (Sydney time) on Thursday, 1 October 2015.

The Company gives notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) as modified by CO 08/35 (the **Corporations Act**) that:

1. The Company will offer New Shares for issue pursuant to the Entitlement Offer without disclosure to investors under Part 6D.2 of the Corporations Act.
2. As at the date of this notice:
 - (a) The Company has complied with the provisions of Chapter 2M of the Corporations Act as they apply to the Company;
 - (b) The Company has complied with section 674 of the Corporations Act; and
 - (c) there is no "excluded information" within the meaning of sections 708AA(8) and 708AA(9) of the Corporations Act which is required to be disclosed under section 708AA(7)(d) of the Corporations Act.
3. The potential effect that the Entitlement Offer will have on control of the Company and the consequences of that effect are set out below.

Potential effect on control

If all shareholders take up their rights under the Rights Issue, there will be no effect on the control of the Company.

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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. 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.

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/or 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:

- (a) If Qatar Steel and the Sin-Tang Group each take up their entitlement, then Sidero will have voting power of approximately 88.3%.
- (b) 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%.
- (c) 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%.
- (d) If neither Qatar Steel nor the Sin-Tang Group take up their respective entitlement, then Sidero will have voting power of approximately 97.6%.

Consequences of the effect on control

If following the Entitlement Offer Sidero has full beneficial interests in at least 90% of the ordinary shares in the capital of the Company (by number), then Sidero will be entitled to compulsorily acquire the remaining ordinary shares in the capital of the Company 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 ordinary shares in the capital of the Company by lodging a notice with the Australian Securities and Investments Commission (**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:

- (a) offer a cash amount for the acquisition of the remaining ordinary shares in the capital of the Company which must be the same amount for each share;

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- (b) 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
- (c) provide 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.



Matthew Conroy
Company Secretary
Sphere Minerals Limited

IMPORTANT NOTICE

THE ENTITLEMENT OFFER DESCRIBED IN THIS DOCUMENT IS NOT BEING MADE TO SHAREHOLDERS OR INVESTORS IN THE UNITED STATES. This ASX announcement 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.