

SPHERE MINERALS LIMITED

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28 September 2015

SPHERE MINERALS LIMITED (ASX:SPH) SPHERE MINERALS LIMITED ENTITLEMENT OFFER LETTER TO ELIGIBLE SHAREHOLDERS

Dear Sphere Shareholder,

Sphere Minerals Limited Entitlement Offer – Letter to Eligible Shareholders

On 25 September 2015, Sphere Minerals Limited (**Sphere**) announced that it was raising new equity capital through a pro rata renounceable entitlement offer (**Entitlement Offer**) of new fully paid ordinary shares in Sphere (**New Share**) at an offer price of A\$0.25 per New Share. The Entitlement Offer is being made without a prospectus in accordance with section 708AA of the *Corporations Act 2001* (Cth) (as modified by Class Order [CO 08/35]) (**Corporations Act**).

The proceeds of the Entitlement Offer will be used to repay Sphere's existing debt facility from Glencore Australia Holdings Pty Limited and to fund the ongoing operations from the end of August 2015 until approximately the end of 2016.

The Entitlement Offer is being made to Eligible Shareholders (as defined below), on the basis of 4.4 New Shares for every 1 existing Sphere share held as at 7.00 pm (Sydney time) Thursday, 1 October 2015 (**Record Date**) (with fractional entitlements being rounded down to the nearest whole number of New Shares). Documents relating to the Entitlement Offer have today been lodged with the Australian Securities Exchange (**ASX**) and an offer booklet will be dispatched to Eligible Shareholders (as defined below) on or about 6 October 2015.

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.

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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. Sidero's participation in the Entitlement Offer will raise approximately \$210 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.

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 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 on 25 September 2015.

ELIGIBILITY CRITERIA

Shareholders who are eligible to participate in the Entitlement Offer (**Eligible Shareholders**) are those who:

- (a) were registered as a Sphere shareholder as at 7.00pm (Sydney time) on the Record Date;
- (b) have 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);
- (c) are not in the United States; and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

An Eligible Shareholder who holds shares on behalf of persons in a jurisdiction outside Australian, New Zealand, Qatar, Singapore, Malaysia, British Virgin Islands and Hong Kong (being all of the jurisdictions of shareholders as at today's date) is not precluded from

SPHERE MINERALS LIMITED

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participating in the Entitlement Offer on behalf of that person, provided that the person is eligible under applicable securities laws to receive an offer, and be issued with New Shares, under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered. All other holders of shares in Sphere are not eligible to participate in the Entitlement Offer.

DETAILS OF THE ENTITLEMENT OFFER

Key details of the Entitlement Offer announced on 25 September 2015 are set out in the ASX announcement and offer booklet copies of which are available on the ASX website.

Full details of the Entitlement Offer including details about how to apply are outlined in the offer booklet. The offer booklet together with an Entitlement and Acceptance Form is expected to be mailed to Eligible Shareholders on 6 October 2015. Eligible Shareholders should read the offer booklet carefully and consult their professional adviser before making any investment decision.

KEY DATES

An overview of the key dates of the Entitlement Offer are as follows:

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,

SPHERE MINERALS LIMITED

A SUBSIDIARY OF
GLENCORE

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.

If you have any questions in relation to any of the above matters, please contact me on +612 9253 6700 at any time from 9.00am to 5.00pm (Sydney time) Monday to Friday during the Entitlement Offer period.

On behalf of the Board and management of Sphere, thank you for your continued interest in Sphere.

Yours sincerely



Matthew Conroy
Company Secretary

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.