

SPHERE MINERALS LIMITED

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ASX RELEASE

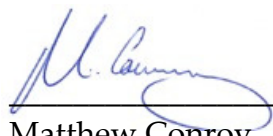
29 March 2016

SPHERE MINERALS LIMITED (ASX:SPH) OPTION OVER ASKAF PROJECT – UPDATE

Sphere Minerals Limited (Sphere) has today executed an agreement to vary and restate the exclusive option granted to Al Rawda Resources Limited (Al Rawda) on 14 September 2015 to purchase an 80% interest in Sphere Mauritania SA (SMSA), the entity which owns the Askaf Project. The agreement effectively extends the option period to 30 September 2016, during which time, Al Rawda has the right to conduct, at its sole cost, a Feasibility Study which is to consider the technical and commercial details of a reconfigured Askaf Project. During the extended option period, Al Rawda has agreed to provide SMSA, the Mauritanian entity that holds the Askaf Exploitation License, a monthly payment of US\$120,000 to fund the operating costs of SMSA.

The option remains subject to a number of conditions precedent including the completion of satisfactory due diligence, government approvals and finalisation of transaction documents. It may, or may not, lead to a transaction.

On the exercise of the option, the purchase price remains unchanged at 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. The first instalment is payable on completion of and under the transaction documents, the second on the taking of a decision to mine and the third, on the commencement of production.



Matthew Conroy
Company Secretary

About Al Rawda Resources:

Al Rawda Resources owns and operates hard-rock mining operations in the UAE producing numerous products for the construction industry. Al Rawda proposes to utilise this experience in establishing low cost opencast mining operations to develop the Askaf Project. The management of Al Rawda has previous experience working in Mauritania and participated in the re-development of the Guelb Moghrein Copper Mine in that country.