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18 November 2022

## Entitlement Offer to Fund Growth and Strengthen Sandfire's Balance Sheet

### Highlights

- Sandfire launches fully underwritten Entitlement Offer to raise A\$200 million (before costs)
- Entitlement Offer to be conducted at an Offer price of A\$4.30 per share, representing a 10.2% discount to Sandfire's last traded price of A\$4.79 per share and a 9.3% discount to Sandfire's theoretical ex-rights price ("TERP")<sup>1</sup> of A\$4.74 per share on 17 November 2022
- Strengthens Sandfire's balance sheet, providing enhanced financial flexibility and ensures the company remains well funded to progress its ongoing strategic growth initiatives and exploration across its portfolio.
- Proceeds will also be used to repay the ANZ Corporate Debt Facility<sup>2</sup> and fund increased working capital as Motheo progresses from construction to first production and ramp up, expected from early Q4 FY2023.
- Entitlement Offer is fully underwritten by Macquarie Capital (Australia) Limited.

Sandfire Resources Limited ("**Sandfire**" or the "**Company**") (ASX: SFR) is pleased to announce the launch of a fully underwritten 1 for 8.8 accelerated non-renounceable entitlement offer (the "**Entitlement Offer**" or the "**Offer**") to raise A\$200 million (before costs). The Entitlement Offer comprises an accelerated institutional component ("**Institutional Entitlement Offer**") and a retail component ("**Retail Entitlement Offer**").

Sandfire has successfully transitioned itself into a significant, diversified, globally relevant multi-asset copper miner, delivering growth and sustainable copper production from its portfolio of international assets. The Entitlement Offer will ensure Sandfire is well positioned to execute its growth strategy and has the balance sheet strength and flexibility to continue to pursue its growth objectives across its portfolio. In addition to enhancing financial flexibility, the Entitlement Offer will provide additional working capital at Sandfire's existing operations, where the Company is focused on continued operating results at MATSA and delivering the Motheo Copper Mine in Botswana ("**Motheo**"), scheduled to begin production in the June FY 2023 Quarter.

Sandfire has a strong and prospective pipeline of growth initiatives, including MATSA extensional drilling, progression of Motheo expansion to 5.2Mtpa through development of A4, and exploration of the extensive Kalahari copper belt holdings. While near-term capital commitments are supported by existing cash reserves, the Entitlement Offer provides additional support to fund these ongoing

<sup>1</sup> TERP is the theoretical price at which Sandfire shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Sandfire's shares trade will depend on many factors and may not equal the TERP.

<sup>2</sup> Sandfire is in discussions with lenders with regards to a potential 3 month extension to the ANZ Corporate Debt Facility which is currently repayable on 31 December 2022.

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growth and exploration projects and will also assist in immediately reducing Sandfire's pro forma gearing to approximately 18%<sup>3</sup>.

### Use of Proceeds

The gross proceeds raised under the Entitlement Offer will primarily be used to strengthen the Company's balance sheet in order to improve financial flexibility and support ongoing growth initiatives. Proceeds will be used to:

- Repay US\$33 million (A\$50 million<sup>4</sup>) outstanding on the ANZ Corporate Debt Facility<sup>5</sup>.
- Provide US\$60 million (A\$90 million<sup>4</sup>) to strengthen the balance sheet, providing working capital and financial flexibility to support deleveraging through the Company's growth phase.
- Support execution of US\$40 million (A\$60 million<sup>4</sup>) in growth and exploration projects, including:
  - MATSA mine extension drilling and ore reserve growth;
  - Motheo A4 progress including approvals and design; and
  - Kalahari copper belt near mine exploration, including further A1 drilling.

### Proforma unaudited Group net debt position pre / post Entitlement Offer

| Item   | Units        | Proforma position |
|--|--------------|-------------------|
| Unaudited cash (as at 31 October 2022)   | US\$M        | 162               |
| Unaudited total debt (as at 31 October 2022)                                     | US\$M        | 620               |
| <b>Unaudited net debt pre-Entitlement Offer (as at 31 October 2022)</b>          | <b>US\$M</b> | <b>458</b>        |
| Gross proceeds from Entitlement Offer <sup>4</sup>                               | US\$M        | 134               |
| <b>Proforma unaudited net debt post Entitlement Offer (Net Debt)<sup>4</sup></b> | <b>US\$M</b> | <b>324</b>        |
| <b>Leverage (Net Debt / FY22A EBITDA)</b>  | <b>x</b>     | <b>0.72x</b>      |
| <b>Gearing (Net Debt / Enterprise Value)<sup>6</sup></b>                         | <b>%</b>     | <b>18%</b>        |

Note: Figures presented are rounded to the nearest whole number. Unaudited numbers based on SFR management accounts.

Refer to the sources and uses section of the Entitlement Offer investor presentation ("**Investor Presentation**") for further information.

<sup>3</sup> Refer to table below for gearing definition.

<sup>4</sup> Assumes AUD / USD rate of 0.667.

<sup>5</sup> Sandfire is in discussions with lenders with regards to a potential 3 month extension to the ANZ Corporate Debt Facility which is currently repayable on 31 December 2022.

<sup>6</sup> Enterprise Value based on pro-forma shares on issue, TERP and pro-forma net debt. Refer to the Entitlement Offer investor presentation.

## Entitlement Offer

The Entitlement Offer will be conducted through a 1 for 8.8 accelerated non-renounceable entitlement offer, resulting in the issue of approximately 46.6 million New Shares, representing approximately 11.4% of the current issued capital of Sandfire.

The Offer price of A\$4.30 per share represents a:

- 10.2% discount to the last closing price of A\$4.79 on 17 November 2022; and
- 9.3% discount to the Theoretical Ex-Rights Price (“**TERP**”)<sup>1</sup> of A\$4.74 based on the last closing price on 17 November 2022.

Each New Share issued under the Offer will rank equally with existing fully paid ordinary shares in Sandfire on issue. Sandfire will, upon issue of the New Shares under the Offer, seek quotation of the New Shares on the ASX.

Eligible shareholders will be invited to subscribe for 1 New Share for every 8.8 Sandfire shares held, as at 7:00pm (AEDT) on 22 November 2022 (“**Entitlement Offer Record Date**”). The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferable.

Macquarie Capital (Australia) Limited (“**Underwriter**”) is acting as sole lead manager, bookrunner and underwriter to the Entitlement Offer. The Entitlement Offer is fully underwritten, subject to the terms of an underwriting agreement (“**Underwriting Agreement**”). The Underwriter is entitled to fees for underwriting the Entitlement Offer, as set out in the Appendix 3B to follow this announcement. Other material terms of the Underwriting Agreement are disclosed in Annexure A to this announcement.

## Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which will take place on 18 November 2022 and is expected to raise approximately A\$150 million. Eligible institutional shareholders can choose to take up all, part or none of their entitlement. Institutional entitlements not taken up and those of ineligible institutional shareholders will be sold at the Offer Price. Institutional entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer as well as those entitlements of ineligible institutional shareholders, will be offered to eligible institutional shareholders who apply for New Shares in excess of their entitlement, as well as certain other eligible institutional investors, through an institutional shortfall bookbuild (“**Institutional Bookbuild**”) to be conducted concurrently with the Institutional Entitlement Offer. The Institutional Entitlement Offer is fully underwritten.

Sandfire’s shares will not recommence trading on the ASX until the Institutional Entitlement Offer and Institutional Bookbuild are completed.

## Retail Entitlement Offer

The Retail Entitlement Offer will open on 25 November 2022 and close at 7:00pm (AEDT) on 8 December 2022 to eligible retail shareholders with a registered address in Australia or New Zealand as at the Record Date, not being US persons or acting for the account or benefit of persons in the US. A Retail Offer Booklet in respect of the Offer is expected to be mailed to eligible retail shareholders on 25 November 2022.

Eligible retail shareholders can choose to take up all, part or none of their entitlement.

The Retail Entitlement Offer is fully underwritten.

### Indicative Timetable

| Event   | Date                           |
|---|--------------------------------|
| Announcement of Entitlement Offer, cleansing statement  | 18 November 2022               |
| Institutional Entitlement Offer Opens   | 18 November 2022               |
| Announcement of results of Institutional Entitlement Offer                                    | 21 November 2022               |
| Trading halt lifted and shares recommence trading   | 21 November 2022               |
| Entitlement Offer Record Date   | 7:00pm (AEDT) 22 November 2022 |
| Retail Entitlement Offer opens, and Retail Offer Booklet dispatched                           | 25 November 2022               |
| Settlement of New Shares issued under the Institutional Entitlement Offer                     | 28 November 2022               |
| Allotment and commencement of trading of New Shares under the Institutional Entitlement Offer | 29 November 2022               |
| Retail Entitlement Offer closes   | 4:00pm (AEDT) 8 December 2022  |
| Announcement of results of Retail Entitlement Offer   | 13 December 2022               |
| Settlement of New Shares issued under the Retail Entitlement Offer                            | 14 December 2022               |
| Allotment of New Shares under the Retail Entitlement Offer                                    | 15 December 2022               |
| Commencement of trading of New Shares issued under the Retail Entitlement Offer               | 15 December 2022               |

Note: These timings are indicative only and subject to variation. Sandfire reserves the right to alter the timetable at its absolute discretion and without notice, subject to the Listing Rules, Corporations Act and other applicable laws. Any extension of the closing date will have a consequential effect on the anticipated date for issue of the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer at any time prior to allotment. In that event, the relevant application monies will be returned without interest in accordance with the Corporations Act. All references are to Australian Eastern Daylight Time (AEDT).

### Further information

Further details of the Entitlement Offer are set out in the Investor Presentation also lodged on the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer.

Nothing contained in this announcement constitutes investment, legal, tax or other advice. Investors should seek appropriate professional advice before making any investment decision.

An Appendix 3B for the proposed issue of New Shares will follow this announcement.

### Investor call and webcast

Sandfire's Chair (John Richards), Acting CEO and Chief Operating Officer (Jason Grace), Chief Financial Officer and Company Secretary (Matthew Fitzgerald) and Head of Investor Relations (Ben Crowley), will host a conference call and webcast today at **8:00am (AWST) / 11:00am (AEST)**.

To participate in the live Teleconference, investors and media are invited to click on the link below to register. <https://s1.c-conf.com/diamondpass/10026955-nrdxu5.html>

A live webcast of the conference and synchronised slide presentation will be available via the link below: <https://kapara.rdbk.com.au/landers/c0c93b.html>

It's recommended that you log on at least five minutes before the scheduled commencement time.

– ENDS –

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**This announcement is authorised for release by Sandfire's Board of Directors.**

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**Production target**

The production target for Motheo referred to in this announcement was set out in the Company's announcement "Motheo Copper Project Expansion DFS" dated 30 August 2022. The Company confirms that all material assumptions underpinning the production target in that announcement continue to apply and have not materially changed.

**Forward-Looking Statements**

Certain statements made during or in connection with this announcement contain or comprise certain forward-looking statements regarding Sandfire's Mineral Resources and Ore Reserves, exploration and project development operations, production rates, life of mine, projected cash flow, capital expenditure, operating costs and other economic performance and financial condition as well as general market outlook. Although Sandfire believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements and no assurance can be given that such expectations will prove to have been correct.

There is also continuing uncertainty as to the full impact of COVID-19 on Sandfire's business, the Australian economy, share markets and the economies in which Sandfire conducts business. Given the high degree of uncertainty surrounding the extent and duration of the COVID-19 pandemic, it is not currently possible to assess the full impact of COVID-19 on Sandfire's business or the price of Sandfire securities.

Company's actual results, performance and achievements to differ materially from any future results, performance or achievements.

Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, delays or changes in project development, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Except for statutory liability which cannot be excluded, each of Sandfire, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in these forward-looking statements and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in forward-looking statements or any error or omission. Sandfire undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events other than required by the Corporations Act and ASX Listing Rules. Accordingly, you should not place undue reliance on any forward-looking statements.

**General**

In addition, this announcement is subject to the same "Important Information and Disclaimer" that appears on slides 2 to 5 of the Investor Presentation with any necessary contextual changes.

## Annexure A – Summary of Underwriting Agreement

Sandfire has executed the Underwriting Agreement with Macquarie Capital (Australia) Limited (ABN 79 123 199 548) (“Underwriter”).

Pursuant to the Underwriting Agreement, the Company has appointed Macquarie as the sole lead manager, bookrunner and underwriter to the Entitlement Offer. The Underwriting Agreement is on customary terms for these types of arrangements, including conditions precedent, representations, warranties and indemnities (in favour of the Underwriter), undertakings in favour of the Underwriter including ordinary course of business for a period following completion of the entitlement offer (subject to customary conditions) and termination rights.

### Termination events

The Underwriter may, by notice to the Company, terminate its obligations under the Underwriting Agreement on the occurrence of certain customary termination events for an agreement of this nature, including but not limited to the following:

- (a) **(index or copper price fall)** at any time from the execution of the Underwriting Agreement until confirmation letters have been despatched following execution of the Underwriting Agreement, the S&P/ASX200 Index or the spot copper price as quoted on the London Metals Exchange is at a level that is 10% or more below its level as at the time of execution of the Underwriting Agreement;
- (b) **(Information Documents)** a material statement contained in the information documents, including those released to ASX or sent to Sandfire shareholders in connection with the Entitlement Offer, (“Information Documents”) is or becomes misleading or deceptive (including by omission) or likely to mislead or deceive (including by omission), in a material respect, or any statement about a future matter expressed in the Information Documents becomes false is a false or misleading statement;
- (c) **(corrective statement)** an obligation arises on the Company to give ASX a notice in accordance with section 708AA(10) or 708AA(12) of the Corporations Act (as amended by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84);
- (d) **\*(ASIC intervention)** ASIC holds or commences a hearing or investigation in relation to the Company, the Entitlement Offer, any offer documents, or prosecutes or commences proceedings against the Company or any of its officers, employees or agents in relation to the Entitlement Offer, or gives notice of intention to do any of those;
- (e) **(ASX listing)** ASX announces that Sandfire shares will be delisted, removed from quotation or withdrawn or suspended from trading;
- (f) **(quotation)** ASX notifies Sandfire that it will not grant approval for official quotation of all the New Shares on ASX, or if approval is granted, the approval is subsequently withdrawn, qualified;
- (g) **(timetable)** any event specified in the timetable is delayed for 2 or more business days (where after the Institutional Entitlement Offer settlement date or otherwise by 1 or more business day) without the prior written approval of the Underwriter (such approval not to be unreasonably withheld or delayed);
- (h) **(insolvency)** any member of the Sandfire group (other than a subsidiary with no or immaterial assets or which is dormant) suffers an insolvency event, or there is an act or omission which is likely to result in any member of the Sandfire group suffering an insolvency event;
- (i) **(key personnel changes)** a change to the chair, acting CEO or more than one Director of the Company is announced or occurs;
- (j) **(proposed CEO)** the employment contract of the Company’s proposed CEO (as announced on 10 November 2022) is terminated;



- (k) \*(**breach**) the Company is in breach of the Underwriting Agreement or any of its representations or warranties in the Underwriting Agreement is not true or correct when made or taken to be made;
- (l) \*(**hostilities**) there is an outbreak or a major escalation of hostilities (whether war is declared or not) involving any one or more of Australia, New Zealand, Botswana, Germany, Hong Kong, Japan, Spain, the People's Republic of China, the United Kingdom or the United States, or the declaration by any of these countries of a national emergency or war, or a significant terrorist attack is perpetrated in any of those countries or any diplomatic, military, commercial or political establishment of any of these countries, excluding any change or disruption that results from the present conflict or hostilities primarily involving Russia on one hand and Ukraine on the other ("Russia-Ukraine Hostilities") unless it is :
- (i) the commencement of active and direct involvement in the Russia-Ukraine Hostilities by one or more of the United States, France, Germany, the United Kingdom or Australia; or
- (ii) the use of nuclear or biological weapons,
- but for clarity, does not include the establishment or enforcement of a no-fly zone by any or all of the NATO member countries ("**Major Escalation of the Russia-Ukraine Hostilities**");
- (m) \*(**market disruption**) any of the following occurs:
- (i) a general moratorium on commercial banking activities in Australia, New Zealand, Germany, Hong Kong, Singapore, the United Kingdom or the United States is declared by the relevant central banking authority in any of those countries or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
- (ii) trading of all securities quoted or listed on ASX, the London Stock Exchange, Hong Kong Stock Exchange, the Singapore Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for at least one full day on which that exchange is open for trading, or a Level 3 "Market Wide Circuit Breaker" is implemented by the New York Stock Exchange upon a 20% decrease against the prior day's closing price of the S&P Index only; or
- (iii) any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, New Zealand, Hong Kong, Singapore, Spain, the United Kingdom, the United States, or any change in national or international political, financial or economic conditions,
- in each case, excluding any moratorium, change or disruption (as appropriate) that results from the Russia-Ukraine Hostilities or a Major Escalation of the Russia-Ukraine Hostilities; and
- (n) \*(**adverse change**) an adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company and the Group (insofar as the position in relation to an entity in the Group affects the overall position of the Company), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group from those respectively disclosed in the agreement, this announcement, the Investor Presentation or cleansing statement.

Those termination events which contain an asterisk (\*) are subject to the qualifier that the Underwriter must have reasonable grounds to believe and does believe that:

- (a) the event has had, or is likely to have, a materially adverse effect on the outcome, success, settlement, promotion or marketing of the Entitlement Offer or the willingness of investors to subscribe for New Shares; or
- (b) could give rise to or result in a contravention or involvement in a contravention by the Underwriter (or one of its affiliates) of, or liability for the Underwriter (or one of its affiliates) under, the Corporations Act or applicable law.

**Moratorium**

The Underwriting Agreement includes a moratorium as agreed between the parties which provides the Company must not (without the prior written consent of the Underwriter, such consent not to be unreasonably delayed or withheld) and must procure that its related bodies corporate do not) allot, issue or sell or agree to allot, issue or sell securities or grant or agree to grant any options in respect of securities of the Company except:

- (c) as disclosed in this announcement;
  - (d) pursuant to the Entitlement Offer;
  - (e) pursuant to the Underwriting Agreement;
  - (f) the issue of options to the incoming CEO;
  - (g) the issue of equity securities for which Sandfire shareholder approval is being sought at the upcoming 2022 annual general meeting or as previously disclosed to ASX on or prior to the date of the Underwriting Agreement;
  - (h) where the issue or agreement to issue Shares is under the Company's existing non-underwritten dividend reinvestment, bonus share plan or employee incentive schemes (as those terms are defined in the ASX Listing Rules) or other employment or consultant arrangements;
  - (i) on the conversion of convertible securities currently on issue,
- for a period of 30 days following completion of the Entitlement Offer.

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