

25 June 2019 | Vanessa Zhou

## MOD Resources backs latest Sandfire takeover offer

Sandfire Resources has launched a second acquisition attempt for MOD Resources, this time with a bid that gives the target a \$167 million value.

An acquisition would give Sandfire direct access to MOD's 11,700-square-kilometre landholding across the Kalahari copper belt in Botswana, southern Africa.

Importantly, MOD's assets would restock Sandfire with resources beyond the mine life of the DeGrussa copper-gold mine in Western Australia.

MOD's portfolio in the Kalahari includes the advanced T3 project, which is valued at \$309 million and in a near-term production stage.

T3's feasibility study in March outlined copper production of 28,000 tonnes a year from an open pit over an 11.5-year mine life, excluding any underground opportunities that are yet to be assessed.

This project is scheduled to commence construction in 2020 ahead of first production in 2021.

"The acquisition ticks all of our boxes from an acquisition criteria perspective and is value-accretive based on the T3 asset alone, which, importantly, can be funded out of cash flow," Sandfire managing director and chief executive Karl Simich said.

The MOD board considers Sandfire's latest bid (\$0.45 a share) 'a compelling value proposition' for its shareholders, following its rejection of Sandfire's initial offer (\$0.38 a share) in January.

MOD shareholders will benefit from Sandfire's platform to deliver the T3 project into production, and realise the full potential of the underexplored Kalahari copper belt, according to MOD managing director Julian Hanna.

"We see this partnership as providing the opportunity to maximise value from T3, which can be funded from Sandfire's balance sheet and cash flows," he said.

"The acquisition will also provide MOD shareholders with exposure to Sandfire's high-grade copper production in Australia."

Simich added: "Botswana is an attractive investment jurisdiction for mining and we look forward to working with the Government of Botswana going forward."