

MINING

REVIEW AFRICA

Tuesday, 25 June 2019

ASX-listed copper-gold producer Sandfire Resources has executed a binding scheme implementation deed to acquire 100% of the issued and to be issued share capital of MOD Resources.

The scheme arrangement offers an implied equity value of A\$167 million for MOD.

The board of MOD Resources has unanimously recommended that, in the absence of a superior proposal and subject to the independent expert to be appointed by the company opining that the scheme is in the best interests of MOD Resources shareholders.

Directors of the company have confirmed their present intention to vote in favour of the scheme in respect of approximately 7.02% of MOD shares.

Metal Tiger has agreed to vote in favour of the scheme in respect of approximately 10.48% of MOD shares currently held and MOD shares that it will hold after the exercise of options prior to the scheme meeting to a maximum of 19.9% of MOD shares in the absence of a superior proposal.

Transaction rationale

MOD Resources, through its Botswana operating companies (Tshukudu Metals, Tshukudu Exploration and MOD Botswana), owns a dominant landholding on the under-explored Kalahari copper belt in Botswana which includes the advanced T3 project scheduled to commence construction in 2020 with first production expected in 2021.

Sandfire is a successful mid-tier copper-gold producer with a strong track record of exploration, project development and operations at its flagship DeGrussa copper-gold mine in Western Australia.

Sandfire is currently expanding its operations globally with an extensive exploration and development pipeline.

Commenting on the acquisition, Karl Simich, MD and CEO of Sandfire, says:

“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. We see this transaction as a partnership, with compelling benefits for both sets of shareholders.”

“MOD shareholders will gain exposure to Sandfire’s development and operating expertise, strong balance sheet and a growing global portfolio of base metal development and exploration assets with the potential to deliver transformational growth for the company over the next decade.”

Timetable

Shareholders of MOD Resources will be asked to approve the scheme at a meeting which is expected to be held in October 2019.

Further details of the scheme, transaction terms and recommendations will be provided to shareholders through an explanatory booklet which will include an Independent expert’s report. It is expected that this booklet will be mailed to shareholders in late August 2019.