

## ASX ANNOUNCEMENT

### Non-renounceable Rights Issue

Sherwin will undertake a non-renounceable, pro-rata, rights issue ("**Rights Issue**") on the basis of one fully paid ordinary share for every one fully paid ordinary share held by shareholders of Sherwin with a registered address in Australia or New Zealand (**Eligible Shareholders**) at 7.00pm (Sydney time) on 16 June 2014 (**Record Date**).

The Rights Issue shares will be offered at an issue price of 5 cents per share, being a 20.6% discount to the last traded price of Sherwin shares on the ASX on 4 June 2014. The maximum number of shares which may be issued under the Rights Issue is 718,228,908 fully paid ordinary shares.

The Rights Issue will raise up to approximately \$35.91 million (before expenses) if all shareholders subscribed for their entire entitlement to shares.

The funds raised will permit the Company to further develop its Roper River iron ore project, in particular, to complete approvals, to develop the extensive infrastructure required to meet maximum profitability and to repay debt.

The Record Date for eligibility to participate in the Rights Issue is 16 June 2014 and the final date for receipt of applications for shares pursuant to the Rights Issue is 4 July 2014 (subject to variation).

The Rights Issue operates in addition to, and separately from the Share Purchase Plan ("SPP") announced by the Company today. Eligible shareholders can participate in either or both the Rights Issue and Share Purchase Plan. If an Eligible Shareholder participates in the Rights Issue, this will not in any way change that eligible shareholder's entitlement to participate in the Share Purchase Plan (including the number of Shares which they may subscribe for), and vice versa.

Further details of the terms and conditions of the Rights Issue are set out below.

#### DETAILS OF THE RIGHTS ISSUE

Key features of the Rights Issue include:

- The Rights Issue offer is on the basis of one fully paid ordinary share for every one fully paid ordinary shares held as at the Record Date.
- Offer price at 5 cents per share.
- Non-renounceable and is available to all Eligible Shareholders registered on the Record Date.
- Applications and payment of funds must be received by Sherwin on or before 4 July 2014 (subject to variation).
- New shares will be fully paid and rank equally with all existing Sherwin shares on issue.

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- Trading in the Rights Issue shares is expected to commence on the first business day following the close of the Offer.
- A shortfall facility will be provided to Eligible Shareholders so that, to the extent that there is any shortfall Eligible Shareholders may apply for shares in addition to their pro-rata entitlement under the Rights Issue. Any such additional shares will be allocated at the absolute discretion of the Company. Additionally, the Company reserves the right, at its absolute discretion, to scale back applications in the event of excess demand for such additional shares.
- The Rights Issue is not underwritten. The Company reserves the right, at its absolute discretion, to appoint a underwriter in respect of the Rights Issue, including in respect of any shortfall. At this stage the Company has not identified any potential underwriters.
- On completion of the Rights Issue and assuming there is no shortfall, Sherwin will have 1,436,457,816 shares on issue plus the number of shares issued under the SPP.

The Company has not received any indication from its major shareholders, Mr Jerry Ren and Citizen, (who hold or control approximately 78% of the issued shares) as to whether they intend to participate in the Rights Issue and, if so, to what extent. The Company intends to seek such conformation before it reaches any decisions as to whether the Rights Issue will be underwritten (in part or in whole), and as to how it may otherwise deal with any shortfall. The Company will continue to keep shareholders informed about any material outcomes relating to those matters.

The Rights Issue will be conducted pursuant to section 708AA of the Corporations Act 2001 (Cth) (**Act**). Consequently the Rights Issue will be made without disclosure to shareholders and investors pursuant to Part 6D.21 of the Act, i.e. without a prospectus.

An offer document and entitlement form will be sent to Eligible Shareholders on the date referred to in the following timetable.

#### **Timetable**

<b>Action</b>	<b>2014</b>
Offer announced and Appendix 3B and section 708AA notice lodged with ASX	6 June
Company sends notice containing information in Appendix 3B to shareholders	11 June
Shares trade ex-entitlements	12 June
Record Date	16 June
Offer Document and Acceptance Form despatched to eligible shareholders and lodged with the ASX	18 June
Closing date for acceptances	5.00pm on 4 July
Deferred settlement trading begins	7 July
Notify ASX of undersubscriptions	9 July
Issue of new securities	10 July
Holding statements are despatched to shareholders and deferred settlement ends	11 July
Normal trading for new shares commences	11 July

This timetable is indicative only and subject to change. Subject to the Corporations Act and ASX Listing Rules, Sherwin reserves the right to vary the dates and times in connection with the Rights Issue, including the closing date, without prior notice. The Company also reserves the right not to proceed with all or part of the Rights Issue at any time prior to the date of issue of the shares proposed to be issued under the Rights Issue (in which event application monies will be refunded without interest).

Rodney Illingworth  
Executive Chairman