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# Forrest targets Rinehart in new twist in Atlas war



by [Brad Thompson](#)

Andrew Forrest has taken off the gloves and come out swinging in his billionaire brawl with Gina Rinehart over control of Atlas Iron.

Mr Forrest dramatically escalated the dispute when NCZ Investments, a wholly owned subsidiary of his Fortescue Metals Group, turned to the Takeovers Panel with a series of explosive allegations in relation to Atlas and a [\\$390 million takeover bid from Mrs Rinehart's Hancock Prospecting and its subsidiary, Redstone](#).

The move represents the official declaration of war in the long-standing hostilities between the two Perth-based Rich Listers, who briefly saw eye-to-eye in 2010 during the campaign against Kevin Rudd's resource super profits tax.

NCZ alleges that Redstone's bidder's statement has misleading statements and material omissions regarding [Redstone's intentions in relation to Atlas' business, assets and employees](#) and Redstone's ability to achieve those intentions.

NCZ has a relevant interest of 15 per cent in Atlas and a further 4.9 per cent economic interest through a cash settled equity swap.

Fortescue has yet to declare its intentions in relation to Atlas or to shed any light on its interest in the loss-making junior amid speculation that it wants to play a spoiler role based on concerns about market share and berth development at iron-ore export epicentre Port Hedland.

NCZ claims there are material omissions regarding the implications of Redstone's takeover bid for Atlas' \$80 million debt and Hancock's intentions in respect of financing the repayment of that facility.

The Fortescue subsidiary also alleges there are misleading statements about the merits, terms and operation of Redstone's takeover bid.

## Previous recommendation

Hancock, which has said the Atlas assets are complementary to its 55 million tonne-a-year Roy Hill operations and other iron ore projects in the Pilbara, noted the NCZ application.

"We will be talking to the panel to explain our position," it said.

"We are confident that our proposal is a good offer and we look forward to putting our offer to all Atlas shareholders."

Redstone has a 19.9 per cent stake in Atlas and is offering 4.2¢ for all shares it does not already own. Atlas directors backed the all-cash offer last week after the majority of directors voted to reverse a previous recommendation in support of an all-scrip offer from Chris Ellison's Mineral Resources lodged in April.

Atlas shares have traded at slightly above 4.2¢ since the Redstone offer was announced, in a sign the market has not ruled out a counter bid.

The takeovers panel said no decision had been made on whether to conduct proceedings and it made no comment on the merit of the NCZ application.

The NCZ move is the clearest indication that Fortescue will not sell into the Hancock bid and instead attempt to thwart Mrs Rinehart's plans to absorb Atlas into her privately owned

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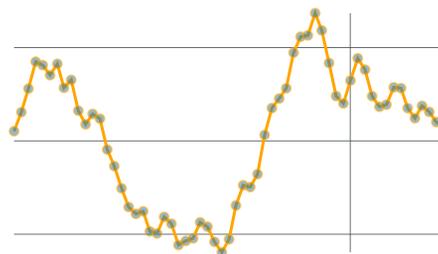
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companies.

Analysts at Shaw and Partners suggest Mrs Rinehart has more to gain from the development of additional berth space near the existing Roy Hill facilities in the inner harbour at Port Hedland, while Fortescue has all the capacity it needs under a "value over volume" policy capping exports at 170 million tonnes a year.

The West Australian government hasn't ruled out negotiations on the future of berths in South West Creek currently earmarked for junior miners once the dust settles on the battle for Atlas.

## **'Coercive effect'**

MinRes recently put its foot on at least one of the berths and the Pilbara Ports Authority is keen to see movement on the long-awaited developments.

The NCZ application to the takeovers panel submits that the "combined operation of the identified misleading statements and omissions and the structure of Redstone's bid has a coercive effect on Atlas shareholders to accept the bid (or sell on-market potentially to Redstone)".

NCZ is seeking interim orders that restrain Redstone from dispatching its bidder's statement and releasing any other information regarding the bid while the panel considers the application and precluding Hancock and Redstone from acquiring, directly or indirectly, any further shares until "further and corrective disclosure is released".

NCZ is seeking final orders, including that Redstone provide corrective disclosure by way of a replacement bidder's statement and cancelling and unwinding any acquisitions in Atlas shares by or on behalf of Hancock, Redstone or their respective associates during the period in which NCZ submits the market was misinformed.

In its bidder statement issued on June 18, Redstone said Hancock would fund the Atlas acquisition via a loan from its \$3 billion cash reserves.

It said the loan would be sufficient to enable Redstone to advance funds required to service the repayment of the Atlas term loan B facility (referred to in the NCZ application to the takeovers

panel) should it be required and subject to agreement between Redstone and Atlas on the terms.

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