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Forrest lobs port hand grenade in war over Atlas



by [Brad Thompson](#)

Andrew Forrest's Fortescue Metals Group has lobbed another hand grenade in the war over Atlas Iron by calling for more disclosure on disputed berth development rights in Port Hedland.

Fortescue broke its silence on Atlas on Wednesday by putting the spotlight on the issue of whether or not Atlas controlled-North West Infrastructure has priority development rights over berths in the inner harbour.

The West Australian government and the Pilbara Ports Authority have said NWI does not, with Atlas announcing on June 14 that it was considering its position on that advice.

"In common with other Atlas shareholders, Fortescue believes that further clarity is needed on the position of Atlas in relation to these assets," Fortescue said.

Fortescue's latest intervention came as Gina Rinehart's Hancock Prospecting shed more light on its ambitions in regard to vital berth space at Port Hedland and the [\\$390 million bid for Atlas Iron that has led to open conflict with Mr Forrest](#).

Hancock said in a supplementary bidder's statement that it expects an agreement for Atlas to export iron ore through Utah Point to remain in place if Atlas continues to operate on a standalone basis under its ownership.

The Hancock update provided greater insight on its plans for Atlas and the struggling junior's \$80 million debt burden. It came hot on the heels of the Takeovers Panel revealing on Tuesday

that a Fortescue subsidiary had made allegations of misleading statements and material omissions in relation to the original bidder's statement.

A scenario where a Hancock-owned Atlas pushed its claim over Utah Point would increase pressure on the West Australian government over its policy of reserving the port space for junior miners.

Mines and Petroleum Minister Bill Johnston has made it clear that Hancock, with its 55 million tonnes a year Roy Hill iron ore operations, does not qualify as a junior miner.

However, there is no clear definition of junior miner or related ownership structures and the government ruled out commenting publicly until the dust settles on the war over Atlas.

Hancock used a supplementary bidder's statement from subsidiary Redstone to acknowledge [the government's position in relation to NWI](#) "implying that NWI holds no priority rights to develop the Stanley Point berth locations".

The berths, also known as South West Creek 3 and 4 and earmarked for use by junior miners, adjoin those operated by Roy Hill in the inner harbour at Port Hedland.

Hancock has detailed plans for a strategic review of Atlas operations, including any need for more port capacity, if its takeover bid is successful .

"The strategic review will determine the need for the development of any further port capacity, including having regard to the relatively limited and low grade of the Atlas iron ore resources and the iron ore price environment and outlook," it said in the supplementary bidder's statement.

"Should a business case be proven and funding be available then Redstone would be supportive of the Atlas board pursuing discussions with the government and other relevant stakeholders to

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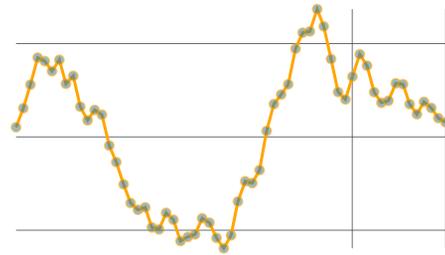
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seek approval for a port development proposal."

Roy Hill chief executive Barry Fitzgerald fuelled speculation that Hancock might be interested in the berths in March when he said port constraints were preventing Roy Hill from incrementally growing exports.

"We have been constrained at 55 million tonnes in terms of our port allocation, or we were some six or eight years ago, so we could never focus on incremental tonnes as a means of profitability and viability, so we had to focus on costs and margin and that in many ways drives innovation," he said.

The supplementary bidder's statement issued by Redstone on Tuesday includes more detail on the review of Atlas operations and appears to cover various allegations made by Fortescue subsidiary NCZ Investments in an application to the Takeovers Panel.

NCZ has a 19.9 per cent stake in Atlas, and Redstone acknowledged its potential to play a spoiler role in plans for Atlas.

Fortescue again declined to comment on the growing belief it wants to block a change of ownership as a means to keep a lid on competition.