

Hancock Prospecting

RFC Ambrian advised Gina Rinehart's Hancock Prospecting on the \$440m off-market takeover of ASX-listed junior iron ore miner Atlas Iron; at the time, Atlas was under considerable stress from low iron ore prices, product quality discounts and a substantial debt obligation.

- ✓ Atlas was put into play in April 2018 when Mineral Resources made its \$280m bid, followed by FMG announcing its 19.9% blocking stake in early-mid June and then Hancock's own 19.96% stake and \$400m bid shortly thereafter
- ✓ In addition to typical tactical, regulatory and administrative issues requiring continual consideration, a variety of overlapping circumstances created a complex acquisition with a number of complications: (i) an existing friendly takeover by Mineral Resources (via Scheme of Arrangement) was on foot, (ii) the presence of a large Term Loan B lender position, (iii) a highly fragmented share register (many sitting on very substantial losses), (iv) the subsequent emergence of FMG with a 20% blocking stake and their application to the Takeovers Panel, and (v) a visible place in the media given the high profile of the various parties involved and the stress that Atlas was under
- ✓ In this competitive landscape the Mineral Resources bid was promptly withdrawn, and while FMG didn't put forward a bid, it did make an application to the Takeovers Panel regarding the Hancock offer. The takeover offer was unanimously recommended to Atlas Iron shareholders by its board, and Hancock reached a control position of >50% around 6 weeks after launch, before the 90% compulsory takeover threshold was achieved around 2 months later on the back of a strategic offer price increase, valuing Atlas at \$440m which triggered FMG accepting the bid.
- ✓ Takeover transactions are by their nature complex, with a substantial regulatory framework to navigate, a diverse range of stakeholder groups to satisfy, and rapid responses often necessary to meet changing circumstances or regulatory deadlines. Drawing upon our considerable takeovers experience, RFC Ambrian was able to assist Hancock to successfully close the Atlas deal - notably before the sharp rise in iron ore prices from December 2018 that may have put the acquisition at risk if shareholders that had not accepted, reassessed the value of Atlas and its chances of survival.

We pride ourselves on achieving successful outcomes for our clients and were delighted we could assist Hancock on what was recognised as MergerMarket's Energy, Metals and Utilities 2018 M&A Deal of the Year.

