



Australian Government

Takeovers Panel

MEDIA RELEASE

No: TP19/69

Tuesday, 19 November 2019

Energy Resources of Australia Limited – Panel Receives Application

The Panel has received an application from Zentree Investments Limited in relation to the affairs of Energy Resources of Australia Limited (ERA). The application concerns an entitlement offer by ERA.

Details of the application, as submitted by the applicant, are below.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

Details

ERA is an ASX-listed uranium mining and production company which operates in the Northern Territory.

On 15 November 2019, ERA announced a 6.13 for 1 pro rata renounceable entitlement offer to raise approximately \$476 million and released an entitlement offer information booklet. The entitlement offer is fully underwritten by North Limited, a wholly-owned subsidiary of Rio Tinto Limited. Rio Tinto has voting power of 68.39% in ERA. Shareholders who take up their entitlement in full may apply for shortfall shares under a shortfall facility.¹

The applicant submits (among other things) that minority shareholders are not being given reasonable or equal opportunity to participate in benefits flowing to Rio Tinto, there has been inadequate disclosure as to the need, size and urgency of the entitlement offer, and there *“is no serious dispersion expectation for the entitlements or the new shares”*.

The applicant seeks interim orders that ERA:

- delays the offer period for the entitlement offer (and the trading of entitlements)

¹ and a broker will (subject to demand) invite applications from institutional and/or sophisticated investors for shortfall shares which are not taken up under the shortfall facility

- be prevented from closing the offer period for the entitlement offer and
- be prevented from issuing any new shares to any person in connection with the entitlement offer until no earlier than 7 days after the date on which the application is determined.

The applicant seeks final orders including that:

- the entitlement offer be cancelled and any subscription moneys be refunded
- any underwriting agreement between ERA and North be terminated without any liability or penalty to ERA and
- ERA be restrained for a period of 12 months from the Panel's decision from entering into any transaction or issuing shares to any person if to do so might result in a person obtaining voting power in ERA of more than 20% or a person with voting power above 20% increasing its voting power, without first obtaining the approval of ERA shareholders in accordance with item 7 of s611 of the *Corporations Act 2001* (Cth).

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