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26 June 2018

BY ELECTRONIC LODGEMENT

Company Announcements
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir or Madam

Off-market takeover bid by Redstone Corporation Pty Ltd for Atlas Iron Limited – First Supplementary Bidder's Statement

We refer to the bidder's statement dated 18 June 2018 in respect of a takeover bid by Hancock Prospecting Pty Ltd ACN 008 676 417, through its wholly-owned subsidiary, Redstone Corporation Pty Ltd ACN 625 680 159, for all of the ordinary shares in Atlas Iron Limited ACN 110 396 168 (**Atlas**) in which Redstone does not have a relevant interest (**Original Bidder's Statement**).

In accordance with section 647(3)(b) of the *Corporations Act 2001* (Cth) (**Corporations Act**), we **enclose** a supplementary bidder's statement dated 26 June 2018 which supplements the Original Bidder's Statement (**First Supplementary Bidder's Statement**).

The First Supplementary Bidder's Statement has been lodged with the Australian Securities and Investments Commission today and will be sent to Atlas in accordance with section 647 of the Corporations Act.

Please contact Jabez Huang (Company Secretary of Redstone) on (+61 8) 9429 8234 if you have any queries.

Yours faithfully,



Jabez Huang
Company Secretary

HANCOCK PROSPECTING PTY LTD

FIRST SUPPLEMENTARY BIDDER'S STATEMENT BY REDSTONE CORPORATION PTY LTD ACN 625 680 159

1. INTRODUCTION

This document is a supplementary bidder's statement for the purposes of section 643 of the Corporations Act (**First Supplementary Bidder's Statement**) and is issued by Redstone Corporation Pty Ltd ACN 625 680 159 (**Redstone**).

This First Supplementary Bidder's Statement supplements, and must be read together with, Redstone's bidder's statement dated 18 June 2018, given in connection with an off-market takeover bid by Hancock Prospecting Pty Ltd ACN 008 676 417 (**HPPL**), through its wholly-owned subsidiary, Redstone, for all of the ordinary shares in Atlas Iron Limited ACN 110 396 168 (**Atlas**) in which Redstone does not have a relevant interest (**Original Bidder's Statement**).

Capitalised terms used in this First Supplementary Bidder's Statement have the same meaning given in the Original Bidder's Statement, unless the context otherwise requires. Section 8.2 of the Original Bidder's Statement also sets out certain rules of interpretation, which apply equally to this First Supplementary Bidder's Statement.

This First Supplementary Bidder's Statement prevails over the Original Bidder's Statement to the extent of any inconsistency.

This First Supplementary Bidder's Statement does not take into account the investment objectives, tax or financial situation and particular needs of any person. Before making any investment decision you should consider whether or not it is appropriate in the light of those factors. Accordingly, you may wish to seek independent financial and taxation advice, or legal advice before deciding whether or not to accept the Offer.

If you have recently sold all of your Atlas Shares, please disregard this document.

A copy of this First Supplementary Bidder's Statement will be dispatched with a copy of the Original Bidder's Statement to all holders of Offer Shares on issue at the Register Date, being 5:00pm (Perth time) on 22 June 2018, in accordance with item 6 of section 633(1) of the Corporations Act.

2. THE OFFER IS RECOMMENDED BY A MAJORITY OF THE ATLAS BOARD

On 21 June 2018, a majority of the Atlas Board recommended that Atlas Shareholders accept the Offer, in the absence of a superior proposal and subject to the independent expert concluding (and continuing to conclude) that the Offer is fair and reasonable to Atlas Shareholders.

3. THE OFFER IS THE ONLY OFFER PRESENTLY AVAILABLE TO YOU

On 21 June 2018, Atlas announced that MRL had terminated the MRL Scheme Implementation Deed and that Atlas was liable to pay to MRL a break fee of \$3.12 million.

As a result of the termination of the MRL Scheme Implementation Deed, the Offer is the only offer presently available to Atlas Shareholders. As set out in the Original Bidder's Statement, the Offer provides Atlas Shareholders with an opportunity to realise certain cash value for all of their Atlas Shares in one transaction, without paying brokerage or incidental transaction costs (except as otherwise detailed in section 7.18 of the Original Bidder's Statement).

4. REDSTONE'S INTENTIONS REGARDING THE TERM LOAN B AND FUNDING GENERALLY

4.1 Term Loan B

In the context of addressing the funding requirements for the Offer, Question 4 in the Key Questions section ("How is Redstone funding the Offer?") and section 2.2 (Source of Funds) of the Original Bidder's Statement make reference to the availability of funding to enable Redstone to advance to Atlas the moneys Atlas requires to repay the Term Loan B (should this be required and should Redstone and Atlas agree terms for the provision of such funding to Atlas).

Redstone's access to funding remains as described in the Original Bidder's Statement.

Redstone understands that a change of control of Atlas (which may occur if Redstone's voting power exceeds 50%) may trigger an acceleration in Atlas' repayment obligation under the Term Loan B. Redstone confirms that should Redstone's voting power in Atlas exceed 50%, if Atlas requires funding support to repay the Term Loan B, Redstone will offer to make available to Atlas (by way of a loan facility) such amount as may be necessary to enable Atlas to meet its repayment obligation in relation to the Term Loan B, or will offer to step-in to the Term Loan B (by way of acquiring that debt from the Term Loan B holders). Any such offer of funding required by Atlas from Redstone will be on terms similar to those of the Term Loan B.

If the Term Loan B becomes repayable for whatever reason before Redstone's voting power exceeds 50%, and Atlas is unable to repay or refinance it, then this may trigger a Defeating Condition and, unless Redstone has waived the Defeating Conditions, Redstone may decide to rely on that to exercise its rights under section 7.15 of the Original Bidder's Statement in which case your acceptance or the contract resulting from your acceptance of the Offer would be void.

4.2 On-going funding

Should Atlas require any funding support, in addition to that required to meet its repayment obligation under the Term Loan B, Redstone would consider any request for funding by Atlas on a case by case basis (whether it is partly owned or wholly-owned by Redstone). Any such funding that may be provided would be offered by Redstone on arm's length terms, and the provision of such funding would remain subject to Redstone and Atlas agreeing those terms.

5. REDSTONE'S INTENTIONS GENERALLY

Redstone's intentions in relation to Atlas are contained in section 4 of the Original Bidder's Statement. Set out below is some additional detail in relation to those intentions, which should be read in conjunction with section 4.

5.1 Overview

The following apply in relation to all of Redstone's statements of intention:

- (a) Redstone is aware of certain speculation surrounding the rationale for its Offer and the possible motivations for why any party might seek to acquire an interest in Atlas. Redstone's intentions are accurately summarised in the Original Bidder's Statement. To the extent that any of those intentions change materially before the close of the Offer as a result of new information coming to the attention of Redstone, Redstone will make supplementary disclosure about such material change.
- (b) Redstone has only conducted limited due diligence in relation to Atlas. Accordingly, the strategic review referred to in section 4.1 of the Original Bidder's Statement will be an important step in informing and determining Redstone's approach to its investment in Atlas, including the potential integration of Atlas' business and mining assets into the HPPL Group's operations. Having said that, should Redstone be in a position to control Atlas and the best interests of Atlas and all Atlas Shareholders require certain actions to be taken before the strategic review has been completed, Redstone will seek to ensure that those actions are taken without delay.
- (c) As there is no minimum acceptance condition to the Offer, Redstone will not know the extent of its ultimate shareholding in Atlas until the close of the Offer. This means that Redstone's ultimate voting power in Atlas could be anywhere between 19.96% and 100% at the close of the Offer. This means that the precise circumstances surrounding Redstone's ability to pursue the outcomes of the strategic review may not necessarily be known until the close of the Offer, and are difficult to predict or pre-empt with any certainty at this stage.
- (d) As noted in section 4.19 of the Original Bidder's Statement, the implementation of Redstone's intentions in the event that Redstone has a relevant interest in less than 100% of Atlas Shares will be subject to the Corporations Act (including, without limitation, those provisions intended for the protection of minority shareholders), the ASX Listing Rules, Atlas' constitution and the statutory and fiduciary obligations of the Atlas Directors at that time to act in the best interests of Atlas and all Atlas Shareholders (together, the **Shareholder Protections**), as well as the extent of Redstone's shareholding at the relevant time. As outlined in the Original Bidder's Statement, the extent of Redstone's ultimate shareholding in Atlas (at the close of the Offer) will determine the regulatory requirements for, and other practical matters associated with, implementing Redstone's intentions. By way of illustration:
 - (i) if Redstone acquires 50% or less of Atlas Shares, it may not be in a position to determine alone the outcome of ordinary resolutions (in respect of which it is entitled to vote) and so, for example, it may not be in a position to control the composition of the Atlas Board. This means that Redstone's ability to undertake the strategic review may be limited, and (assuming it is able to undertake the strategic review) its ability to realise the proposed outcomes of that strategic review may be similarly constrained;
 - (ii) if Redstone acquires more than 50% of Atlas Shares (but less than 90%), it will be able to determine alone the outcome of ordinary resolutions (in respect of which it is entitled to vote) and will be in a position to control the composition of the Atlas Board. However, in these circumstances, the Shareholder Protections will continue to apply and again may constrain Redstone's ability to realise the proposed outcomes of the strategic review;

- (iii) if Redstone acquires at least 75% of Atlas Shares (but again less than 90%), it will also be able to determine alone the outcome of special resolutions (in respect of which it is entitled to vote). Such special resolutions could involve amendments to the Atlas constitution or a change to company type. However, again, the Shareholder Protections will continue to apply; and
- (iv) if during, or at the end of, the Offer Period:
 - (A) Redstone and its associates together have relevant interests in at least 90% (by number) of all the Atlas Shares; and
 - (B) Redstone and its associates have acquired at least 75% (by number) of the Atlas Shares for which the Offers are made under the Offer (whether the acquisition happened under the Offer or otherwise),

Redstone will be entitled to compulsory acquire all outstanding Atlas Shares and presently intends to do so. Following completion of such compulsory acquisition process, Atlas would be a wholly-owned subsidiary of Redstone and Redstone would be entitled to exercise its rights as the sole shareholder of Atlas. However, in circumstances where an Atlas Shareholder or Atlas Shareholders held more than 10% in aggregate of all the Atlas Shares, that compulsory acquisition would not be possible. As at the date of this First Supplementary Bidder's Statement, there is at least one other Atlas Shareholder who controls more than 10% of all the Atlas Shares in their own right, and that Atlas Shareholder is therefore capable of blocking compulsory acquisition if it chooses not to accept the Offer.

- (e) Redstone's ability, therefore, to achieve some of its intentions, including the potential integration of Atlas' business and mining assets into the HPPL Group's operations, might not be able to be realised, either at all or without the approval of Atlas Shareholders in general meeting. For example, to the extent that Redstone has a relevant interest in more than 50% but less than 100% of Atlas Shares and a transaction is proposed between Redstone (or other HPPL Group entities) and Atlas, then because Redstone (or that other HPPL Group entity) will be a "related party" of Atlas at that time, the transaction may be required to be subject to the prior approval of Atlas Shareholders in general meeting (with Redstone and its associates precluded from voting on the relevant resolution, and other regulatory requirements to be complied with).
- (f) As indicated above, as a result of the Shareholder Protections, Redstone and its associates may also be excluded from voting on certain resolutions in general meeting, and Redstone's nominee directors may potentially be precluded from voting at Atlas Board meetings, to the extent of any conflict of interest or material personal interest. Further, in circumstances where a minority shareholder maintains a "blocking stake" or other substantial holding in Atlas which provides them with a significant proportion of the Atlas shares which are not held by Redstone, then that shareholder's ability to determine the outcome of any such resolutions put to Atlas Shareholders in general meeting may be disproportionate to its holding (for example, where that shareholder's holding in Atlas is such that they alone could determine whether a resolution is passed or not, in circumstances where Redstone and its associates are excluded from voting on that resolution).

- (g) If the circumstances outlined in section 5.1(f) eventuate, it may become possible that none of the potential joint development or integration benefits outlined in section 5.4 of this First Supplementary Bidder's Statement is supported by enough Atlas Shareholders (other than Redstone) to enable them to be implemented. This could heighten any existing risks associated with the longer term viability of Atlas' operations or assets on a standalone basis and, accordingly, the potential risks for minority Atlas Shareholders in remaining exposed to those operations and assets. This potential outcome could apply for so long as any Atlas Shareholder (other than Redstone) maintains a "blocking stake" or other substantial shareholding in Atlas. In any event, it is very difficult for Redstone to predict what the sentiments of minority Atlas Shareholders may be in any given scenario.

5.2 Focus of the strategic review

As detailed in section 4.3 of the Original Bidder's Statement, should Redstone acquire control of Atlas, it intends to undertake a strategic review of the Atlas assets and operations. The strategic review would be undertaken by HPPL Group's management team in collaboration with Atlas' management team. The conclusions and outcomes reached in the strategic review will inform Redstone's preferred approach to developing, operating and retaining or divesting the assets within the Atlas portfolio. The outcome of the strategic review will be provided to the Atlas Board, and any Redstone nominee on the Atlas Board will act in accordance with the duties and obligations mentioned in section 5.6(b) of this First Supplementary Bidder's Statement (and the other Shareholder Protections).

(a) Current operations and potential future standalone operations

The strategic review will consider the viability of the Atlas business and operations on a standalone basis, including the current Mt Webber mining operations and its logistics (trucking and port) arrangements.

Such evaluation will have regard to the current iron ore price discounts being incurred by the relatively low grade Atlas resources and the outlook for those discounts. In the context of those discounts and outlook, the review will also extend to considering the viability of developing other Atlas iron ore resources on a standalone basis, at different production levels. The relatively small Atlas resource base in any one area, and its low iron ore grade, will be key considerations of alternative infrastructure solutions, having regard to the short operating life which would result from any development and the ability to achieve required returns on necessary capital investments. Should the existing standalone operations not be economic at any point including because of changes to the iron ore price and discounts then their closure will be considered.

The current Utah Point port arrangements, including the term and volume of Atlas' rights with respect to throughput using that berth, will also be considered.

See section 5.5 of this First Supplementary Bidder's Statement for further detail about Atlas' access and development rights at Port Hedland.

(b) Atlas' current iron ore resources

On the basis of its review of publicly available information, Redstone understands that Atlas' principal iron ore assets are as detailed below, including the indicative distance by road transportation to the Utah Point port:

	Northern			Southern			
Atlas actuals/ estimates	Mt Webber	Corunna	McPhee Creek	Davidson Creek	Jimblebar	Warrawanda	Hickman
Reserves (Mt) ¹	39.8	20.9	-	-	-	-	-
Resources (Mt) ¹	47.5	64.1	246.9	476.3	69.1	24.0	70.0
Resource Grade (% Fe)	57.1	57.2	56.3	56.0	57.1	56.8	55.4
Indicative road distance to port (km)	230	250	265	535	505	560	500

The strategic review will consider the feasibility of continuing the operation of Mt Webber or developing on a standalone or integrated basis, each of these iron ore resources.

(c) **Potential for current or future integrated operations**

The strategic review will consider potential operational configurations for the Atlas assets, and the limitations, practicalities and benefits of such alternatives.

Potential alternatives for the current and future development of assets may include the possibility of integrating those assets into other iron ore interests in the HPPL Group (including the Roy Hill Project) or developing on a collaborative basis with other third party resource owners and/or infrastructure operators in the Pilbara region.

Redstone naturally expects that the Atlas mining assets which are closest to existing rail, processing and port infrastructure have the greatest potential for economic integration into the HPPL Group's mining operations (or into third party infrastructure systems). However, the viability and achievability of any such integration is also dependent upon the preparedness of each of the owners of the alternative resources, assets and infrastructure systems to integrate with Atlas, the available capacity on those alternative systems and the cost and benefits of enacting such integration. Redstone will engage with the other owners of the alternative iron ore systems (including HPPL's partners in the Roy Hill Project) as part of the strategic review. Redstone is not able to predict or quantify the likelihood or benefits from potential integration until such engagement has been completed and the terms of potential access or integration are known and the requisite approvals processes completed with owners and other relevant stakeholders.

5.3 Strategic review of non-iron ore assets

The strategic review will also give consideration to the non-iron ore assets within the Atlas portfolio, including Atlas' interests in lithium, manganese and any other commodities, including rights in relation to exploration prospects. These assets will be reviewed for the purpose of determining their strategic fit within Atlas' asset portfolio and their potential to contribute to shareholder value.

5.4 Potential integration of Atlas assets into the HPPL Group iron ore system or another system

As detailed in section 1.1 of the Original Bidder's Statement, the HPPL Group holds a 50% interest in the 45 million tonnes per annum (**mtpa**) Hope Downs Project (in a joint

¹ Refer to Atlas Annual Report (2017), pages 15 and 16.

venture with Rio Tinto), which is operated by the Rio Tinto Group as part of its integrated Pilbara iron ore operations.

The HPPL Group also owns a 70% interest in the Roy Hill Project. The Roy Hill Project is a standalone integrated iron ore mine, railway and port project, which recently ramped up its production and shipments of iron ore to a rate of 55 mtpa. HPPL Group led the exploration, resource delineation, development studies and development of the Roy Hill Project, and is integrally involved in the project's operation. The success of this \$10 billion project development, including its ramp-up to full capacity within two years following the commencement of operations, demonstrates the HPPL Group's capability and expertise in the development and operation of iron ore projects and assets.

The HPPL Group also has various iron ore exploration prospects in the Pilbara, including its Mulga Downs project.

Redstone considers that there are potential long term benefits to both Atlas and the HPPL Group from combining the development and/or operation of the Atlas assets with other iron ore interests within the HPPL Group. Any such integration, combination or transaction would need to be undertaken having regard to the matters noted in section 5.1 of this First Supplementary Bidder's Statement, including regarding "related party transactions".

The strategic review will consider the benefits which might be available through integration with existing HPPL Group interests (or with those of other third party infrastructure owners), including by way of:

(a) **Potential joint development of resources as part of the wider system of HPPL Group iron ore operations (or in collaboration with other third party infrastructure owners), or as a new joint development**

The most profitable iron ore producers in the Pilbara region of Western Australia produce and transport iron ore using high volume, low cost infrastructure (rail and port) systems. Historically, Atlas has not had access to such a system, causing it to rely on higher cost and lower volume trucking operations. Redstone's intention will be to seek to establish, through the strategic review, the viability of integrating Atlas' iron ore resources and/or operations with the HPPL Group's existing infrastructure (for example, with the Roy Hill rail and port system, or another third party infrastructure system), to reduce the costs of Atlas' iron ore operations or new development of the Atlas resources. The viability of such integration or joint development will be subject to being able to negotiate acceptable terms for any such arrangement with the owners of the relevant system.

The Atlas Board (as constituted at the relevant time) may ultimately determine that it is not feasible to pursue development or integration of the kind contemplated above for a variety of reasons, including because any requisite approvals or agreements cannot be obtained, or because the relatively small size and lower grades of the Atlas resources do not support the expenditures which would be required for development and integration. The potential and available capacity of the systems, and the capital expenditures required to expand such capacity, may also restrict such integration. By way of example, parts of the Roy Hill system are currently operating close to full capacity, and substantial expenditures would be required to increase that capacity sustainably. If integration is not achievable, feasible or accessible, this may result in no new development of Atlas' current iron ore resources.

(b) **Blending of Atlas iron ore with ores from HPPL Group iron ore operations (or other third party iron ore products)**

In addition to iron ore content, the realised price which any iron ore producer receives for their iron ore product reflects not only its iron content, but also the levels of other value adding characteristics (such as iron ore lump content) against deductions for any deleterious elements (including phosphorous, silica and alumina).

The strategic review will consider the potential for improving the viability of the low grade Atlas ores by blending them with ores from other parts of the HPPL Group's iron ore interests (or with ores produced by other iron ore miners).

(c) **End of life resources**

If the strategic review concludes that some or all of the Atlas resources are unviable on a standalone development basis, and should an integrated development solution not be identified which is economic and for which the requisite approvals can be obtained, then the Atlas resources may not be able to be developed unless and until circumstances change. In this case, consideration will be given to whether or not the value of those Atlas resources can be unlocked in the future by way of their sale to the owners of, or joint development with those owners through the use of, existing iron ore infrastructure systems which have exhausted their own captive iron ore resources, subject to obtaining any requisite approvals from Atlas Shareholders and reaching agreement with the infrastructure owners at that future point in time.

5.5 **Atlas' access and development rights at Port Hedland**

Redstone is aware of recent media speculation regarding Redstone's assumptions and intentions with respect to Atlas' port access rights.

There is an agreement in place for the current Atlas operations which export ore through Utah Point and it is Redstone's expectation that, should the existing operations continue on a standalone basis, this arrangement will remain in place.

On 14 June 2018, Atlas announced an update in relation to North West Infrastructure (**NWI**). Among other things, that update acknowledged receipt of notice from the office of the Minister for Transport, Planning and Lands implying that NWI holds no priority rights to develop the Stanley Point berth locations, and the Minister's position that any development proposal from NWI would be assessed on its merits in accordance with the Pilbara Ports Authority's standard port development processes. 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. 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 seek approval for a port development proposal. Redstone notes that this has not been able to be achieved by Atlas to date.

5.6 **Employees and directors of Atlas**

(a) **Employees**

As a result of implementing Redstone's intentions (as set out in section 4 of the Original Bidder's Statement and section 5 of this First Supplementary Bidder's Statement, and dependent on Redstone's shareholding in Atlas at the time), it is possible that some employees, including those in senior management positions may have their roles made redundant or the need for change in personnel identified, and that this may be determined and actioned before completion of the strategic review. It would be premature for Redstone to seek to identify any such roles or personnel at this time. Any Atlas employees impacted by the actions

implemented by Redstone will be treated in accordance with their contractual and other legal rights, including under Australian employment laws.

Furthermore, the strategic review may highlight the need to supplement the existing management team of Atlas with additional management capability and expertise, including as a result of the resignation of key managers or other employees. The pursuit of new initiatives may require skills not represented within the current Atlas management team. Should Redstone gain control of Atlas, it will consider the engagement of suitably qualified personnel both from the market and from within the HPPL Group to provide any such supplementary skills.

(b) Atlas' Board

Redstone confirms that if any of its nominees are appointed to the Atlas Board, as detailed in sections 4.7, 4.11 or 4.17 of the Original Bidder's Statement, Redstone will use its reasonable endeavours to ensure that its nominees to the Atlas Board comply with their obligations and duties under the Corporations Act, the ASX Listing Rules and Atlas' constitution, including the duties of the Atlas Directors to act in the best interests of Atlas and all Atlas Shareholders (including minority Atlas Shareholders). Consistent with these obligations and duties, Redstone's nominee directors may be potentially precluded from voting on resolutions before the Atlas Board to the extent of any conflict of interest or material personal interest that arises in respect of the subject matter of those resolutions.

As indicated in section 4.17 of the Original Bidder's Statement, in a scenario where Redstone controls Atlas, but holds less than 100%, it would seek representation on the Atlas Board so that the proportion of Redstone nominees is broadly in line with its shareholding in Atlas. Necessarily, that objective may involve the replacement of some or all of the existing Atlas Directors. The identity of any such existing Atlas Directors would be determined at the relevant time.

As indicated in section 4.11 of the Original Bidder's Statement the identity of the Redstone nominees has not yet been determined but (consistent with HPPL's usual practice), it is expected that they will predominantly be drawn from the current directors and management of the HPPL Group. Redstone will seek to ensure that the composition of the Atlas Board meets the requirements of the Corporations Act and, to the extent applicable, the ASX Listing Rules.

5.7 Qualifications of Redstone nominees and senior management

HPPL has been involved in the Australian iron ore industry since its inception in circa. 1955. Within the HPPL Group there are several directors and senior managers who were responsible for various aspects of the exploration, studies, financing, construction, commissioning, ramp-up and steady-state operations of the \$10 billion Roy Hill Project. That project employs approximately 2,000 employees. The HPPL Group has a more than adequate team of managers to draw from to manage the standalone operation of Atlas' current mining operations, or the integration of the Atlas assets and business with those of the HPPL Group (or another third party) should this occur. However, Redstone will also consider the engagement of suitably qualified personnel from the market (and outside of the HPPL Group) should that be considered appropriate at the relevant time.

5.8 Removal from the official list of ASX

As detailed in sections 4.6 and 4.10 of the Original Bidder's Statement, Redstone intends to procure that Atlas is removed from the official list of ASX (if it becomes entitled to do so).

If the conditions contemplated by section 4.10 of the Original Bidder's Statement are satisfied, Redstone may send a notice to all remaining holders of Atlas Shares advising them of the nominated time and date at which Atlas would be removed from the official list of ASX, being a date not earlier than three months after the date the notice was given (**Removal Date**). This notice to remaining holders of Atlas Shares would also state that:

- (a) if the remaining holders of Atlas Shares wish to sell their Atlas Shares on ASX, they must do so before the Removal Date; and
- (b) if the remaining holders of Atlas Shares do not sell their Atlas Shares on ASX before the Removal Date, they will only be able to sell their Atlas Shares off-market from that time.

Those remaining Atlas Shareholders who do not sell their Atlas Shares on ASX before the Removal Date, should this occur, would face risks associated with the potential reduced liquidity of an unlisted share, but would be given the notice period referred to above within which to determine how to deal with their investment (having regard to their own investment objectives).

If the conditions contemplated by section 4.10 of the Original Bidder's Statement are not met², Redstone may still request that ASX remove Atlas from the official list of ASX. ASX's guidance indicates that ASX's decision to act on Redstone's request may be subject to the satisfaction of certain conditions directed to ensuring that the interests of remaining Atlas Shareholders are not unduly prejudiced by the removal and that trading in Atlas Shares takes place in an orderly manner up to the date of its removal.

ASX's guidance also indicates that (in some cases) these conditions may include the approval of Atlas Shareholders to the removal by way of an ordinary resolution. If Atlas Shareholder approval is sought within 12 months after the end of the Offer Period, Redstone and its associates may be excluded from voting on the resolution approving the removal.

6. ACQUISITIONS BY REDSTONE IN THE FOUR MONTHS PRIOR TO THE DATE OF THE ORIGINAL BIDDER'S STATEMENT

Redstone confirms, as disclosed in section 3.8 of the Original Bidder's Statement and in its notice of initial substantial holder dated 12 June 2018, that Redstone first acquired a relevant interest in Atlas Shares on 8 June 2018.³

Redstone confirms that the minimum price per share paid by Redstone or any associate of Redstone for any Atlas Share in the four months prior to the date of the Original Bidder's Statement was \$0.028, which purchase occurred on 8 June 2018.

As disclosed in section 3.8 of the Original Bidder's Statement, the maximum price per share paid by Redstone or any associate of Redstone for any Atlas Share was \$0.042, which purchase occurred on 12 June 2018.

The table below sets out a summary of the prices paid in intraday transactions under which Redstone acquired Atlas Shares in the four months prior to the date of the Original Bidder's Statement. The "total costs" set out in the table comprise the aggregate

² These include that Redstone and its related bodies corporate own or control at least 75% of Atlas Shares and there are fewer than 150 holders of Atlas Shares having a value of at least \$500, excluding Redstone and its related bodies corporate.

³ The Form 603 - Notice of initial substantial holder dated 12 June 2018 disclosed that Redstone also had an economic interest in a notional 4.99% of Atlas Shares through a cash settled equity swap. The cash settled equity swap was terminated on 14 June 2018, as noted in the cover letter to the Form 604 - Notice of change of interests of substantial holder.

consideration paid by Redstone for these Atlas Shares excluding transaction costs. The details of the aggregate consideration paid by Redstone for these Atlas Shares inclusive of transaction costs are set out in the Original Bidder's Statement.

Price per share	Total number of shares			
	8 June	12 June	14 June	Total
\$0.0280	3,370,000			3,370,000
\$0.0285	6,526,664			6,526,664
\$0.0290	104,103,779			104,103,779
\$0.0300	105,600,871			105,600,871
\$0.0305	21,843,306			21,843,306
\$0.0310	30,421,980			30,421,980
\$0.0315	52,933,210			52,933,210
\$0.0320	83,318,437			83,318,437
\$0.0325	1,565,991			1,565,991
\$0.0330	64,543,068			64,543,068
\$0.0335	10,627,497			10,627,497
\$0.0340	32,552,772			32,552,772
\$0.0345	2,550,000			2,550,000
\$0.0350	50,000,000	2,200,000		52,200,000
\$0.0355	9,980,049	8,706,556		18,686,605
\$0.0360	34,993,207	49,560,976	463,052,428	547,606,611
\$0.0365		13,190,339		13,190,339
\$0.0370	47,754,157	55,366,849		103,121,006
\$0.0375	2,045,000	44,879,783		46,924,783
\$0.0380	32,955,000	110,187,764		143,142,764
\$0.0385		5,082,256		5,082,256
\$0.0390		44,049,999		44,049,999
\$0.0395		7,285,951		7,285,951
\$0.0400	149,116,825	118,791,813		267,908,638
\$0.0405				-
\$0.0410		20,000,000		20,000,000
\$0.0415				-
\$0.0420		62,849,867		62,849,867
Total Volume	846,801,813	542,152,153	463,052,428	1,852,006,394
Volume weighted average price	0.0337	0.0387	0.0360	0.0358
Total cost	\$28,562,625	\$20,981,288	\$16,669,887	\$66,213,801

7. THE OFFER IS UNCONDITIONAL, SAVE FOR "PRESCRIBED OCCURRENCES"

As set out in section 7.10 of the Original Bidder's Statement, the Offer is unconditional save for no "prescribed occurrences". Redstone confirms that section 7.13(b) of the Original Bidder's Statement is a typographical error and that there are no other Defeating Conditions apart from "prescribed occurrences". Section 7.13(b) will be deleted from the dispatch version of the Original Bidder's Statement.

Section 7.16 of the Original Bidder's Statement sets out full details of when you will receive the Offer Consideration if you accept the Offer. For the purposes of this section 7, the date that the Offer is declared free from the Defeating Conditions is the **Unconditional Date**. In summary, if you accept the Offer:

- (a) before the Unconditional Date, you will be paid within seven days after the Unconditional Date; and
- (b) after the Unconditional Date, you will be paid within seven days after you accept the Offer.

Redstone has undertaken to pay you for your Atlas Shares within the seven day periods referred to above. This is more prompt than the period required by the Corporations Act, but the timing for payment will still depend on the date on which the Offer becomes unconditional.

Redstone may choose not to declare the Offer unconditional during the Offer Period and instead may wait for the Defeating Conditions to be fulfilled by reason of none of the "prescribed occurrences" events occurring by the end of three Business Days after the end of the Offer Period. It is possible, therefore, that the Offer will become unconditional automatically without Redstone having to do anything at all (including waiving any of the Defeating Conditions or otherwise declaring the Offer unconditional) if none of the "prescribed occurrences" have occurred.

As set out in section 7.2 of the Original Bidder's Statement, Redstone reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.⁴ If the Offer Period is extended before the Unconditional Date by a period of more than one month, you may be able to withdraw your acceptance as permitted by section 650E of the Corporations Act (see section 7.6(b) of the Original Bidder's Statement for full details).

DATED 26 June 2018

A copy of this First Supplementary Bidder's Statement was lodged with ASIC on 26 June 2018. ASIC takes no responsibility for the contents of this First Supplementary Bidder's Statement.

SIGNED for and on behalf of Redstone Corporation Pty Ltd by Jay Eliot Newby being a director of Redstone Corporation Pty Ltd who is authorised to sign by a resolution passed by the directors of Redstone Corporation Pty Ltd.



Jay Eliot Newby, Director

⁴ Section 624(1) of the Corporations Act provides that the offers under a takeover bid must remain open for at least one month after the date the first offer under the bid is made, and that the Offer Period must last for not more than 12 months.