

Eramet Group announces takeover offer for Mineral Deposits Limited

27.04.2018 | [Globenewswire Europe](#)

Paris, 27 April 2018, 0:40 AM

PRESS RELEASE

[Eramet](#) Group: [Eramet](#) announces takeover offer for Mineral Deposits Limited

- All-cash takeover offer of A\$1.46 per MDL share
- [Eramet](#) has acquired a relevant interest in 13.3% of MDL from some of the largest MDL shareholders
- Compelling opportunity for MDL shareholders to realise certainty of value
- Attractive 33% premium to the one-month Volume Weighted Average Price of A\$1.10 per MDL share
- Limited conditionality, no funding or due diligence conditions
- Enables the full consolidation of the TiZir mineral sands joint venture within [Eramet](#)'s portfolio

[Eramet](#) has today announced that it proposes to make an off-market takeover offer (Offer) to acquire all of the issued shares in [Mineral Deposits Ltd.](#) (MDL) that it does not already own for A\$1.46 cash per share (Offer Price). This is an all-cash transaction that values the equity of MDL (on a fully diluted basis) at approximately A\$291 million^[1].

As part of the Offer, [Eramet](#) has acquired a relevant interest in 13.3% of MDL shares from key institutional shareholders of MDL. This includes the acquisition of 8.0% via outright purchases at the same price as the Offer Price and the execution of a pre-bid acceptance agreement in relation to an additional 5.3% of MDL.

[Eramet](#) and MDL each hold a 50% interest in the TiZir joint venture, which operates an integrated mineral sands (titanium dioxide and zircon) business in Senegal and Norway.

The Offer is intended to enable the full consolidation of the joint venture after its formation in 2011.

Compelling offer for MDL shareholders

The Offer Price represents an attractive premium to MDL's historical trading prices. Based on the price of the MDL shares up to and including 26 April 2018 (being the last trading day prior to this announcement), the Offer Price represents a premium of:

- 26% to A\$1.16, the last closing price of MDL shares;
- 33% to A\$1.10, the one-month Volume Weighted Average Price (VWAP) of MDL shares;
- 30% to A\$1.13, the three-month VWAP of MDL shares; and
- 37% to A\$1.07, the six-month VWAP of MDL shares.

This premium is being provided to MDL shareholders after the MDL share price has experienced recent substantial growth, including 119% in the year up to and including 26 April 2018. Accordingly, the Offer Price also represents a premium of 248% to MDL's capital raising price of 42 cents per share in March 2017.

In addition, the Offer provides MDL shareholders with cash certainty compared to the uncertainty of remaining an MDL shareholder, given the volatility of mineral sands markets, TiZir's high financial leverage and MDL's limited trading liquidity. Furthermore, MDL has not reported an annual net profit in over five years and has not paid a dividend since it commenced trading as MDL on the ASX in 1999.

Christel Bories, Chairman and Chief Executive Officer of [Eramet](#), commented,

"We are convinced that our Offer is a unique opportunity for MDL shareholders. The Offer provides certainty of value at a genuinely attractive cash price for MDL shares.

For [Eramet](#), this is a logical step, in line with the Group's strategy, that consolidates the ownership of the TiZir asset within its portfolio at a time when the Group has improved financial flexibility. Given the nature of TiZir and the mineral sands industry, we believe that the TiZir asset would be best placed being wholly-owned within a larger, diversified portfolio such as [Eramet](#)'s. It is the right move done at the right time."

Funding

[Eramet](#) intends to finance the Offer using [Eramet](#)'s existing cash reserves. These funds are immediately available and in excess of the aggregate Offer consideration and associated transaction costs.

Limited conditions and no funding or due diligence condition

The Offer is subject to limited conditions, including a 50.01% minimum acceptance condition. The Offer is not subject to any funding or due diligence conditions, and the approval of the Australian Foreign Investment Review Board (FIRB) has already been received.

The conditions of the Offer are set out in the Bidder's Statement, which is being announced today to the ASX and will also be available on the [Eramet](#) website at www.aramet.com/en. A full list of these conditions is also set out in Attachment 1 to this announcement.

Timetable and next steps

[Eramet](#) will today provide a copy of the Bidder's Statement to the Australian Securities and Investments Commission and MDL. The Bidder's Statement contains detailed information relating to the Offer, including the key reasons to accept the Offer and instructions on how to accept the Offer. It is expected that the Bidder's Statement will be sent to MDL shareholders, and the Offer will open for acceptance, in 14 - 28 days after the date of this announcement.

Advisers

[Eramet](#) has engaged Macquarie Capital as financial adviser and Herbert Smith Freehills as legal adviser in relation to the Offer.

ABOUT ERAMET

[Eramet](#) is one of the leading global producers of:

- manganese and nickel, used to improve the properties of steel, and mineral sands (titanium dioxide and zircon)
- as well as parts and semi-products in high-performing special steels and alloys used in industries such as aerospace, power generation and tooling.

[Eramet](#) is also developing activities with high-growth potential, such as lithium extraction and recycling.

The Group employs nearly 12,600 people in around 20 countries. [Eramet](#) is part of Euronext Paris Compartment A.

LEI code: 549300LUH78PG2MP6N64

For more information: www.Eramet.com

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IOS: <https://itunes.apple.com/fr/app/Eramet-finance/id1115212055?mt=8>

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Attachment 1 - Bid Conditions

(a) Minimum acceptance

Before the end of the Offer Period, [Eramet](#) has a relevant interest in such number of Shares which represent at least 50.01% of all the Shares (on a fully diluted basis).

(b) No regulatory action

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (1) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;
- (2) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (3) no application is made to any Public Authority (other than by [Eramet](#) or any associate of [Eramet](#)),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offer and the completion of any transaction contemplated by the Bidder's Statement (including, without limitation, full, lawful, timely and effectual implementation of the intentions set out in the Bidder's Statement) or which requires the divestiture by [Eramet](#) of any Shares or any material assets of an MDL Group Member.

- (c) **No material adverse change**
(1) **Between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occurs:**
(A) **an event (including that any litigation is commenced, threatened to be commenced or announced or that any Public Authority sends or issues a demand, tax assessment or other notice claiming an amount for or seeking to impose liability upon any MDL Group Member or the occurrence of any adverse regulatory action by a Public Authority including actions that result in the loss of any mining or other rights by any MDL Group Member), change, condition, matter or thing occurs or will or is reasonably likely to occur;**
(B) **information is disclosed or announced by MDL concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or**
(C) **information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to [Eramet](#) (whether or not becoming public),**

(each of (A), (B) and (C), a Specified Event) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:

- (D) **a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the MDL Group taken as a whole;**
(E) **without limiting the generality of section (c)(1)(D):**

- the effect of a diminution in the value of the consolidated net assets of the MDL Group, taken as a whole, by at least A\$10 million against what it would reasonably have been expected to have been but for such Specified Event;
- the effect of a diminution in the value of the consolidated net assets of the TiZir Group, taken as a whole, by at least A\$20 million against what it would reasonably have been expected to have been but for such Specified Event; or
- the effect of a diminution in the value of the consolidated earnings before interest, tax, depreciation and amortisation of the TiZir Group, taken as a whole, by at least A\$8 million in any financial year of the TiZir Group against what it would reasonably have been expected to have been but for such Specified Event,

other than:

- (F) **matters, events or circumstances occurring with the prior written consent of [Eramet](#) or which MDL disclosed in an announcement made to the ASX prior to the Announcement Date; or**
(G) **general changes in economic or business conditions (including changes in currency exchange rates).**
(2) **For the purposes of section (c)(1), [Eramet](#) shall not be taken to know of information concerning any event, change, condition, matter or thing before the Announcement Date, unless the magnitude of the event, change, condition, matter or thing has been disclosed by MDL in its public filings with the ASX before the Announcement Date.**
(d) **Acquisitions, disposals and other matters**

Between the Announcement Date and the end of the Offer Period (each inclusive), other than as approved by [Eramet](#)'s nominees on the board of TiZir Limited and recorded in board minutes or resolutions, no MDL Group Member:

- (1) **acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any corporate transaction, which would or would be likely to involve a material change in the manner in which the MDL Group conducts its business or the nature (including balance sheet classification), extent or value of the assets or liabilities of the MDL Group (taken as a whole);**
(2) **without limiting section (d)(1):**
(A) **makes any change to its constitutional documents;**
(B) **commences business activities not already carried out as at the Announcement Date, whether by way of acquisition or otherwise;**
(C) **acquires, leases, disposes of, or agrees to acquire, lease or dispose of, any business, assets, entity or undertaking, the value of which exceeds A\$5 million (individually or in aggregate);**
(D) **enters into any contract or commitment (including in respect of financial indebtedness) requiring payments by the MDL Group in excess of A\$3 million (individually or in aggregate) other than any payment required by law;**
(E) **agrees to incur capital expenditure from the Announcement Date of more than A\$500,000 (individually or in aggregate);**
(F) **accepts as a compromise of a matter less than the full compensation due to a member of**

the MDL Group where the financial impact of the compromise on the MDL Group is more than A\$500,000 (individually or in aggregate);

(G) provides financial accommodation other than to members of the MDL Group (irrespective of what form of financial indebtedness that accommodation takes) in excess of A\$200,000 (individually or in aggregate);

(H) enters into any agreement, arrangement or transaction with respect to derivative instruments (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments;

(I) enters into, or resolves to enter into, a transaction with any related party of MDL (other than a related party which is a member of the MDL Group), as defined in section 228 of the Corporations Act;

(J) enters into or materially alters, varies or amends any employment, consulting, severance or similar agreement or arrangement with one or more of its officers, directors, other executives or employees, or accelerates or otherwise materially increases compensation or benefits for any of the above, provided that the aggregate of all increases in compensation or benefits is no greater than A\$100,000; or

(K) pays any of its directors or employees a termination or retention payment, other than in accordance with contractual arrangements in effect on the Announcement Date and which have been publicly disclosed; or

(3) authorises, commits, agrees or announces an intention to do any of the matters set out above.

(e) No prescribed occurrences

Between the Announcement Date and the date that is 3 Business Days after the end of the Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:

(1) MDL converting all or any of the Shares into a larger or smaller number of shares under section 254H of the Corporations Act;

(2) an MDL Group Member resolving to reduce its share capital in any way;

(3) an MDL Group Member entering into a buyback agreement or resolving to approve the terms of a buyback agreement under subsections 257C(1) or 257D(1) of the Corporations Act;

(4) an MDL Group Member making an issue of shares (other than Shares issued as a result of the exercise, conversion or vesting of Performance Rights which are on issue at the Announcement Date or the 2018 Performance Rights) or granting an option over its shares or granting any rights that are convertible into share(s) or agreeing to make such an issue or grant such an option or right (other than granting of the 2018 Performance Rights);

(5) an MDL Group Member issuing, or agreeing to issue, convertible notes;

(6) an MDL Group Member disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;

(7) an MDL Group Member granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;

(8) an MDL Group Member resolving that it be wound up;

(9) the appointment of a liquidator or provisional liquidator of an MDL Group Member;

(10) the making of an order by a court for the winding up of an MDL Group Member;

(11) an administrator of an MDL Group Member being appointed under section 436A, 436B or 436C of the Corporations Act;

(12) an MDL Group Member executing a deed of company arrangement; or

(13) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of an MDL Group Member.

* * *

Definition and Interpretation

In the Bid Conditions unless the context otherwise requires, the following terms have the meanings shown below:

Term	Meaning
\$ or A\$	Australian dollars, the lawful currency of the Commonwealth of Australia.
2018 Performance Rights	up to 702,689 unlisted performance rights proposed to be issued by MDL under the MDL Rights Plan, further details of which are set out in MDL's notice of annual general meeting ASX on 23 April 2018.

Term	Meaning
Announcement Date	the date of this announcement.
ASIC	the Australian Securities and Investments Commission.
ASX	as the context requires, ASX Limited ABN 98 008 624 691 or the securities market conduct authority.
Bidder's Statement	the statement of Eramet under Part 6.5 Division 2 of the Corporations Act relating to the Bidder's Statement.
Business Day	a day on which banks are open for business in Sydney, excluding a Saturday, Sunday or public holiday.
Corporations Act	the Corporations Act 2001 (Cth).
Eramet	Eramet SA, French company incorporated under the Companies Registry of Paris under number 381.
MDL	Mineral Deposits Ltd. ABN 19 064 377 420.
MDL Group	MDL and each of its Subsidiaries and the TiZir Group and MDL Group Member means any member of the MDL Group.
MDL Performance Rights Plan	the performance rights plan approved by MDL shareholders on 20 May 2016 as amended by MDL shareholders on 4 May 2017.
Offer	the offer for Shares under the terms and conditions contained in section 9.7 of the Bidder's Statement.
Offer Period	the period during which the Offer will remain open for acceptance in accordance with section 9.7 of the Bidder's Statement.
Performance Right	the unlisted performance rights granted by MDL under the MDL Performance Rights Plan on the Announcement Date, 2,338,209 unlisted performance rights.
Public Authority	any government or any governmental, semi governmental, statutory or judicial entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any self regulatory organisation or any body exercising powers under statute or otherwise discharging substantially public or regulatory functions, and a stock exchange.
Security Interest	has the same meaning as in section 51A of the Corporations Act.
Shares or MDL Shares	fully paid ordinary shares in the capital of MDL.
TiZir Limited	TiZir Limited, a private limited company registered in the Register of Companies for England and Wales under company number 07727671.
TiZir Group	TiZir Limited, TiZir Titanium & Iron AS, Grande Côte Operations SA and each of TiZir Limited's Subsidiaries and TiZir Group Member means any member of the TiZir Group.

[1] Based on total issued shares of 196,985,649 and performance rights of 2,338,209 as at the date of this announcement.

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Source: Groupe [Eramet](#) via Globenewswire

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/297051--Eramet-Group-announces-takeover-offer-for-Mineral-Deposits-Limited.html>

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