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28 January 2025

ASX ANNOUNCEMENT

RECOMMENDED OFF-MARKET TAKEOVER OFFER FROM FORTESCUE

Red Hawk Mining Limited (ASX:RHK) (**Red Hawk**) is pleased to announce that it has entered into a binding Bid Implementation Deed (**BID**) with FMG Pilbara Pty Ltd (**FMG**), a subsidiary of Fortescue Ltd (ASX:FMG) (**Fortescue**), under which FMG has offered to acquire up to 100% of the shares in Red Hawk by way of an off-market takeover (**Offer**) for a cash amount of $1.05 per Red Hawk share (**Base Offer Price**). The consideration per share will be increased to $1.20 per Red Hawk share (**Increased Offer Price**) if FMG obtains a relevant interest in 75% or more of Red Hawk shares within 7 days of the Offer being open for acceptances (**Increased Offer Condition**).

Highlights

- **The Base Offer Price of $1.05 per Red Hawk share represents a premium of:**
  - **28% to the last closing price of $0.82 per Red Hawk share on 24 January 2025**
  - **29% to the 30-day VWAP of $0.81 per Red Hawk share up to and including 24 January 2025**
- **The Increased Offer Price of $1.20 per Red Hawk share represents a premium of:**
  - **46% to the last closing price of $0.82 per Red Hawk share on 24 January 2025**
  - **48% to the 30-day VWAP of $0.81 per Red Hawk share up to and including 24 January 2025**
- **Any shareholder that has accepted the Offer will automatically receive the higher Increased Offer Price if the Increased Offer Condition is met**
- **Minimal conditionality, with the Offer only subject to No Prescribed Occurrences (as defined in the BID)**
- **The Independent Expert has concluded that the Offer is fair and reasonable to Red Hawk shareholders**
- **The Red Hawk Board, on the basis of an Independent Board Committee recommendation, unanimously recommends that shareholders ACCEPT the Offer at both the Base Offer Price and, if relevant, the Increased Offer Price, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable**

Bid Implementation Deed

To enable the Company to present the Offer to shareholders, Red Hawk has entered into the BID with FMG, which is attached in full as Annexure A to this announcement. The BID annexes the terms and conditions of the Offer.

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Unanimous Board Recommendation

As the Red Hawk Board in-part comprises two director nominees of separate substantial shareholders in Red Hawk, the Red Hawk Board established an Independent Board Committee (**IBC**) for the purposes of transparency and due process to evaluate and respond to the Offer.

The IBC comprises The Hon. Cheryl Edwardes, AO (Chair), Mr Steven Michael (Managing Director and CEO) and Mr Daniel Harris (Independent Non-Executive Director). The IBC has recommended to the Board, and the Board has accepted the IBC's recommendation, to unanimously recommend that Red Hawk Shareholders accept the Offer.

Therefore, the Red Hawk Board unanimously recommends that Red Hawk shareholders support the transaction by accepting the Offer at either the Base Offer Price or, if relevant, the Increased Offer Price, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable. Subject to those same qualifications, each member of the Red Hawk Board intends to accept those Red Hawk shares held or controlled by them into the Offer. Further details of the Board Recommendation are set out in Section 1 of the Target's Statement. Refer to Section 2 of the Target's Statement for a non-exhaustive list of reasons as to why you may decide not to accept the Offer.

Strategic engagement post Blacksmith PFS

As originally disclosed in the Blacksmith Pre-Feasibility Study (**PFS**) in May 2024[1], Red Hawk identified the potential to pursue alternative funding options for the Blacksmith Project beyond traditional financiers. These options included the possibility of pursuing a corporate transaction, seeking a joint venture partner or undertaking a full or partial asset sale.

As part of this, following the completion of the PFS, Red Hawk conducted a comprehensive strategic process, engaging extensively with debt providers, offtake partners, iron ore producers and potential joint venture partners or acquirers. The aim of this engagement was to explore options for progressing the Blacksmith Project as contemplated in the PFS, or to identify alternative pathways that would offer similar or greater value creation for shareholders.

In total through the process, Red Hawk engaged with 17 parties, including international groups, financiers, iron ore producers, steel mills and commodity traders. Detailed discussions were held with a subset of these parties, across a range of opportunities including traditional project funding, or potentially value creating M&A opportunities, including a potential corporate transaction for full or partial sale of the Blacksmith Project. For those parties involved in detailed discussions, a virtual data room was made available for due diligence, with over 3,000 documents available for analysis.

From this process, the Offer from FMG emerged as the most compelling offer Red Hawk has received and, in the estimation of the Board, provides superior value to Red Hawk pursuing development of the Blacksmith Project independently as contemplated by the PFS. This estimation by the Board considers the inherent risks associated with an independent mining company developing a single project, against the certain and immediate value shareholders will receive under the terms of the Offer. Further details of the Board Recommendation and Reasons to Accept are set out in Section 1 of the Target's Statement.

To date, the Offer is also the only binding proposal capable of implementation.

[1] 1 May 2024, ASX Announcement 'Blacksmith PFS Delivers Robust Economics and Maiden Ore Reserve' https://wcsecure.weblink.com.au/pdf/RHK/02802017.pdf

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Commenting on the Offer, Red Hawk's Chair, The Hon. Cheryl Edwardes AO, said:

"Having carefully considered the merits of the Offer, the Red Hawk Board has unanimously concluded that the Base Offer Price and the Increased Offer Price are at an attractive level, with both representing a strong premium to recent trading, and that the Offer is in the best interests of Red Hawk shareholders.

Whilst we firmly believe that the Blacksmith Project has the potential to be a major iron ore project, there is significant cost, time and risk associated with developing a project of this scale, particularly in the context of an uncertain broader global economic outlook. As such, the Board believes that the Offer provides shareholders with a compelling opportunity to de-risk their investment and realise certain value at an attractive premium to historical trading levels leading into the announcement of the Offer.

The Board is very proud of the significant work completed by the Red Hawk team to date, including the publishing of the Pre-Feasibility Study for a 5Mtpa stand-alone mining operation at the Blacksmith Project, and believes that the Offer is well-deserved recognition of this hard work and the significant value it has created."

Overview of the Offer

Under the terms of the Offer, accepting Red Hawk shareholders will receive a cash amount of $1.05 per Red Hawk share or $1.20 cash per share if the Increased Offer Condition is met, which implies a fully diluted equity value for Red Hawk of ~$254 million.

The Offer has minimal conditionality and is only subject to No Prescribed Occurrences (as defined in the BID) occurring (**Bid Condition**). FMG has stated that it will free the Offer from the Bid Condition 14 days after it acquires a relevant interest in at least 50.1% of Red Hawk shares, subject to any earlier breach of the Bid Condition.

The Offer is not subject to any financing or due diligence conditions and does not have a minimum acceptance condition. Full details of the conditions of the Offer are set out in the BID, a copy of which is attached to this announcement.

The Offer will remain open until 7:00pm AEDT on Monday, 3 March 2025, unless extended or withdrawn (**Offer Period**).

Independent Expert's Report

BDO Corporate Finance Australia Pty Ltd (**Independent Expert**) was engaged to prepare the Independent Expert's Report. The Independent Expert has concluded that the Offer at both the Base Offer Price and the Increased Offer Price is fair and reasonable. Additional information related to the Independent Expert's conclusion will be available in the Independent Expert's Report which will form part of the Target's Statement and be made available to shareholders. The Independent Expert's conclusions must be read in context with the full Independent Expert's Report.

Substantial Shareholder Call Option Deeds

On 27 January 2025, Fortescue entered into Call Option Deeds with each of Red Hawk's substantial shareholders TIO (NZ) Limited (**Todd**) and OCJ Investment (Australia) Pty Ltd (**OCJ**) (**Call Option Deeds**). As at 24 January 2025, Todd held 60.71% and OCJ held 21.20% of Red Hawk Shares.

The Call Option Deeds grant FMG the right to acquire:

(a) up to 15% of Todd's voting power in Red Hawk; and

(b) up to 4.99% of OCJ's voting power in Red Hawk,

both at the Base Offer Price of $1.05 (**Call Options**).

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The Call Options may only be exercised if FMG simultaneously exercises the other call option, unless the Red Hawk Shares the subject of that other call option have been accepted into the Offer, and are exercisable from the earlier of:

(a) the date a Competing Transaction is announced; and

(b) the date which is 9 days prior to the end of the Offer Period.

FMG currently holds a 19.99% relevant interest in Red Hawk via the Call Option Deeds, and will have the right under the Call Option Deeds to acquire up to 19.99% interest in Red Hawk if OCJ or Todd do not accept the Offer or if a Competing Transaction is announced.

A **Competing Transaction** for these purposes generally means an offer, proposal, transaction or arrangement which would result in a person holding a relevant interest in 10% or more of Red Hawk Shares, acquiring control of Red Hawk, acquiring an interest in all or substantially all of Red Hawk's assets, or otherwise require FMG to abandon the Offer.

The Call Option Deeds will lapse and be of no further force and effect 2 days following the end of the Offer Period or otherwise when the Call Option Deed is terminated.

Other key terms

The BID contains customary exclusivity obligations, including "no shop", "no talk", notification obligations and a matching right regime in respect of any superior proposal received by Red Hawk.

Indicative timetable and next steps

Today, FMG lodged the Bidder's Statement and Red Hawk lodged the Target's Statement with the Australian Securities and Investments Commission. The Bidder's Statement contains information relevant to the Offer, including how to accept the Offer. The Target's Statement contains information relevant to the Red Hawk Board's unanimous recommendation to accept the Offer, including the Independent Expert's Report.

The Offer is now open and will be capable of acceptances from today, 28 January 2025. The Offer will close at 7:00pm (AEDT) on 3 March 2025, unless extended or withdrawn.

Advisors

Barrenjoey is acting as financial adviser and Peloton Legal as legal adviser in relation to the Offer.



Steven Michael

Managing Director and CEO
Red Hawk Mining Limited

This ASX announcement was authorised by the Board of Directors of Red Hawk Mining Limited.

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