

**RESPONSE TO ASX CONSULTATION PAPER**  
**"UPDATING ASX'S ADMISSION REQUIREMENTS FOR LISTED ENTITIES"**

**1 INTRODUCTION**

1.1 This paper is submitted in response to the ASX Consultation Paper dated 12 May 2016 – "*Updating ASX's admission requirements for listed entities*" (**ASX Consultation Paper**) for and on behalf of each of the parties detailed in Schedule 1 (together, the **Group**).

1.2 In preparing these submissions, members of the Group have:

1.2.1 consulted with a number of their mid to small cap corporate issuer clients and other market participants; and

1.2.2 had regard to their respective relevant experience with the matters the subject of the ASX Consultation Paper,

and accordingly consider that they are suitably qualified to provide comment on the proposals detailed in the ASX Consultation Paper and welcome the opportunity to contribute to the process.

1.3 As part of the consultation referred to in paragraph 1.2, the parties detailed in Schedule 2 have formally advised the Group that they support the submissions in this paper.

1.4 This paper is submitted in addition to, and should be read in conjunction with, individual comment/response papers that will be submitted by certain members of the Group.

**2 EXECUTIVE SUMMARY**

2.1 The Group:

2.1.1 is cognisant of the vital role that ASX plays in the economic prosperity of Australia via the provision of access to capital to fund innovation and business expansion and the provision of opportunities for investors to create wealth;

2.1.2 recognises the rationale for the proposed amendments to the ASX Listing Rules (**Listing Rules**) and the accompanying policies detailed in the ASX Consultation Paper; and

2.1.3 welcomes, and is supportive of, all reasonable measures that are designed to maintain the quality and integrity of the ASX market and to ensure that it remains internationally competitive.

2.2 Having regard to the above, the Group broadly supports the Listing Rule amendments and policy changes detailed in the ASX Consultation Paper (refer to Schedule 3). However, the Group submits that:

2.2.1 given the nature of their business activities and the accounting treatment of certain assets, entities listing with a 'classified asset':

- (a) falling within paragraph (a) of the definition of 'classified asset', being entities with an interest in a mining exploration area or an oil and gas exploration area (or similar tenement or interest) as their main undertaking, should be subject to a

\$3 million minimum net tangible asset (NTA) requirement;  
and

- (b) falling within paragraphs (b) or (c) of the definition of 'classified asset', should be subject to a \$4 million NTA requirement,

(refer to section 3);

2.2.2 clarity is required in respect of the circumstances in which audited accounts for entities with less than three full financial years' trading history will be accepted (refer to section 3); and

2.2.3 entities announcing a transaction requiring re-compliance with Chapters 1 and 2 of the Listing Rules (pursuant to the application of Listing Rule 11.1.3) should not be required to request voluntary suspension of quotation of their securities from trading until they satisfy ASX's requirements for re-quotation, nor should ASX suspend quotation in such circumstances, rather such entities should be permitted to have their securities remain quoted if:

- (a) no securities have been issued and granted quotation in the six month period immediately prior to the relevant announcement (excluding securities issued on conversion of convertible securities or issued pursuant to pro rata entitlement offers) as evidenced by Appendices 3B; or

- (b) where securities (other than securities issued on conversion of convertible securities or issued pursuant to pro rata entitlement offers) have been issued and granted quotation during the above six month period and the entity can demonstrate to ASX that those securities have not traded and are subject to a voluntary holding lock.

2.2.4 In circumstances where securities have been issued and the non-trading / holding lock requirements are not satisfied, the applicable entity will have its securities suspended from quotation as provided for in paragraph 5.4 of the amended Guidance Note 12 (refer to section 4.1).

2.3 The Group has also identified additional initiatives that may warrant consideration by ASX in seeking to maintain and enhance the integrity and reputation of the ASX, whilst also potentially reducing the administrative/compliance workload of ASX officers (refer to section 6).

### **3 REDUCED NTA REQUIREMENT FOR MINING EXPLORATION OR OIL AND GAS EXPLORATION ENTITIES**

3.1 The Group:

3.1.1 supports the efforts of the ASX to maintain the quality of the market by ensuring that only entities that are of sufficient quality and size, and have appropriate operations, are admitted to the Official List;

3.1.2 acknowledges ASX's history in supporting the listing of early stage and start up enterprises that may be unable to demonstrate a track record of profitability and which may hold largely intangible assets; and

- 3.1.3 is keen to ensure that ASX continues to attract quality listing applicants of such early stage and start up enterprises and continues to be recognised as a viable and attractive capital raising alternative to foreign exchanges and/or private venture capital.
- 3.2 The Group submits that a minimum \$5 million NTA may preclude otherwise quality listing applicants from seeking to list on ASX, particularly in the mining and oil and gas exploration sectors, which have traditionally comprised a significant number of the entities on the Official List.
- 3.3 Accordingly, we suggest that, given the nature of their business activities and the accounting treatment of certain assets, entities listing with a 'classified asset':
- 3.3.1 falling within paragraph (a) of the definition of 'classified asset', being entities with an interest in a mining exploration area or an oil and gas exploration area (or similar tenement or interest) as their main undertaking, should be subject to a \$3 million minimum NTA requirement; and
- 3.3.2 falling within paragraphs (b) or (c) of the definition of 'classified asset', should be subject to a \$4 million NTA requirement.
- 3.4 Please refer to Schedule 4 for statistics and examples of entities that would not have listed if a \$5 million NTA had been required (highlighted in green). The Group is concerned that a \$5 million NTA could affect the continuity of mining and oil and gas exploration floats on ASX and the ability of the ASX to continue to support initial public offerings (IPOs) and the provision of capital to growth phase companies across a range of sectors as the Australian economy diversifies.
- 3.5 The Group notes from the statistics in Schedule 4 that there is no obvious correlation between size of NTA at listing, size of IPO and the ultimate success of the company. For example, several of the exploration companies listed in the last five years with the largest market capitalisations, notably Highfield Resources, Dome Gold, Newfield Resources and Cradle Resources, all undertook IPOs raising less than \$5 million.
- 3.6 The Group acknowledges that entities without a track record of profitability may also apply for admission on the basis of the market capitalisation test, however the Group considers that if that test is increased to at least \$20 million, a number of potential listing applicants will be precluded from listing. Refer to Schedule 4 for examples (highlighted in green).
- 3.7 The Group further submits that many entities listing with an interest in a mining exploration area or an oil and gas exploration area (or similar tenement or interest) as their main undertaking:
- 3.7.1 do not require the level of cash so as to result in a \$5 million NTA and imposing such a requirement could inadvertently result in issuers preparing inflated expenditure budgets and not undertaking their operations as efficiently and cost effectively as would otherwise be the case;
- 3.7.2 typically only seek to raise the level of funding as is required to meet their initial objectives, with the aim of meeting those objectives (ie, drilling targets), which then facilitates the ability to raise further funding on more favourable terms (including pricing) in the future; and

- 3.7.3 if required to raise a sufficient level of cash to result in a \$5 million NTA which is perceived to be more than the company requires, this may conceivably affect the ability of companies to raise pre-IPO seed capital out of a concern that following the IPO the company may have excess capital to its initial requirements; it is fundamentally important to the continued success of ASX as a reputable market for junior resource companies that those companies continue to have the ability to raise sufficient seed capital necessary to enable the company to undertake an IPO and list on ASX.
- 3.8 The Group notes that the NTA admission requirement was increased by 50% from \$2 million to \$3 million in 2012, and since that time the ASX Small Resources Index has been declining (refer to Schedule 5). Accordingly, the proposed increase is not timely, given recent market conditions, and is disproportionate in scale.
- 3.9 Finally, to the extent that there might be any concern as to having different NTA requirements for different sectors, the Group notes that the Listing Rules already distinguish between different sectors in a substantial manner, with resource companies being subject to very significant additional reporting requirements under Chapter 5 of the Listing Rules. Different listing criteria for junior resource companies is justified on the basis that ASX is one of only two main stock exchanges in the world which provide a significant and very well regulated market for junior resource companies.

#### **4 ASX DISCRETION TO ACCEPT LESS THAN THREE FULL FINANCIAL YEARS OF AUDITED ACCOUNTS**

- 4.1 Rather than ASX having a discretion to accept less than three full financial years of audited accounts, the Listing Rules should specify the particular circumstances where ASX will accept audited accounts for less than that period (being the circumstances in which ASIC will accept less than three full years of audited accounts in a disclosure document - i.e. start up companies with no, or limited, trading history are permitted to provide accounts as from the date from which the business was established).
- 4.2 The Listing Rules should specify that audited accounts are required for the period that is the shorter of the previous three full financial years and the period from establishment of the entity's business (ie, not necessarily from the date of incorporation of the listed entity, but rather the date that the underlying business commenced operation either via the listed entity or otherwise).

#### **5 GUIDANCE NOTE 12 AMENDMENTS**

- 5.1 The Group:
- 5.1.1 acknowledges the rationale for the changes in Guidance Note 12 concerning the suspension of an entity's securities from quotation upon announcement of a transaction that requires re-compliance with Chapters 1 and 2 of the Listing Rules (pursuant to Listing Rule 11.1.3) and is cognisant of some of the issues that have arisen with the recent proliferation of backdoor listings. Furthermore, the Group welcomes any proposals that encourage transparency and assist in maintaining the integrity of the market; and
- 5.1.2 considers that the ability of listed entities to undertake backdoor listings should be maintained in order to provide those entities with an alternative to administration, and thereby providing shareholders

with an opportunity to realise some form of return on their investment (noting that investors in such entities are aware of the risks involved in, and are prepared to invest in, those entities that typically undertake backdoor listings).

- 5.2 Refer to Schedule 6 for examples of backdoor listing transactions that resulted in the listed entity being successfully revitalised.

### **Suspension**

- 5.3 As an alternative to the new approach detailed in section 5.4 of Guidance Note 12, the Group submits that entities announcing a transaction requiring re-compliance with Chapters 1 and 2 of the Listing Rules (pursuant to the application of Listing Rule 11.1.3) should not be required to request a voluntary suspension of quotation of their securities from trading until they satisfy ASX's requirements for re-quotation, nor should ASX suspend quotation in such circumstances, rather such entities should be permitted to have their securities remain quoted if:
- 5.3.1 no securities have been issued and granted quotation in the six month period immediately prior to the relevant announcement (excluding securities issued on conversion of convertible securities or issued pursuant to pro rata entitlement offers (together, **Excluded Offers**)) as evidenced by Appendices 3B; or
  - 5.3.2 where securities (other than Excluded Offers) have been issued and granted quotation during the above six month period and the entity can demonstrate to ASX that those securities have not traded and are subject to a voluntary holding lock.
- 5.4 In circumstances where securities have been issued within the prior six month period and the non-trading / holding lock requirements are not satisfied, it is appropriate for the issuer to request that quotation of its securities be suspended from quotation as provided for in paragraph 5.4 of the amended Guidance Note 12, in order to ensure that, during the re-compliance period, the market trades on a fully informed basis.
- 5.5 ASX may also wish to consider requiring that the initial announcement of the backdoor listing transaction contains more fulsome prescribed information concerning the new venture (including, but not limited to, disclosure of risk factors) so as to ensure that the market trades on a fully informed basis.
- 5.6 Refer to Schedule 7 which contains a flow chart of how the above approach may be implemented.
- 5.7 The Group considers that such an alternative approach (or a derivation of such) will address the underlying issues that ASX is seeking to address, whilst also (subject to the requirements being met):
- 5.7.1 ensuring shareholders are not deprived of the ability to trade their securities (which may be for up to three months or more); and
  - 5.7.2 assisting in the pricing of capital raisings accompanying Chapter 11 transactions by permitting the market to form a view on the proposed change in nature and/or scale of the business.

- 5.8 This approach is consistent with the default position for M&A transactions where shares are permitted to continue to trade once a transaction has been disclosed to the market.
- 5.9 The Group further submits that ASX may wish to consider a 12 month trial of the above approach.

***Ability to request waiver from 20 cent rule***

- 5.10 The Group submits that entities should be permitted to undertake a consolidation of their share capital before a backdoor listing transaction in the ordinary course.
- 5.11 If the proposal detailed in paragraphs 5.3 and 5.4 is adopted, this would also address ASX's concern in respect to entities issuing securities at a price of less than two cents prior to announcement of a transaction requiring recompliance with Chapters 1 and 2 of the Listing Rules.
- 5.12 The Group submits that if the proposal detailed in paragraphs 5.3 and 5.4 is adopted, entities should not be prohibited from obtaining a waiver from the 20 cent rule where they have issued securities at a price of less than two cents prior to announcement of a transaction that require recompliance with Chapters 1 and 2 of the Listing Rules. Similarly, if an entity's securities are trading at less than two cents before such an announcement, it should be permitted to undertake a consolidation to ensure the market price of their shares goes above two cents and not be precluded from obtaining a waiver. In such situations, especially if the proposal detailed in paragraphs 5.3 and 5.4 is adopted, the Group considers that there is no transparency or market integrity issues that ASX should be concerned with.

**6 OTHER SUGGESTIONS**

- 6.1 The Group has identified the following additional initiatives that may warrant consideration by ASX.

***Sponsoring Brokers***

- 6.2 The introduction of a sponsoring broker regime may assist ASX in seeking to maintain and enhance the integrity and reputation of the ASX whilst also potentially reducing the administrative/compliance workload of ASX officers.
- 6.3 The Group notes that ASX member organisations are some of the most highly regulated financial services providers within Australia and have long track records in the industry.
- 6.4 The Group envisages that sponsoring brokers would need to be members of ASX that have demonstrated that they have the relevant and necessary experience to perform that function. The sanction for sponsoring brokers that do not perform to the level required by ASX should be that they lose their authorisation to act as sponsoring brokers.
- 6.5 Entities could elect to participate in such a regime (ie, listed companies would not initially be forced to appoint a sponsoring broker) but ASX could direct entities to appoint a sponsoring broker where it considers it appropriate.
- 6.6 The sponsoring brokers would settle administrative and specified routine/compliance documents, such as the entity's announcements, notices of meeting and specified waivers, rather than an ASX officer, thereby reducing the compliance tasks and accompanying burden on ASX.

- 6.7 The benefit to entities that elect to participate in the regime would be faster processing of their documents, confirmations and approvals, that would otherwise require ASX input, and having other ASX applications that cannot be dealt with by the sponsoring broker fastracked or prioritised by ASX. There would also be a benefit in allowing companies to essentially have their announcements pre-vetted by their sponsoring broker prior to release.
- 6.8 The Group appreciates that such a regime would require further consultation and consideration and that it would have to be mutually beneficial to ASX and issuers.

***Additional Good Fame and Character Requirements***

- 6.9 The Group submits that a condition be included in Guidance Note 1 that stipulates that if a director has been appointed to fill a casual vacancy and is being put forward for re-election at a general meeting, then that director must produce a national criminal history check obtained from the Australian Federal Police, a State or Territory police service or a broker accredited by CrimTrac that is not more than 12 months old before they can be appointed.
- 6.10 Where a national criminal history check is not provided, ASX should not approve the notice.
- 6.11 For directors that are otherwise up for re-election (eg, retiring by rotation), there should be a requirement for the relevant company to include a statement in its notice of meeting indicating whether or not the board is of the view that the director is of good fame and character. A positive statement in this regard would only be able to be included where a national criminal history check has been obtained by the company and that check has not identified any concerns.
- 6.12 The Group considers that these requirements will assist in ensuring that directors of ASX-listed entities continue to be of good fame and character.

***Re-introduction of the Right to Appeal Listing Rules Decisions***

- 6.13 The right to appeal a decision made by the ASX under the Listing Rules was removed as of 24 December 2015 without prior consultation with the market.
- 6.14 The Group acknowledges that this decision was motivated by the ASX's desire to protect the integrity of the market in the face of emerging risks. However, the Group believes that this decision has removed an important protection for people whose interests may be adversely affected by a decision of the ASX under the Listing Rules.
- 6.15 The Group submits that a merits review should be available for decisions by the ASX under the Listing Rules. The Group agrees with comments made by the Law Council of Australia earlier this year in this regard and, in particular, agrees that this will assist in ensuring the fair treatment of affected persons and improve the quality and consistency of the primary decision making process of the ASX.

## **SCHEDULE 1: MEMBERS OF THE GROUP**

### ***Members of ASX***

- Argonaut Securities Pty Limited
- Euroz Limited
- Hartleys Limited
- Patersons Securities Limited
- State One Stockbroking Limited

### ***Law firms***

- Allion Legal
- Bellanhouse Legal
- DLA Piper
- Gilbert + Tobin
- Jackson McDonald
- Steinepreis Paganin

### ***Other***

- Azure Capital Limited
- BDO (WA) Pty Ltd
- FTI Consulting
- RSM Australia



## **SCHEDULE 2: OTHER INTERESTED PARTIES**

### ***Members of ASX***

- Somers and Partners

### ***Resource and Energy Entities***

- A1 Consolidated Gold Limited
- Acacia Coal Limited
- Altona Mining Limited
- Anglo Australian Resources NL
- Apollo Consolidated Limited
- Avenir Limited
- Azumah Resources Limited
- Bannerman Resources Limited
- BC Iron Limited
- Berkeley Energia Limited
- Black Rock Mining Limited
- Black Ridge Mining NL
- BMG Resources Limited
- Cardinal Resources Limited
- Cassini Resources Limited
- Castle Minerals Limited
- Cazaly Resources Limited
- Core Exploration Limited
- Corazon Mining Limited
- Cott Oil and Gas Limited
- Cradle Resources Limited
- Credo Resources Limited
- Dakota Minerals Limited
- Danakali Limited
- Dempsey Minerals Limited
- Duketon Mining Limited
- Elixir Petroleum Limited
- Emmerson Resources Limited
- Emu NL
- Eneabba Gas Limited
- Energia Minerals Limited
- Equator Resources Limited
- Equatorial Resources Limited
- Exterra Resources Limited
- Global Geoscience Limited
- Goldphyre Resources Limited
- GTI Resources Limited
- Hodges Resources Limited
- Image Resources NL
- Impact Minerals Limited
- Ironbark Zinc Limited
- JC International Group Limited
- Key Petroleum Limited
- Kingston Resources Limited

- Latitude Consolidated Limited
- Legend Mining Limited
- Lithium Australia NL
- Manhattan Corporation Limited
- Marindi Metals Limited
- Mawson West Limited
- Metals of Africa Limited
- Middle Island Resources Limited
- Millennium Minerals Limited
- Mindax Limited
- Montezuma Mining Company Limited
- Mount Magnet South Limited
- MZI Resources Limited
- Northern Star Resources Limited
- Norwest Energy NL
- Odyssey Energy Limited
- Orca Energy Limited
- Orinoco Gold Limited
- Pacific Energy Limited
- Pacific Ore Limited
- Pacifico Minerals Limited
- Panoramic Resources Limited
- Paringa Resources Limited
- Pilot Energy Limited
- Platypus Minerals Limited
- Plymouth Minerals Limited
- Prairie Mining Limited
- Red Emperor Resources NL
- Regalpoint Resources Limited
- Renaissance Minerals Limited
- Resource Development Group Limited
- Resource Mining Corporation Limited
- Rox Resources Limited
- Rumble Resources Limited
- Salt Lake Potash Limited
- Scotgold Resources Limited
- Sipa Resources Limited
- Sky and Space Global Limited
- Sovereign Metals Limited
- Sunbird Energy Limited
- Talisman Mining Limited
- Tanga Resources Limited
- Timpetra Resources Limited
- Troy Resources Limited
- Viking Mines Limited
- Vimy Resources Limited
- WCP Resources Limited
- White Cliff Minerals Limited

***Pharmaceuticals, Biotechnology & Life Sciences Entities***

- Avita Medical Limited
- MGC Pharmaceuticals Limited

***Software & Services & Technology***

- DigitalX Limited
- Smart Parking Limited
- Fastbricks Robotics Limited
- Threat Protect Australia Limited

***Other***

- B D Thomas and Associates
- Laval Legal
- Broadway Management (WA) Pty Ltd
- Pathways Corporate Pty Ltd
- Cygnet Capital Pty Ltd
- PCF Capital Group Pty Ltd
- Emerald Partners
- Pitcher Partners Perth
- Erasmus Consulting Pty Ltd
- Prosperion Wealth Management Pty Ltd
- Grange Consulting Pty Ltd
- Rent.com.au Limited
- Lanza Holdings Pty Ltd
- Stantons International Securities Pty Ltd
- Laurus Corporate Services
- Ventnor Capital Pty Ltd

### SCHEDULE 3: RESPONSES TO PROPOSED LISTING RULES AMENDMENTS AND POLICY CHANGES

Current requirement	Proposal	Response
<b>Profit test</b>	Limb 3 of the "profit test" to increase to \$500,000 from \$400,000	Agree
<b>Assets test</b>	<ul style="list-style-type: none"> <li>• Minimum net tangible assets to increase to at least \$5 million</li> <li>• Minimum market capitalisation to increase to at least \$20 million</li> </ul>	Agree <u>save for</u> a reduced minimum NTA for entities whose main undertaking is a classified asset. Refer to section 3.
<b>Free float</b>	Introduction of a minimum 20% free float requirement.	Agree
<b>Spread</b>	<p>Proposed to introduce new spread requirement:</p> <ul style="list-style-type: none"> <li>• 200 security holders if the entity has a free float of less than \$50 million</li> <li>• 100 security holders if the entity has a free float of \$50 million or more,</li> </ul> <p>provided that each security holder must hold a parcel of securities with a value of at least \$5,000</p>	Agree
<b>Working capital</b>	<p>Minimum working capital will remain at \$1.5 million.</p> <p>However, the \$1.5 million will be calculated taking into account:</p> <ul style="list-style-type: none"> <li>• the entity's budgeted revenue for the first full financial year that ends after listing; and</li> <li>• the first full financial year's budgeted administration costs and the cost of acquiring any assets referred to in the disclosure document (to the extent these costs will be met out of working capital).</li> </ul>	Agree

Current requirement	Proposal	Response
<p><b>Audited accounts – assets test entities</b></p>	<p>Entities admitted under the assets test will be required to provide:</p> <ul style="list-style-type: none"> <li>• audited accounts for the past three full financial years; and</li> <li>• the accounts for the last full financial year and if the accounts are more than 8 months old, audited or reviewed accounts for the last half year.</li> </ul> <p>In addition, entities admitted under the assets test will be required to provide three full financial years of audited accounts for any entity or business to be acquired at or ahead of listing.</p> <p>ASX will have discretion under the proposed new rule to accept less than three full financial years of audited accounts, but proposes to only exercise this discretion in circumstances where ASIC will accept less than three full financial years of audited accounts in disclosure document.</p>	<p>Agree <u>save for</u> the removal of the ASX discretion to accept less than three full financial years and the inclusion of specific guidelines/wording as to what is acceptable to ASX which should provide for entities which don't have three years of trading history. Refer to section 4.</p>
<p><b>Guidance Note 12 amendments</b></p>	<p>Entities that announce a backdoor listing transaction will have their securities suspended from trading from the time of the announcement until they have recomplied with Chapters 1 and 2 of the Listing Rules.</p> <p>ASX will not consider a request from an entity not to apply the 20 cent rule where (among other things):</p> <ul style="list-style-type: none"> <li>• the price at which the entity's securities last traded on ASX was less than two cents each; or</li> <li>• the issue price or sale price for any securities issued or sold as part of, or in conjunction with, the transaction is less than two cents each.</li> </ul>	<p>Refer to section 5.</p>

**SCHEDULE 4: STATISTICS AND EXAMPLES OF ENTITIES THAT WOULD NOT HAVE LISTED IF \$5 MILLION NTA REQUIRED OR \$20 MILLION MARKET CAP REQUIRED**

■ = MCAP < \$20m or NTA < \$5m

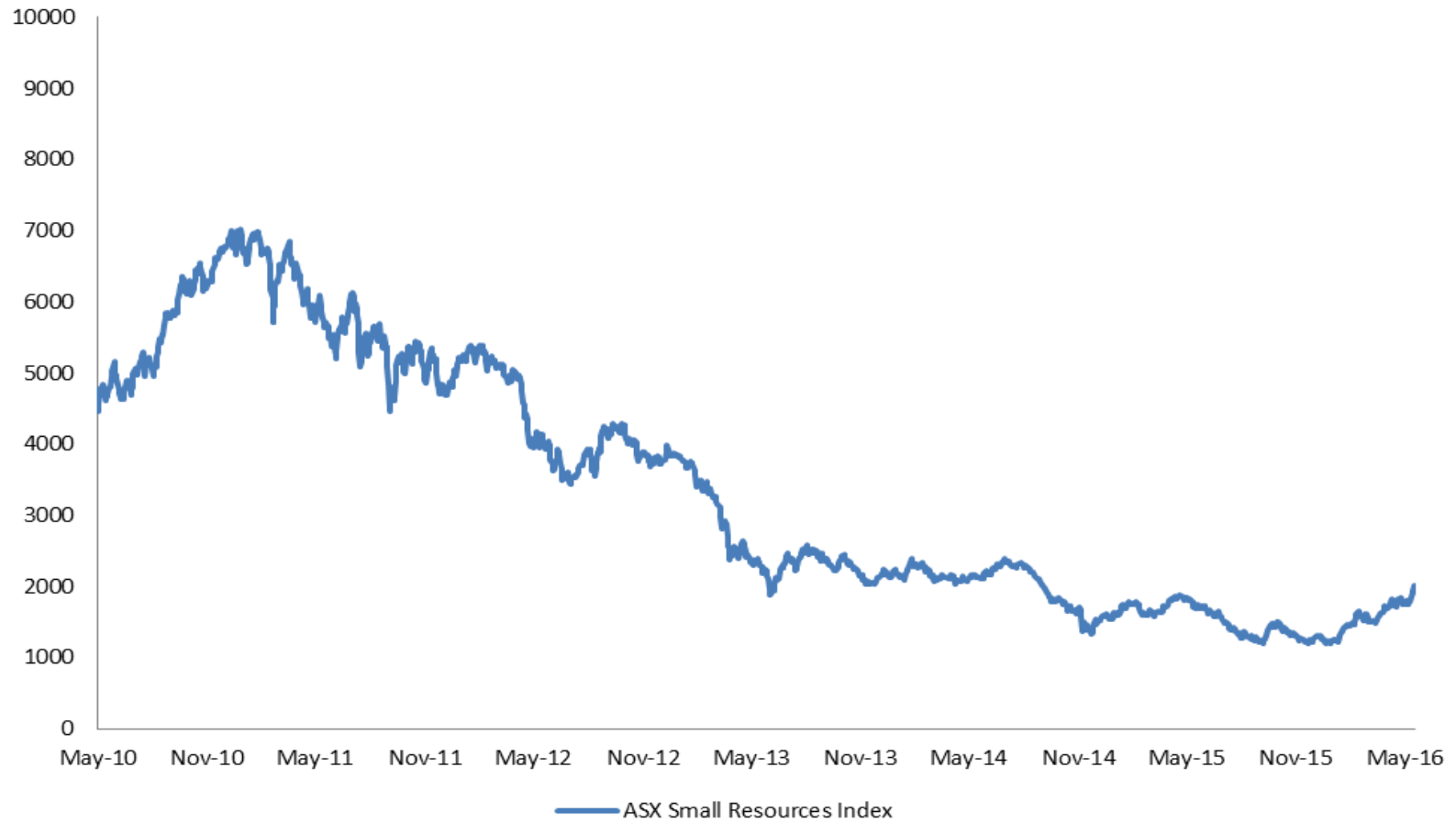
Announced Date	Issuer Name	Ticker	Offer Size (\$M)	MCAP at listing (\$M)	NTA at listing (\$M)	Last Price	Current MCAP (\$M)	Industry Subgroup
<b>IPOS GREATER \$5M</b>								
19-Oct-12	Alto Metals Ltd	AME AU	5.1	13.6	4.8	\$0.08	7.7	Non-Ferrous Metals
<b>IPOS GREATER THAN \$4M AND LESS THAN \$5M</b>								
04-Apr-16	Graphex Mining Ltd	GPX AU	4.6	8.6	2.7	\$0.37	18.7	Diversified Minerals
21-Jul-14	Emperor Range Group Ltd	ERX AU	4.5	18.2	1.7	\$0.05	4.8	Gold Mining
24-Mar-11	Gold Mountain Ltd/Australia	GMN AU	4.5	9.0	4.5	\$0.04	9.9	Gold Mining
06-Oct-11	Kimberley Diamonds Ltd	KDL AU	4.5	7.6	4.0	\$0.10	15.2	Metal-Diversified
31-Dec-14	ALT Resources Ltd	ARS AU	4.0	13.2	4.2	\$0.10	7.3	Metal-Diversified
14-Jul-11	Auroch Minerals Ltd	AOU AU	4.0	4.1	3.6	\$0.14	10.7	Gold Mining
21-Oct-11	Cassini Resources Ltd	CZI AU	4.0	6.2	2.8	\$0.04	8.8	Metal-Diversified
28-Apr-11	Dateline Resources Ltd	DTR AU	4.0	6.0	3.2	\$0.01	1.0	Gold Mining
25-Jul-13	Fertoz Ltd	FTZ AU	4.0	9.0	4.7	\$0.18	11.3	Diversified Minerals
05-Dec-11	Highfield Resources Ltd	HFR AU	4.0	8.8	3.9	\$1.57	486.4	Diversified Minerals

Announced Date	Issuer Name	Ticker	Offer Size (\$M)	MCAP at listing (\$M)	NTA at listing (\$M)	Last Price	Current MCAP (\$M)	Industry Subgroup
11-Mar-11	Lithex Resources Ltd	LTX AU	4.0	8.7	4.0	\$0.06	10.0	Metal-Diversified
12-Jul-12	Victory Mines Ltd	VIC AU	4.0	13.8	3.4	\$0.01	3.4	Metal-Diversified
<b>IPOS GREATER THAN \$3M AND LESS THAN \$4M</b>								
28-Feb-11	Forte Consolidated Ltd	FRC AU	3.9	18.4	4.2	\$0.01	1.8	Diversified Minerals
14-Apr-11	Exterra Resources Ltd	EXC AU	3.8	17.4	2.6	\$0.04	9.5	Gold Mining
14-Jul-11	Ensurance Ltd	ENA AU	3.5	3.6	2.7	\$0.18	15.7	Diversified Minerals
15-Feb-12	Eumeralla Resources Ltd	EUM AU	3.5	9.3	3.3	\$0.03	2.6	Metal-Diversified
27-Feb-14	Fifth Element Resources Ltd	FTH AU	3.5	7.5	4.4	-	-	Diversified Minerals
19-Jul-11	Goldphyre Resources Ltd	GPH AU	3.5	5.9	3.8	\$0.12	16.9	Gold Mining
09-Aug-11	Minrex Resources Ltd	MRR AU	3.5	3.5	3.2	\$0.09	1.9	Gold Mining
25-Mar-11	Resource Development Group Ltd	RDG AU	3.5	17.9	2.6	\$0.01	7.6	Mining Services
08-Aug-11	Volta Mining Ltd	VTM AU	3.3	6.7	2.7	\$0.02	3.7	Gold Mining
16-Feb-11	ARK Mines Ltd	AHK AU	3.1	5.6	3.0	\$0.13	5.8	Mining Services
23-May-11	Linus Technologies Ltd	LNU AU	3.1	6.2	3.1	\$0.07	40.5	Gold Mining
<b>IPOS LESS THAN \$3M IN THE PAST 5 YEARS</b>								
06-May-11	OreCorp Ltd	ORR AU	2.9	5.4	2.9	\$0.29	40.4	Diversified Minerals

Announced Date	Issuer Name	Ticker	Offer Size (\$M)	MCAP at listing (\$M)	NTA at listing (\$M)	Last Price	Current MCAP (\$M)	Industry Subgroup
17-Mar-11	Plymouth Minerals Ltd	PLH AU	2.8	5.2	3.1	\$0.10	10.8	Diversified Minerals
02-Feb-11	Credo Resources Ltd	CRQ AU	2.6	4.7	2.6	\$0.03	3.0	Gold Mining
08-Sep-11	Aquis Entertainment Ltd	AQS AU	2.5	5.3	3.2	\$0.08	13.9	Metal-Diversified
21-Feb-12	Bora Bora Resources Ltd	BBR AU	2.5	2.7	3.2	\$0.07	2.8	Gold Mining
28-Apr-11	Dempsey Minerals Ltd	DMI AU	2.5	5.9	2.4	\$0.07	2.6	Diversified Minerals
30-Aug-12	Kin Mining NL	KIN AU	2.5	7.5	3.9	\$0.17	14.8	Gold Mining
13-May-11	Metallum Ltd	MNE AU	2.5	5.2	2.3	\$0.03	4.3	Metal-Diversified
19-Jun-12	Alicanto Minerals Ltd	AQI AU	2.4	5.2	2.3	\$0.15	10.8	Gold Mining
28-Jul-11	Cradle Resources Ltd	CXX AU	2.4	5.5	2.4	\$0.32	49.5	Metal-Diversified
27-Apr-12	Newfield Resources Ltd	NWF AU	2.3	19.4	3.2	\$0.39	76.7	Gold Mining
14-Jun-11	Cardinal Resources Ltd	CDV AU	2.0	3.3	2.3	\$0.22	47.7	Metal-Diversified
23-Oct-15	Graphitecorp Ltd	GRA AU	2.0	13.9	3.0	\$0.30	20.9	Quarrying
14-Sep-12	Mandalong Resources Ltd	MDD AU	2.0	7.0	2.1	\$0.03	0.9	Gold Mining
23-Oct-12	Windward Resources Ltd	WIN AU	2.0	5.1	3.3	\$0.12	13.0	Diversified Minerals
04-May-11	Audalia Resources Ltd	ACP AU	1.5	16.0	3.2	\$0.14	33.7	Metal-Diversified
22-Dec-11	Boadicea Resources Ltd	BOA AU	1.1	8.3	2.5	\$0.14	6.4	Gold Mining



**SCHEDULE 5: ASX SMALL RESOURCES INDEX (2010 – 2016)**



**SCHEDULE 6: EXAMPLE BACKDOOR LISTING TRANSACTIONS**

Date	Company	Shell	RTO type	Ticker	Offer Size (\$M)	Issue Price (\$/sh)	Last Close (\$/sh) <sup>1</sup>	MCAP (\$M) <sup>2</sup>	Focus area change	Other
1996	Valiant Consolidated  (Consolidated Minerals)	Portman Mining	Mining to mining	Delist	-	-	\$5.0	\$1,150	Manganese to Manganese	Consolidated Minerals was acquired by Palmary Enterprises in Jan 2008 for \$1.15bn
July 2003	Fortescue	Allied Mining & Processing Limited	Mining to mining	FMG	0.5 <sup>3</sup>	0.1	3.16	9,389	Iron Ore to Iron Ore	MCAP of Allied was a mere \$5m before. Fourth largest iron ore producer . Employs ~8,600 people
Mar 2003	Kingstream Steel (changed to Midwest Corporation)	Koolanooka Pellets	Mining to mining	Delist	0.20	7.0	6.38	1,320	Iron Ore to Iron Ore	Sinosteel acquired Midwest Corporation for \$1,320 in Jul 2008
July 2003	Extract Resources	Extract Resources	Mining to mining	Delist	0.02	0.01	8.65	2,200	Base metals to Uranium	Taurus Resources acquired Extract for \$8.65/sh
Sep 2009	Croesus Mining (changed to Sirius Resources)	Croesus Mining	Mining to mining	Delist	7.0	0.0085	2.75	1,133	Nickel to Nickel	Acquired by Independence Group for consideration of 0.66 IGO shares for every 1 Sirius share plus \$0.52 cash for each Sirius share in September 2015
Aug 2010	Northern Star	Northern Star	Exploration to exploration	NST	2.5	0.05	4.84	2,905	Gold	~1,100 direct employees

Date	Company	Shell	RTO type	Ticker	Offer Size (\$M)	Issue Price (\$/sh)	Last Close <sup>1</sup> (\$/sh)	MCAP (\$M) <sup>2</sup>	Focus area change	Other
Mar 2010	Papillon Resources	Colonial Resources	Mining to mining	Delist	8.3	0.07	1.72	615	Gold to Gold	Acquired by B2Gold Corp at a 26% premium to last close or 36.5% premium to last closing price before offer received (May 23 <sup>rd</sup> )
Jan 2015	Dakota Minerals	Dakota Minerals	Mining to mining	DKO	3.6	0.03	0.13	41.6	Gold & Copper to Lithium	MCAP changed from \$1.5m pre RTO to as high as \$88m
Nov 1999	Amcom	International Mineral Resources	Change in nature	Delist	-	-	2.45	1,200	Mineral Exploration to Telco	Merged with Vocus in 2015 and subsequently delisted. 30% to Amcom's last close (prior to merger announcement)
Feb 2005	Aurora Oil and Gas	Tony Barlow	Change in nature	Delist	4	0.32	4.10	2,500	Retail to Oil and Gas	Acquired by Baytex Energy at a ~52% premium to 5-day VWAP
Nov 2015	Velpic	International Coal Limited	Change in nature	VPC	3.9	0.025	0.034	12.3	Coal to Internet software and services	-

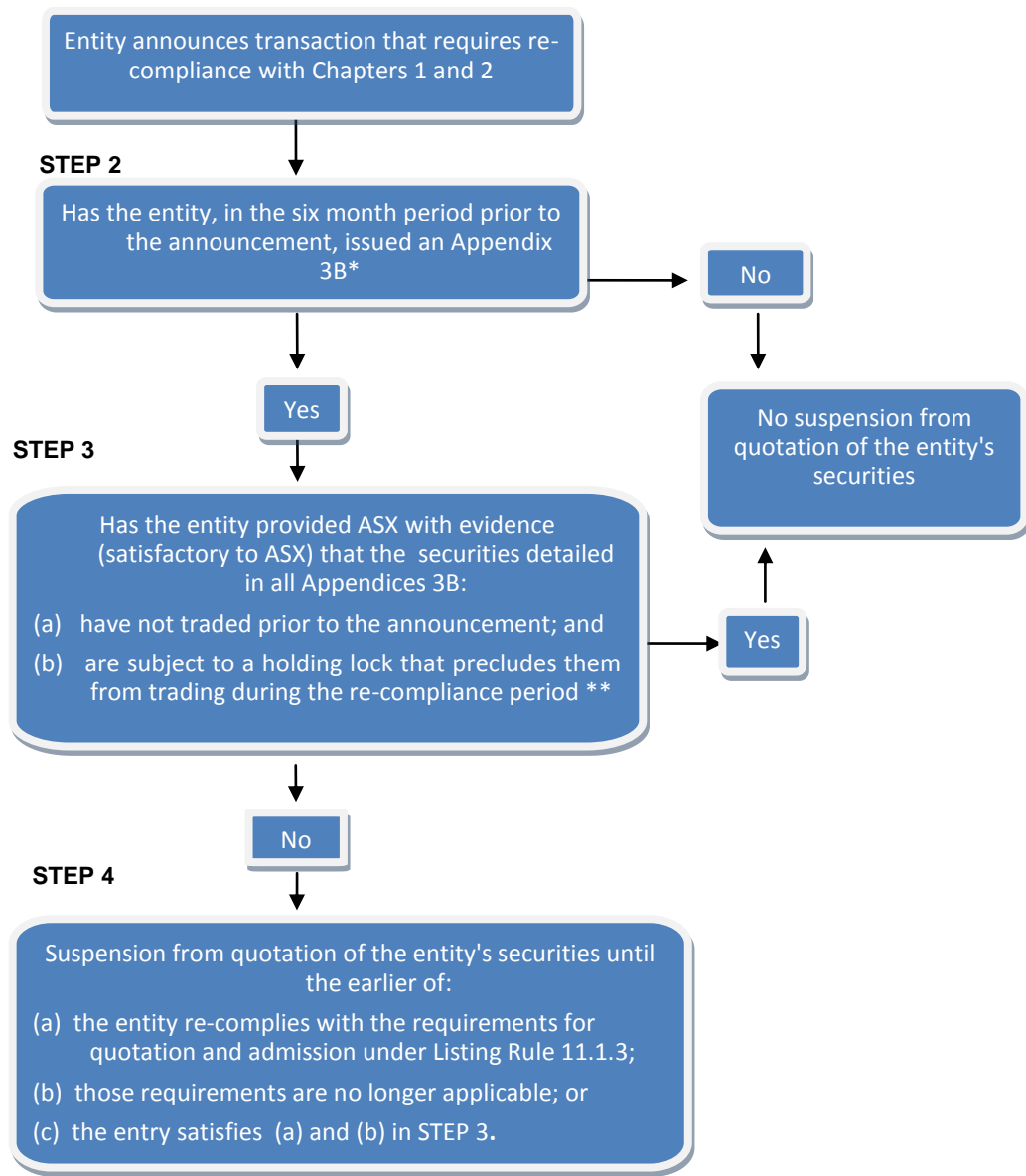
Notes:

1 The last close price for companies that have been acquired is the final bid price

2 Takeover value applied if the company has been acquired

3. On entering the Executive Employment Agreement signed between Metal Holdings and Allied Mining and Processing Limited, Metal Holdings were issued 5m shares and 1.5m share options, exercisable at 8c. A further 3.5m options were issued as part of the Executive Employment Agreement. Two tranches of 25m options were issued to Metal Holdings for the appointment of a project management and engineering team and another two tranches of 25m were issued upon exercising the first two tranches

**SCHEDULE 7: FLOW CHART OF CHANGES TO GUIDANCE NOTE 12**



Notes:  
 \* Excluding Appendices 3B issued in respect to the conversion of convertible securities or securities issued pursuant to pro rata entitlement offers  
 \*\* Any such securities will be subject to the application of Chapter 9 of the Listing Rules on re-compliance