

# A report on dual listings by Australian resources companies

The image shows a blurred financial table with columns of data. The table appears to be a stock market listing with columns for stock codes, current prices, previous prices, and percentage changes. The data is presented in a grid format with alternating light and dark rows.

Code	Current Price	Previous Price	Change	% Change
42.45	40.86	42.15	+0.75	1.81%
27.15	26.07	27.09	+0.13	0.48%
22.59	21.71	22.47	+0.46	2.09%
23.97	22.74	23.37	-1.26	-5.12%
391.70	377.43	391.66	+12.51	3.30%
95.67	93.96	95.61	+0.74	0.78%
25.32	24.74	25.22	+0.42	1.69%
24.89	24.35	24.00		

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## Introduction

Over the past decade, approximately 10% of all Australian resources companies listed on the Australian Securities Exchange have sought a dual listing overseas, particularly on AIM (Alternative Investment Market of the London Stock Exchange), TSX (Toronto Stock Exchange), OTC or OTCQX.

AIM was established in 1995 and became attractive to exploration companies in the mid-2000s. TSX became more attractive to Australian resources companies in 2007 principally due to the focus of TSX on resources companies and greater risk tolerance for projects in developing countries by North American investors compared to Australian investors. Since OTCQX was established in 2007, it has become increasingly popular due to the ability to access US investors at a lower cost and lower compliance burden and, as a result, now hosts more Australian resources companies than any other foreign market.

Over the past year, management at several ASX-listed resources companies have been seeking guidance from us and others on whether to have a dual listing or quotation and, if so, which market may be most appropriate for their company.

In July 2012, we developed and emailed a survey to Australian resources companies that have a primary listing on ASX and a listing on another stock exchange (*eg*, AIM or Toronto Stock Exchange) or quotation on an over-the-counter market (*eg*, OTC or OTCQX).

This report provides an analysis of such dual listed Australian resources companies and the results of the survey. It is designed to provide information to ASX-listed resources companies considering a dual listing and provide feedback to existing dual listed companies.

## 1. Overview of dual listed Australian resources companies

We have identified 80 Australian resources companies that have a primary listing on ASX and another listing on AIM or TSX or quotation on OTC or OTCQX.

We note that:

- they represent approximately 10% of the more than 800 resources companies listed on ASX;
- their projects cover a broad range of resources;
- three of the companies are listed or quoted on more than one foreign exchange; and
- 22% are focused on Australia while 60% are focused on another region in the world, with the remaining 18% focused on more than one region.

The following chart shows the geographic focus of the 80 dual listed resources companies.

**Geographic Focus of Australian Dual Listed Resource Companies**

	<u>Australia</u>	<u>Asia</u>	<u>Africa</u>	<u>Europe</u>	<u>North America</u>	<u>Latin America</u>	<u>2 or more regions</u>	<u>Total</u>
AIM	1	1*	5*	2	–	–	–	<b>9</b>
OTC	9	2*	2*	–	2	1	5*	<b>21</b>
OTCQX	5	4	2	–	8	1	7	<b>27</b>
TSX**	4	4	7	–	3	5	3*	<b>26</b>
<b>Total</b>	<b>19</b>	<b>8</b>	<b>9</b>	<b>2</b>	<b>13</b>	<b>7</b>	<b>7</b>	<b>83</b>

\* Represents a company dual listed or quoted on more than one foreign market.

\*\* For purposes of this chart, we do not differentiate between TSX and TSX-V.

As you can see from this chart, most companies focused on Australia or North America tend to be quoted on OTC or OTCQX whereas companies focused on Africa tend to prefer AIM or TSX.

With respect to North America, there is not a strong correlation between companies with (i) a Canadian focus and listing on TSX or (ii) a US focus and quotation on OTCQX. For instance, one company with a Canadian focus is quoted on OTCQX and two companies with a US focus are listed on TSX.

With regard to other stock exchanges, we note that:

- a few companies focused on Africa are also listed on exchanges in Africa;
- BHP Billiton and Rio Tinto are listed on the London Stock Exchange and the New York Stock Exchange; and

- despite the relaxation of listing standards by the Hong Kong Stock Exchange for resources companies last year, no Australian resources company has yet listed on the HKSE.

Not surprising, companies in the resources sector feature prominently among Australian companies listed or quoted overseas. The following is a chart showing the number of resources and other dual listed Australian companies.

	AIM	OTC	OTCQX	TSX
Resources companies	9	21	27	26
Other companies	3	70	18	–
Total	12	91	45	26

This chart highlights the focus of TSX on resources companies.

## 2. Results of the Survey

We received responses from 16 companies (20% of all Australian dual listed or quoted resources companies), with a breakdown by market as follows:

	<b>AIM</b>	<b>OTC</b>	<b>OTCQX</b>	<b>TSX</b>
Total listed / quoted	9	21	27	26
Survey sent to	8	20	26	26
Survey completed	2	3	7	4

Below is a summary of responses (showing percentage of responses, where appropriate) to the specific questions asked in the survey.

### 2.1 On which foreign exchange or over-the-counter market is your company listed or quoted?

See the above chart for the number of respondents by exchange or market.

### 2.2 What is the primary reason your company sought its dual listing / quotation?

Access foreign investors: 69%

Raise new capital: 13%

Increase liquidity and/or valuation: 6%

Other reason: 12% (including 1 listing on TSX to facilitate script acquisitions)

### 2.3 Has the dual listing / quotation met your company's expectations?

Exceeded expectations: 6%

Met expectations: 44%

Has not met expectations: 50%

Of those responding "has not met expectations", all but one has less than 2% of shares trading overseas, with one listed on TSX and the others being quoted on OTC or OTCQX. As you can see in the following question, most of them would nonetheless have the same or a different dual listing or quotation even with the benefit of hindsight.

### 2.4 If your company has been dual listed / quoted at least three years, with the benefit of hindsight, would you seek any dual listing / quotation today and, if so, would it be the same or a different foreign exchange or over-the-counter market?

I would choose the same foreign exchange / over-the-counter market: 50%

I would instead choose another foreign exchange / over-the-counter market: 19%

I would not seek to have my company dual listed or quoted: 12%

Not applicable: 19%

**2.5 Approximately what percentage of your company's shares are traded in the other market?**

Less than 2.0%: 50%

2.1 – 5.0%: 12%

5.1 – 10.0%: 19%

10.1 – 15.0%: -

More than 15.0%: 19%

Companies with more than 15% of shares trading overseas are dual listed on AIM or TSX. Companies with 2 - 10% of shares trading overseas are on OTCQX or TSX.

**2.6 Do you believe the benefits of the dual listing / quotation outweigh the compliance and any other costs associated with it?**

Yes: 56%

No: 44%

Both respondents listed on AIM answered “yes” whereas 3 of the 4 TSX-listed companies answered “no”. A majority of companies quoted on OTC and OTCQX responded “yes”.

**2.7 Are there any significant benefits of your company's dual listing / quotation and, if so, what are they?**

No: 62%

Yes: 38%

The principal benefit cited was access to foreign investors, some of whom may be more loyal than Australian investors, particularly for small and mid-cap companies with projects outside Australia.

**2.8 Are there any significant compliance or other costs of your company's dual listing / quotation and, if so, what are they?**

No: 75%

Yes: 25%

For all companies listed on AIM or quoted on OTC or OTCQX, respondents reported that compliance costs are not significant.

In contrast, all four companies listed on TSX reported that the compliance costs are significant, in particular citing compliance with the disclosure standard National Instrument 43-101 *Standards for Disclosure for Mineral Projects* as well as legal fees and listing fees.

As one TSX respondent wrote, “do not underestimate the compliance time and legal costs involved. This is particularly the case for resources projects where the Canadian approach is much more prescriptive and less flexible than the Australian requirements.” This cost may, however, be worthwhile for companies that can generate sufficient investor interest on TSX. This respondent, for instance, has 5-10% of shares trading on TSX and noted that the company would again choose TSX if not already listed.

On the other hand, another TSX respondent, which has less than 2% of shares trading on TSX, said the compliance and other costs outweighed the benefits, that TSX has not met expectations and the company would not list on TSX if the company were not already listed.

**2.9 If your company is listed on AIM or TSX, was the listing significantly influenced by a perception that European and North American investors understood and valued projects in Africa and Latin America more than Australian investors?**

Yes: 13%

No: 13%

n/a: 74%

**2.10 If you answered “yes” to the immediately preceding question, do you believe Australian investors are now generally much more comfortable investing in resources companies with projects in Africa and Latin America?**

Yes: 50%

No: 50%

**2.11 How many trips did a representative of your company make over the past 12 months to see investors in North America or Europe (or, if your company has been dual listed / quoted less than 12 months, how many trips do you expect a representative of your company to make over the next 12 months to see investors in North America or Europe)?**

Nil: 6%

One trip: 13%

Two trips: 31%

Three or more trips: 50%

**2.12 Has your company engaged a broker to publish and distribute research in North America or Europe?**

Yes: 56%

No: 44%

**2.13 Has your company engaged an organisation to manage communications and investor relations in North America or Europe?**

Yes: 81%

No: 19%

### 3. General commentary

While no two dual listed companies are the same and may have varying views on dual listings, we have tried to distil from the responses any dominant themes.

Whatever goals an ASX-listed resources company seeks to achieve through a dual listing or quotation, it generally appears that the level of foreign interest is driven in part by a company's level of commitment to it. While not universal, those companies stating that their foreign market has met or exceeded expectations visit foreign investors at least three times per year and have a foreign broker prepare and distribute research on the company. Almost all companies stating that the foreign market "has not met expectations", tend to visit foreign investors less and/or do not have a foreign broker prepare and distribute research. (We note, however, that it is possible that such companies do not make such visits or commission such research because the market has not met their expectations).

We believe that, in order to generate and maintain significant interest in the foreign market, companies may wish to consider:

- meeting regularly (eg, at least 2 or 3 times annually) with institutional investors in the country where the company's shares are dual listed or quoted; and
- engaging a local broker who can prepare and distribute research reports on the company and introduce management to institutional investors in the market.

### 4. Overview and findings of individual foreign markets

The following is a brief discussion of each stock exchange or over-the-counter market for Australian resources companies. A summary of listing requirements is attached as *Annexure 1* and more detailed discussions of listing requirements can be found in *Annexures 2 – 5* to this report and in Baker & McKenzie's *Cross-Border Listings Handbook*.

#### 4.1 AIM

Admission to AIM enjoys many of the same benefits as a Main Market listing on the London Stock Exchange but with less onerous disclosure and regulatory requirements. AIM is preferred by small cap resources companies focused on Europe or Africa. If an ASX-listed issuer would like to raise capital from institutional and retail investors in Europe, then a listing on AIM would be appropriate. Two respondents to our survey have more than 15% of their shares trading on AIM and report that AIM has met or exceeded their expectations.

A fast-track admission route (also known as the AIM designated market route) may be available for ASX-listed issuers that have already been listed for at least 18 months. Under the fast-track route, a company will not be required to publish an Admission Document. However a prospectus may be required if an offering of shares is being carried out at the same time into the UK and no placement exemptions are available. The fast-track route is therefore most beneficial to quoted applicants who are seeking an admission to AIM without an associated capital raising such as a placement or open offer. For further information on listing requirements for AIM, see *Annexure 2*.

#### 4.2 OTC and OTCQX

OTC and OTCQX appear attractive to a broad range of small, mid and large cap Australian resources companies. Of the Australian resources companies quoted on OTC or OTCQX, 29% have a focus on Australia while another 21% are focused on North America and 25% are focused on multiple regions.

Attractions of OTC and OTCQX compared to AIM and TSX are:

- ability to access institutional and retail investors in the United States; and
- easier, more cost-efficient and lower compliance burden.

OTCQX is similar to OTC except OTCQX has higher quantitative and disclosure standards. Companies complying with ASX Listing Rules can satisfy the disclosure standards of OTCQX.

Quotation on OTC and OTCQX requires a non-US company to establish a Level 1 American Depositary Receipt program, which is a relatively simple and inexpensive process. There are essentially no compliance costs as long as a company maintains compliance with ASX Listing Rules. For information on OTC and OTCQX, see *Annexure 3*.

A drawback compared to AIM and TSX is that new capital cannot be raised on OTC or OTCQX because they are for secondary trading only. However, ASX-listed companies may place ordinary shares to US institutional investors in private placements and they may resell the ordinary shares on ASX at any time or deposit the shares in the issuer's ADR facility after one year. In fact, some Australian companies seek a quotation to gain visibility amongst US institutional investors and subsequently offer ordinary shares to them in a private placement.

#### **4.3 TSX and TSX-V**

TSX is the exchange most focused on resources companies. This means investors are familiar with resources companies but, as one person has noted, it may be more difficult for smaller exploration or development stage companies to get visibility.

Of the Australian resources companies listed on TSX, 27% have a focus on Africa with another 19% focused on Latin America.

If an ASX-listed issuer would like to access retail investors in Canada, then a listing on TSX would be appropriate.

Given the nature of a public offering, the listing and compliance burden is relatively significant. Most notable is National Instrument 43-101 *Standards for Disclosure for Mineral Projects*, which is generally viewed as more onerous than JORC. For information on listing requirements for TSX and TSX-V, see *Annexures 4 - 5*.

Canadian law restricts Canadians from selling shares of an issuer when Canadians own more than 10% of the issuer's total shares unless the issuer lists its shares in Canada (*ie*, TSX). As a result, Australian resources companies that exceed this 10% threshold should consider listing on TSX.

## 5. Additional resources

### 5.1 Cross-Border Listings Handbook

Baker & McKenzie has published a *Cross-Border Listings Handbook* that summarizes the requirements for listing on 20 stock exchanges around the world. You may obtain a copy of the *Cross-Border Listings Handbook* by contacting one of the Partners named below.

### 5.2 Multi-jurisdictional Mining Handbooks

Baker & McKenzie has published a *Latin American Mining Handbook* that summarizes the mining law in six Latin American countries.

The Firm is also finalising a *Global Mining Handbook* that will summarize the mining laws of 25 countries around the world.

You may obtain a copy of the *Latin American Mining Handbook* or the *Global Mining Handbook* by contacting one of the Partners named below.

### 5.3 US and other international securities law advice

Baker & McKenzie regularly provides Australian resources companies with expert foreign securities law advice. We advise on AIM and TSX listings as well as establishing Level 1 ADR programs for quotation on OTC or OTCQX.

In addition, we have advised more than 200 Australian issuers on placements, rights issues and entitlement offers in North America, Asia and Europe. We also advise Australian resources companies in accessing the high yield bond and other international debt markets.

\* \* \* \* \*

*For further information or copies of the Cross-Border Listings Handbook or multi-jurisdictional mining handbooks, please feel free to contact:*



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## Annexure 1

### Summary of Requirements for Foreign Markets

	<b>AIM</b>	<b>TSX</b>	<b>TSX-V</b>	<b>OTCQX</b>
<b>Types of companies</b>	Small and mid-cap and growing international companies	Mid and large cap companies	Small cap and international companies	Small to large cap companies seeking US investors
<b>Requirements</b>	Company must be appropriate for admission	"exempt company" must have C\$7.5 million in assets and pre-tax cash flow of C\$700,000  "non-exempt" company must comply with special reporting rules	Tier 1 or Tier 2 company  Tier 1 company must have C\$200,000 in unallocated funds  Tier 2 company must have C\$100,000 in unallocated funds	Level 1 ADR program  US\$2m in assets and one of: US\$2m in revenues, US\$1m in net tangible assets, US\$500,000 in net income or US\$5m global market capitalisation
<b>Documentation</b>	Admission Document  No prospectus required if offer satisfies exemption	Principal Listing Document, numerous other accompanying documents	Initial Submission Documents, including prospectus; listing application	Application and OTCQX Agreement
<b>Price of securities</b>	No minimum	No minimum	C\$0.15 per security	No minimum
<b>Public offer</b>	Not required	Yes  1 million shares with a market value if C\$4 million, at least 300 holders	Yes  Tier 1: 1 million shares, 250 holders Tier 2: 500,000 shares, 200 holders	Not permissible
<b>Brokers</b>	A nominated adviser (Nomad) and broker are required	A sponsor may be required	A sponsor may be required	Principal American Liaison is required
<b>Escrow shares</b>	Yes	Yes	Yes	No
<b>Continuous disclosure obligations</b>	Announce new developments	ASX-listed Australian issuers exempt from some continuous disclosure obligations but not Canadian standard on resources and reserves	ASX-listed Australian issuers exempt from some continuous disclosure obligations but not Canadian standard on resources and reserves	ASX-listed Australian issuers to maintain compliance with ASX Listing Rules
<b>Initial fees</b>	Based on market capitalization - £24,720 for £50 million cap	C\$7,500 to C\$150,000	C\$10,000 to C\$40,000	US\$5,000
<b>Annual fees</b>	£5,618	C\$12,500 to C\$95,000	C\$5,200 to C\$90,000	US\$15,000

## Annexure 2

### Alternative Investment Market

#### Overview of exchange

The Alternative Investment Market ("AIM") is the London Stock Exchange's ("LSE") international market for smaller, growing companies. Generally, the business of a non-UK incorporated company seeking to list on AIM should be international and not limited to its local market. The principal advantage of listing on AIM is its balanced regulatory environment, which is designed to meet the needs of smaller and growing companies while offering appropriate investor protection.

As of June 2012, there were 1,114 companies admitted to trading on AIM. Of these, 891 were domestic and 223 foreign. However, some of the "domestic companies" are UK holding companies of foreign companies with foreign operations formed for the purpose of facilitating AIM admission.

Application is made to the LSE for any proposed admission to trading on AIM. Provided the admission involves an offer to fewer than 150 persons (excluding any qualified investors—essentially legal entities authorized to operate in financial markets, governments, and central banks, together with certain natural persons, small and medium size enterprises and registered investors), no prospectus will be required to be drawn up or approved by the UK Financial Services Authority.

#### Principal listing and maintenance requirements and procedures

A company may not be admitted to AIM unless it is "appropriate" for admission to trading on AIM. Suitability for market is determined by the company's Nomad. Subject to this, there are no jurisdictions of incorporation or industries that would not be acceptable for an AIM company. There is also no difference in financial requirements between a foreign company and a domestic company and AIM does not distinguish between a primary and secondary admission to trading. There are no minimum size or market capitalization requirements. There are no ongoing financial requirements a foreign company must meet after the initial admission to maintain admission to trading on AIM. There are no requirements to demonstrate a particular length of trading history, time in operation or track record. Nor are there any ownership requirements relating to large stockholdings or holders of a particular nationality.

*Share price.* There is no minimum closing or offering price for shares to be listed.

*Distribution.* There is no requirement to have a minimum public float at the time of admission or from time to time after admission.

*Accounting standards and reports.* Financial statements generally must be prepared in accordance with International Financial Reporting Standards. AIM companies are required to produce annual audited accounts and half-yearly financial reports.

*Financial statements.* The admission document must generally include audited accounts for the last three financial years (or less if the company has been in existence for less than three years) and an audit report in respect of each year.

*Market capitalization.* There are no minimum size or market capitalization requirements for resources companies. All companies must have sufficient working capital for their present requirements (at least 12 months from the date of admission of the shares).

*Operating history.* There are no requirements to demonstrate any length of operating history.

*Management continuity.* No specific period of continuity of management is required.

*Corporate governance.* There are no corporate governance requirements that a foreign company must meet for its securities to be admitted to trading on AIM, save declaring the extent of its compliance with its country of incorporation's corporate governance regime in its Admission Document. However, there is a growing market expectation from investors that AIM companies will take into

account and, to the fullest extent possible, comply with the principles of the UK Corporate Governance Code.

*Nomads.* All companies applying for admission to AIM must appoint and retain a nominated adviser (Nomad) at all times. Nomads are corporate finance firms, accountants or brokers that are approved by the LSE.

*Brokers.* A company must also appoint and retain an AIM broker at all times. This broker may be the same entity as the Nomad and is responsible for facilitating dealings in the company's shares.

*Minimum holders or trading price.* There is no requirement for foreign companies to have or maintain a minimum number of security holders or a minimum trading price.

*Lock-in.* The AIM Rules provide that "where an applicant's main activity is a business which has not been independent and earning revenue for at least two years, it must ensure that all related parties and applicable employees as at the date of admission agree not to dispose of any interest in its securities for one year from the admission of its securities.

*Currency; settlement.* There are no restrictions on the currency denomination of securities. There is no requirement for securities to be settled within a particular clearing system or registered with a particular share transfer agent. However, all shares (or AIM depository interests in the case of Australian companies) must be capable of electronic settlement.

### **Listing documentation and process**

Prior to admission of the company's securities to trading on AIM, the company must publish an Admission Document containing the information required by the AIM Rules. Typically, the Admission Document will contain information on the history and background of the company, details of its business and assets, information on the markets it operates in, financial information, information on directors and the company's current trading and prospects and information on corporate governance, taxation and settlement arrangements.

The Admission Document must include details of all persons responsible for the information contained within it. In addition, it must include a declaration by the directors that, having taken all reasonable care to ensure it is the case, the information contained in the Admission Document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Admission Document is not pre-vetted by the LSE or the FSA unless the offering involves a public offer of shares and therefore require a prospectus.

Resource companies also need to comply with specific rules contained in the AIM Note for Mining, Oil and Gas Companies, which contains explicit guidance as to the content requirements of the Admission Document. In particular, resource companies must include a competent person's report.

### **Continuing obligations**

An AIM company must announce without delay any new developments which are not public knowledge concerning: a change in its financial condition; its sphere of activity; the performance of its business; or the company's expectation of its performance, which, if made public, would be likely to lead to a substantial movement in the share price. Deliberate or reckless failure to comply with these disclosure obligations would constitute a breach of the AIM Rules and may constitute an offence under the Financial Services and Markets Act 2000, insider dealing or market abuse laws.

### **Fees**

A company seeking to list must pay both initial listing fees and annual fees to the London Stock Exchange. Initial fees are calculated according to market capitalization, and for a company with a market capitalization of £50 million would be £24,720. Additional shares listed subsequently will require additional payments. The annual fee is £5,618.

## Annexure 3

### OTC and OTCQX

Since 2007, OTC Markets Group has segregated and organised companies quoted on the over-the-counter ("OTC") in the United States based on defined quantitative and disclosure standards. Companies that meet the highest standards are eligible for OTCQX, which is in turn divided into segments devoted to US domestic companies and non-US companies that are listed on a non-US stock exchange.

Quotation on the OTC or OTCQX enables secondary trading of an Australian issuer's ordinary shares in the form of American Depositary Receipts. In contrast to a listing on a US stock exchange, new capital may not be raised on OTC or OTCQX.

An ADR facility enhances the attractiveness of a non-US issuer's securities to US investors by allowing them to acquire a security that is denominated in US dollars and trades in accordance with US settlement procedures rather than those of an issuer's home country.

Before applying for quotation on OTC or OTCQX, a non-US company must (i) be compliant with the exemption from the registration and reporting requirements under the Securities Exchange Act of 1934 that is afforded by Rule 12g3-2(b) and (ii) establish a Level 1 American Depositary Receipt program.

#### Exemption from registration requirements under Rule 12g3-2(b)

Under Rule 12g3-2(b), a "foreign private issuer" is automatically exempt from the registration requirements of the Securities Exchange Act if the issuer:

- would not otherwise be subject to the reporting requirements of the Securities Exchange Act (*eg*, not be listed on a stock exchange in the United States);
- maintains a listing of its equity securities on one or more stock exchanges outside the United States that constitute its primary trading market (*eg*, ASX), where at least 55% of its shares traded during its most recently completed fiscal year; and
- has published in English on its website or through an electronic delivery system in its primary trading market (*eg*, the ASX website) the documents that the issuer has lodged with its stock exchange, distributed to its shareholders or otherwise made public since the beginning of its last fiscal year.

To maintain the exemption under Rule 12g3-2(b), an issuer must continue to publish its documents on a website as discussed above, including:

- its annual report, including or accompanied by annual financial statements;
- interim reports that include financial statements;
- press releases; and
- all other communications and documents distributed directly to shareholders.

If the ASX remains the primary trading market for an Australian company's ordinary shares and it complies with ASX listing rules, then no further action would be required to maintain an exemption under Rule 12g3-2(b).

#### American Depositary Receipt Program

ADRs are negotiable instruments issued by a US commercial bank (known as a depository). Each instrument represents an ownership interest with respect to a specified number of shares of a non-US company that have been deposited with the depository's custodian (usually a bank) in the home country of the non-US company. Pursuant to a deposit agreement entered into between the non-US issuer and the depository, the depository is required to distribute any dividends or materials delivered by the non-US issuer to the holders of the ADRs and generally to seek direction from ADR holders as to how to vote the underlying shares deposited in the ADR facility.

The issuer and the depository enter into a deposit agreement that governs the terms of the ADR facility. A registration statement on Form F-6 is signed by the issuer and the depository and filed with the US Securities and Exchange Commission. The Form F-6 is a simple document that primarily consists of an “incorporation by reference” of various provisions of the Deposit Agreement, which is attached as an exhibit.

### **Requirements for quotation on OTCQX**

OTCQX has a streamlined admission process for companies that are listed on a qualified foreign stock exchange (such as ASX) and make their home country disclosure available in English and has two tiers for non-US companies: OTCQX International Premier and OTCQX International, each of which has different eligibility requirements.

*OTCQX International Eligibility Criteria.* The main requirements a company must satisfy to be considered for admission to the OTCQX International tier include:

- as of the most recent annual or quarterly period end, have US\$2 million in total assets and as of the most recent fiscal year end one of the following: (i) US\$2 million in revenues; (ii) US\$1 million in net tangible assets; (iii) US\$500,000 in net income or (iv) US\$5 million in global market capitalization;
- be on a qualifying foreign stock exchange (eg, ASX); and
- be eligible to rely on the exemption from registration provided by Rule 12g3-2(b).

*OTCQX International Premier Eligibility Criteria.* To be considered for admission to OTCQX International Premier, the company must satisfy all of the eligibility requirements for the OTCQX International tier, and as of its most recent fiscal year end:

- have revenue of US\$100 million, global market capitalization of US\$500 million, aggregate cash flow for the three preceding years of US\$100 million, and minimum cash flow in each of the two preceding years of US\$25 million; or
- have revenue of US\$75 million and global market capitalization of US\$750 million.

*Application Materials.* The application process includes an OTCQX Application for International Companies; payment of application fees; OTCQX Agreement for International Companies; a form appointing a Principal American Liaison; and a copy of the company’s logo.

An international company that wishes to apply for admission to OTCQX must retain a PAL, which is a registered US broker-dealer or ADR depository retained by the company to assist with its qualification for trading on OTCQX.

### **Minimal ongoing responsibilities for an issuer on OTCQX**

The ongoing responsibilities include:

- *Eligibility Criteria.* As of the most recent fiscal year end, the company must have US\$2 million in total assets and maintain compliance with the eligibility criteria;
- *Blue Sky Manual Exemption.* The company’s securities must be available for secondary transactions under the laws of each state and territory of the United States that recognizes the relevant Blue Sky exemptions (the PAL handles this);
- *Retention and Advice of PAL.* The company must continue to retain a PAL;
- *Issuer Compliance Statement.* The company will provide an annual compliance letter to its PAL; and
- *PAL Letter.* The company must submit a letter annually from the its PAL.

### **Fees**

The application fee is US\$5,000. In the event that OTC Markets Group accepts the company’s application for OTCQX, a company must pay OTC Markets Group an annual fee of US\$15,000.

## Annexure 4

### Toronto Stock Exchange

#### Overview of exchange

The Toronto Stock Exchange (“TSX”) is generally regarded as the primary Canadian market for equities and has a high concentration of resources companies. Together with the TSX-V, more mining and oil & gas companies are listed on the TMX than any other exchange in the world. As of October 31, 2011, there were 1,583 companies listed on the TSX. 193 of these companies were foreign, representing 12% of all TSX issuers.

#### Principal listing and maintenance requirements and procedures

There are technically no unacceptable jurisdictions of incorporation for companies seeking to list on the TSX. For the most part, little distinction is drawn between foreign and domestic companies in terms of initial listing requirements. TSX applicants are divided among three general listing categories: industrial (general), mining and oil & gas. Depending on their level of development and financial sophistication (in addition to other criteria), applicants are classified as either “exempt” or “non-exempt.” Non-exempt applicants are obliged to comply with a series of “special reporting rules” in addition to further industry specific sub-category requirements.

*TSX listing requirements.* There are two alternative listing standards according to an applicant’s stage of development: exempt and non-exempt. An applicant may be categorized as “exempt” if it can be shown to have over C\$7.5 million in assets, has a pre-tax cash flow of C\$700,000 in the fiscal year immediately preceding the filing, has an average pre-tax cash flow of C\$500,000 for the two fiscal years immediately preceding the filing and meets a number of other sector specific conditions. Applicants that are unable to meet these requirements can still be listed on the TSX, but are listed as “non-exempt” companies and are obliged to meet “special reporting rules”. In addition to the special reporting rules, non-exempt issuers are required to meet a series of sub-category (industry-specific) requirements.

*Public float - At the time of listing.* All TSX applicants must have at least 1,000,000 freely tradable shares having an aggregate market value of C\$4 million. The securities must be held by at least 300 public holders of 100 shares or more.

*Public float - After listing.* Participating securities of a TSX listed company may be delisted if the number of freely-tradable, publicly held securities is less than 500,000 or the number of public security holders is less than 150.

*Share price.* There is no minimum closing or offering price for shares to be listed.

*Corporate history.* There are no specific requirements with respect to trading or operational history that a foreign company must demonstrate to list its securities on the TSX. However, in the initial listing requirements for some listing categories for the TSX, a company must provide details regarding its operational history.

*Ownership.* The TSX does not mandate any ownership requirements in the listing of a foreign company’s securities.

*Management.* Before the TSX will accept the initial listing of an applicant, certain individuals associated with the applicant are required to complete a personal information form.

*Sponsors and interviews.* All non-exempt TSX applicants are required to obtain a sponsor. Sponsors may only be selected from among a list of 113 participating organization recognized by the TSX.

*Escrow.* Any non-exempt TSX listing applicant with a market capitalization under C\$100 million immediately after completion of its IPO is subject to the TSX escrow policy.

*Reserves and Resources.* All mining companies must comply with National Instrument 43-101 *Standards for Disclosure for Mineral Projects*.

*Accounting standards.* Financial statements are required to be prepared according to International Financial Reporting Standards.

*Currency.* Securities may be listed on the TSX in either Canadian or US dollars.

### **Listing documentation and process**

In making its application to list on the TSX, an applicant must file a number of documents in addition to the listing application, including a principal listing document, as well as other documents to be filed both together with the principal listing document and after the applicant is conditionally approved for its TSX listing. A company that chooses to submit a prospectus as its principal listing document must include a considerable amount of information.

Other documents that must be filed together with the principal listing document include: a personal information form and a consent for disclosure of criminal record information form completed by each officer, director or person who beneficially owns or controls securities carrying greater than 10% of voting rights; various financial statements; certified copies of charter documents; and a reconciliation of the corporate laws in their home jurisdiction to those of the Canada Business Corporation Act.

*Timing.* As mentioned above, the TSX conducts background checks on key corporate personnel of listing applicants. If these individuals live abroad, this process can take more time.

### **Continuing obligations / periodic reporting**

If a foreign company is already a reporting issuer in certain jurisdictions (such as Australia), it may be exempted from the majority of continuous disclosure obligations expected of Canadian domestic issuers and foreign issuers in unrecognized jurisdictions.

Australian mining companies must, however, comply with National Instrument 43-101 *Standards for Disclosure for Mineral Projects*, which is generally viewed as much more onerous than the ASX standard (JORC).

### **Corporate governance**

Apart from the requirement to disclose corporate governance practices, there are few proscriptive rules in Canada with respect to corporate governance. For the most part, the primary source for information on corporate governance norms is found in National Policy 58-201, *Effective Corporate Governance*, which provides non-binding best-practice guidelines for corporate governance.

### **Presence in the jurisdiction**

TSX issuers are “generally required” to have some presence in Canada and must be able to demonstrate that they are able to satisfy all of their reporting and public company obligations in Canada. This may be satisfied by having a member of the board of directors or management, an employee or a consultant of the issuer situated in Canada. Every listed company on the TSX must maintain transfer and registration facilities in the City of Toronto.

### **Fees**

For an international issuer, the original listing fee ranges from C\$7,500 to C\$150,000. In addition, a non-refundable amount of C\$7,500 must be submitted at the time of the application. Furthermore, all TSX listed companies are required to pay an annual sustaining fee to maintain their listing. This fee ranges from C\$12,500 to C\$95,000 per year. The TSX also requires additional fees each time additional securities are listed (for instance, in a follow-on offering) ranging from \$5,000 to \$170,000, based upon the value of the securities issued.

## Annexure 5

### TSV Venture Exchange

#### Overview of exchange

The TSX Venture Exchange is commonly known as the “Venture Exchange” or “TSX-V”, and is generally recognized as the primary Canadian market for junior equities. As of October 31, 2011, there were 2,430 companies listed on the TSX-V. 156 of these companies were foreign, representing 7% of all TSX-V issuers.

#### Principal listing and maintenance requirements and procedures

The TSX-V contains two listing categories, Tier 1 and Tier 2. Tier 1 is intended for more financially developed and sophisticated junior issuers, while Tier 2 is for new issuers with less experience as public companies. Under Tier 1 and Tier 2 there are four subcategories: mining, oil & gas, industrial / technology / life sciences, and real estate or investment.

*Tier 1 initial listing requirements.* A Tier 1 applicant must meet requirements concerning its working capital and financial resources, as well as the public distribution of its shares. The applicant must have: adequate working capital and financial resources to carry out its stated work program or execute its business plan for 18 months following listing; and C\$200,000 in unallocated funds. The applicant must have: a public float of 1,000,000 shares; 250 public shareholders, each holding a board lot; and 20% of issued and outstanding shares in the hands of public shareholders. Again, there are additional requirements for mining and oil and gas companies.

*Tier 2 initial listing requirements.* A Tier 2 applicant must meet requirements concerning its working capital and financial resources, as well as the public distribution of its shares. The applicant must have adequate working capital and financial resources to carry out its stated work program or execute its business plan for 12 months following listing and have C\$100,000 in unallocated funds. The applicant must also have: a public float of 500,000 shares; 200 public shareholders each holding a board lot; and 20% of issued and outstanding shares in the hands of public shareholders. There are additional requirements for mining and oil and gas companies.

*After listing.* A Tier 2 company may be delisted unless: at least 500,000 listed shares are in the public float; 10% of listed shares are in the public float; listed shares within the public float have a minimum market capitalization of C\$100,000; and at least 150 public shareholders hold at least one board lot each, free of any resale restrictions. The public float requirements after listing for a TSX-V tier 1 issuer are the same as the initial listing requirements.

*Share price.* A TSX-V listed issuer is obliged to sell any securities in its initial public offering for a minimum of C\$0.15 per security (certain exceptions apply).

*Corporate history.* There are no specific requirements with respect to trading or operational history that a foreign company must demonstrate to list its securities. However, in the initial listing requirements for some listing categories, a company must provide details regarding its operational history.

*Ownership.* The TSX-V does not mandate any ownership requirements in the listing of a foreign company's securities.

*Management.* Before the TSX-V will accept the initial listing of an applicant, certain individuals associated with the applicant are required to complete a personal information form.

*Sponsors and interviews.* A foreign company listing on the TSX-V may be required to obtain a sponsor for any application for a new listing.

*Escrow.* All TSX-V listing applicants are required to have their principal securities escrowed.

*Accounting standards.* Financial statements are required to be prepared according to IFRS.

*Currency, agents and advisers.* The TSX-V lists securities in either Canadian or US dollars. The TSX-V maintains a list of 15 acceptable transfer agents, registrars and escrow agents. Initially, TSX-V applicants may be required to have their application sponsored by an acceptable participating organization.

### **Listing documentation and process**

In making its application to list on the TSX-V, an applicant must file a number of documents, which can be grouped into initial submission documents and final filings. In its initial submission, an applicant must file with the TSX-V an application for listing, a letter requesting conditional acceptance of the listing of securities and security holder information.

In addition, a company may potentially be required to file a number of additional initial submission documents, including a prospectus; a listing application; a preliminary sponsor report; a personal information form or declaration from each director, officer, promoter and other insider of the company; financial statements; a copy of all stock option or any other agreement under which securities may be issued; material contracts; a valuation or appraisal report prepared by a qualified individual; a title opinion or other appropriate confirmation of title regarding the company's principal properties or assets that are located outside Canada or the United States; and a jurisdictional reconciliation. Further documents are also required under the final filing requirements for the TSX-V.

*Timing.* The TSX-V distinguishes smaller companies from larger companies, as set out in the initial listing requirements. While the exchange can "speed up" an application if there is a particularly important deadline to meet, generally, the exchange processes applications on a standard timescale.

The TSX-V conducts background checks on key corporate personnel of listing applicants. If these individuals live abroad, this process can take more time than for domestic companies.

### **Continuing obligations / periodic reporting**

If a foreign company is already a reporting issuer in certain jurisdictions, it may be exempted from the majority of continuous disclosure obligations expected of Canadian domestic issuers and foreign issuers in unrecognized jurisdictions.

ASX-listed Australian issuers are not obliged to follow all of the Canadian continuous disclosure obligations. Australian mining companies must, however, comply with National Instrument 43-101 *Standards for Disclosure for Mineral Projects*, which is generally view as much more onerous than the ASX standard (JORC).

### **Corporate governance**

Apart from the requirement to disclose corporate governance practices, there are few proscriptive rules in Canada with respect to corporate governance. For the most part, the primary source for information on corporate governance norms within Canada is found in National Policy 58-201, *Effective Corporate Governance*, which provides non-binding best-practice guidelines.

### **Presence in the jurisdiction**

Every listed company whose head office is outside Canada must appoint and maintain an address for service of process in Canada. A company must also appoint and maintain a transfer agent and registrar with a principal office in Canada.

### **Fees**

A company seeking to list must pay both initial listing fees and annual fees. The initial listing fee ranges from C\$10,000 to C\$40,000. Additional shares listed subsequently will require additional payments. The annual fee ranges from C\$5,200 to C\$90,000.

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