

# *Executing a successful listing* Markets for miners

*A PwC IPO Centre  
publication – helping  
mining companies assess  
their choices*

*February 2012*





# Introduction

## ***Miners need capital***

Rising commodity prices and global economic growth driven by industrialisation in emerging markets, especially China, has led to a strong appetite for mining stocks. Even the sharp downturn in prices and demand triggered by the global financial crisis of 2008-09 seems to have interrupted this trend only temporarily. Mining companies require capital to fund exploration efforts and mine development, and historically, equity markets have been the main source of mining finance, with the London, Toronto and Australian stock exchanges providing the platforms to access capital. However, going forward, the choice will increase with the Asian and emerging market exchanges fighting for a share of this activity.

Almost \$130 billion was raised by miners in IPOs and follow on equity offerings in 2009-2011. The pipeline remains strong, albeit slower to emerge than we all hoped.

## ***How does your equity story influence your choice of market?***

We provide a brief overview of the key characteristics of the key markets in terms of market size and profile, as well as regulation and process, however these considerations are to some degree secondary.

The starting point in any listing is the equity story. Have you thought about your story and who will buy it? How are you going to maximise the value of your mineral resource portfolio, carry out your development programme,

achieve cost efficient production levels, get unencumbered access to the best transportation routes, secure off-take agreements or other supply arrangements and achieve commodity synergies?

All these issues need to be thought through at the outset. Clear strategy and a well developed equity story are the foundations that will support the success of your listing.

In order to maximise success of your listing and life as a public company, you then need access to finance professionals and market analysts with a deep knowledge of the mining industry and a commodity focus and investors who understand the risks of investing in mining companies.

## ***We can help you wherever you decide to raise capital***

The PwC network of capital markets and mining experts across the globe has extensive practical experience floating mining companies from all over the world on the leading exchanges. If you are considering a listing or just beginning to explore your options, it is definitely the right time to talk to us. We can help you examine where you are in the fundraising cycle, determine if an IPO or a secondary listing is indeed the right solution, which listing venues are worth considering and perhaps even connect you to the right market players.

To help you on your way this publication has been designed to provide an overview of different financial markets and how they serve the mining sector – the factsheets cover some key features of the London, Toronto, Australian and Hong Kong stock exchanges and include a high level summary of the listing requirements in each of those international markets applicable to mining companies.

***We wish you every success in achieving your company's growth plans.***

**Clifford Tompsett**  
Head of IPO Centre

**Tim Goldsmith**  
Global Mining Leader

# Overview of international mining finance centres

Historically, the New York Stock Exchange and London Stock Exchange (LSE) have been the main finance centres for diversified mining majors, with Toronto Stock Exchange (TSX), Australian Securities Exchange (ASX) and to a lesser degree the Alternative Investments Market (AIM) of the LSE funding junior exploration and development companies.

However the capital markets landscape is continuously evolving. Over the past ten years, post Sarbanes-Oxley we have seen a decline in popularity of the US markets as a listing destination and more recently the rise of Asian capital markets and Hong Kong in particular.

We are also seeing an accelerating trend in cross border international listings and dual, or even triple listings of junior miners on the AIM, TSX and ASX taking advantage of the fast track route. However multiple listings do not automatically lead to greater liquidity, and additional compliance costs need to be borne in mind.

## The London Stock Exchange

The London Stock Exchange has maintained its place as one of the global mining finance hubs. Nearly a quarter of global equity financing value for the mining sector was raised on the LSE over the last five years. The LSE is the listing venue for the world's largest diversified mining groups (Rio Tinto, BHP Billiton,

Anglo American, Glencore, Xstrata), which offers mining majors significant liquidity and access to capital. AIM, the junior market of the LSE, provides financing opportunities for smaller exploration and development companies.

London also remains the most international of all global capital markets, with over 500 international companies listed on the LSE, including companies from Latin America, Australasia, Europe and other parts of the world. Particularly well represented are companies operating in Russia and the CIS and Africa.

In terms of commodity focus, London is the largest listing venue for copper companies by market value and has a strong presence of precious metals stocks.

## Key statistics

	London		Australia	Toronto		Hong Kong
At 31 Dec 2011	Main Market	AIM	ASX	TSX	TSXV	Main Board
Total no. of issuers	1,376	1,143	2,079	1,588	2,249	1,326
Total market cap (\$bn)	5,584	101	1,198	1,967	48	2,247
No. of international issuers	312	225	96	194	158	24
No. of mining issuers	44	136	687	371	1,274	69
Mining market cap (\$bn)	405	20	308	391	28	243
IPOs 2010-2011	5	17	96	22	78	15
IPOs 2010-2011 proceeds (\$m)	12,873	265	1,489	1,408	252	6,437
Further issues 2010-2011	11	37	689	86	223	42
Further issues 2010-2011 proceeds (\$m)	834	312	13,101	11,687	1,965	3,232

Sources: World Federation of Exchanges, stock exchanges, ThomsonOne data, PwC analysis

## **The Toronto Stock Exchange**

TSX and TSX-V are perhaps the most important markets for junior mining companies. Over a third of equity capital value raised globally for the mining industry is raised in Canada (which also accounted for over 80% of the number of equity financing deals over the past decade).

The Canadian market is characterised by a high concentration of small cap companies and an investor community willing to evaluate exploration assets, including many international projects. A flexible two-tier system for each market, for more established and less established issuers, provides alternative listing requirements depending on the stage of the company's development, and offers access to capital for early stage exploration companies.

More than two thirds of companies listed on TSX have market capitalisation of less than CAD 50 million, and the average market cap of companies listed on TSX-V is USD 22 million.

Proximity to US capital combined with more flexible and friendly regulatory regime accounts for nearly half of all international companies listed on TSX/TSX-V being US companies, with another 28% representing Asia and Australia.

TSX features high concentration of precious metal companies especially gold, as well as uranium and potash miners.

## **Australian Securities Exchange**

Resource companies make up nearly half of all ASX listed companies and account for a third of ASX market capitalisation. A large proportion of those companies, similar to TSX, have historically been junior miners – 63% of all ASX listed companies have market capitalisation of less than AUD 50 million. Average mining market capitalisation is, however, higher than Toronto at USD 448m, compared to USD 255m for combined TSX/TSX-V, due to the presence of such dual-listed mining giants as Rio Tinto and BHP Billiton. ASX is the only exchange with one board, although recently proposals to set up a junior market akin to TSX-V and AIM have been debated.

ASX is the most diversified listing venue with a balanced mix across all commodities, the most prominent being iron ore and coal. Geographically, it is less international than both Toronto and London and is more of a regional Australasian rather than global mining hub. ASX listed companies invest predominantly in projects in Australia and South East Asia, and now, increasingly, Africa.

## **Hong Kong Stock Exchange**

The biggest change in the global capital markets map in more recent years has been the rise of the East. China and Hong Kong emerged as leading capital markets after surviving the global financial crisis of 2008 virtually unscathed - compared to their western counterparts - with 65% of IPO proceeds raised in Greater China in 2010 (although this share decreased to 51% in 2011, with the return of activity in the US and Europe).

Unlike other aforementioned markets, Hong Kong has not been a traditional mining finance centre. It has a significantly fewer number of mining companies than any of the other exchange, and these companies are predominantly large Chinese state-owned corporations.


Historically, mineral companies without proven reserves and / or production were not able to list on the HKSE. Hong Kong declared in 2009 its ambition to build on its business infrastructure and proximity to China, the world's largest producer and consumer of many core commodities, and become one of the key listing venues for international natural resource companies. In order to support that, mineral company rules were amended in June 2010 to allow listing of exploration and development companies, which was previously not possible due to minimum profit requirements. However, companies with only inferred or prospective resources are still not eligible for listing.

Starting with the high profile IPO of Rusal in early 2010, to date Hong Kong has attracted seven listings of international (non-Chinese) mining companies including secondary listings of global majors (Vale, Kazakhmys, Glencore).

Success, however, has been mixed. Secondary listings of Vale and Kazakhmys have so far seen very thin trading, and Glencore only trades about 5% of its stock in Hong Kong, with the bulk of trading taking place in London. On the other hand, TSX listed South Gobi achieved higher liquidity through its Hong Kong listing.

While all of the traditional mining finance centres feature the full range of market participants that are well versed in the industry and have significant experience with international companies with offshore assets, this still needs to develop in Hong Kong.

We believe this will happen over time, however in the short term, earlier stage miners will find it difficult to sell their stories in Hong Kong and achieve sufficient analyst coverage post-listing.



*We are seeing an accelerating trend in cross border international listings, including secondary listings*



### **So, what will the future bring?**

We believe London, and increasingly, but not in the short-term, Hong Kong will be the main global finance hubs for major resource companies.

TSX will continue attracting the bulk of junior and mid-tier exploration and development companies globally - and ASX regionally for Australasia, also serving Canadian and Australian investors investing anywhere in the world.

Singapore will focus on attracting mid-size South-East Asian companies - as an alternative to Hong Kong which is heavily dominated by large Chinese companies, on the back of a more flexible listing process and access to other Asian pools of capital.

Domestic capital markets in resource rich countries of South-East Asia, Latin America, pockets of Eurasia and Middle East will continue to grow and deepen, with African markets emerging on the scene. Resource nationalism will increasingly drive listing decisions.

### **How do the listing requirements and process in the key markets compare?**

We have looked at the key market characteristics of each of the leading mining industry listing venues. But are there any substantive differences in terms of regulation and process?

In recognition of the nature and risks of resource project financing, and to allow investors access to diverse investment opportunities, leading mining industry listing venues have established special listing requirements for mining/mineral companies. Some of them are summarised below:

- All mining exchanges require shareholder spread – a minimum number of shareholders (typically 200-500), except London.
- All markets generally require audited track record - largely under IFRS these days - since the beginning of operations, and typically for a 3-year period if available.
- All exchanges except LSE have some form of financial eligibility

thresholds, which may relate to profits, assets, market capitalisation, revenue or cash flow tests.

- All markets require a mineral experts report or equivalent to be included in an offering document. There is substantial similarity amongst codes (with Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) being the most common one used globally) and the format of experts reports, with Canadian NI 43-101 being more prescriptive and HK Listing Rules requiring certain additional disclosures.
- All markets have some form of forward looking working capital, cash or profit forecasts, although the degree of diligence required from accountants in relation to those statements varies, with TSX being least onerous. Forecasts are typically included in prospectuses in Australia, while working capital is required to cover at least 125% of the next 12 month requirements in Hong Kong.
- HKSE requires listing entity to be incorporated in an approved jurisdiction. While there are no specific requirements on other exchanges, regulators and institutional investors will look for certain shareholder protection measures and will consider the local regulatory environment of the country of incorporation.
- In London and Hong Kong, a new issuer is required to make a declaration about adequacy of its financial reporting procedures to fulfil continuing obligations as a listed company. This is supported by an accountant due diligence exercise, which is more onerous in Hong Kong, including testing of internal controls.
- Ongoing requirements differ for all exchanges, but all include audited annual financial reports and half yearly reviewed reports (except Canada), as well as quarterly financial statements in Canada and quarterly mining/exploration activities report in Australia. Requirements are less onerous for TSX-V and AIM and most onerous for HKSE, including stricter rules for related party transactions approval and notification.



- Some of the unique market features include two-tier system in Canada for each market providing rules for mining companies at different stages of development, the role of the Due Diligence Committee in the ASX listing process, and Australian use of “*proforma*” statements in the offering document, allowing for the normalisation of earnings adjustments.

Overall, while London and Hong Kong have higher regulatory requirements than TSX and ASX, with Hong Kong being the most onerous, the technical differences in the regulations are unlikely to be a deciding factor. It is more the cost and the speed of the process that differ - again, further supporting TSX and ASX positions as the preferred destinations for smaller companies - and, crucially, the likely investor base that will buy a particular stock.

### ***Who will buy your story?***

This is the single most important question to ask - do you already have long standing relationships with particular investors who know the owners/management and their track record? If this is the case, your choice of market decision is easier.

Other considerations to address in your choice of market include:

- Geographic proximity – location of management, location of mines and proximity to key customers and shareholders, particularly emerging markets and China.
- Commodity fit – and/or degree of diversification.
- Location of listing peers – in terms of commodity and regional focus.
- Expectations of stakeholders – be they owners, government or cornerstone investors.
- Quality, risks and stage of development of assets – investor risk appetite and understanding of particular classes of assets in a particular region at a particular stage of development differ from exchange to exchange.
- Extent of capital required for a large capital raising – not all markets may be able to provide sufficient depth and liquidity.
- Ease of further fund raising – this will depend on market liquidity and regulatory requirements.
- Potential need for domestic listing in the country of operations – particularly, with growing resource nationalism in many resource rich countries.
- Eligibility and continuing obligations as a listed company – can you meet the criteria for your market of choice?

### ***What are the first steps and key decisions on the road to an IPO?***

Some of the key questions that need to be addressed very early in the process:

- Are you clear about your strategy?
- Are your licence rights secure?
- Is an IPO the right route for you – or perhaps project finance or venture capital investment would be more appropriate?
- Do you need pre-IPO or bridge financing?
- Have you decided which market suits you best?
- Have you commissioned a mineral expert’s report? Have you appointed other advisors?
- Have you got audited IFRS accounts?
- Have you addressed tax and legal structuring considerations and potentially change of holding company location?
- Have you addressed environmental, health & safety and corruption risks in the locations where you operate?
- Have you got the right people and resources to successfully execute a transaction and continue running your day-to-day business?

***Companies that consider a listing, whether initial or secondary, should start preparing now to give themselves the best possible chances of success when market conditions are optimal***







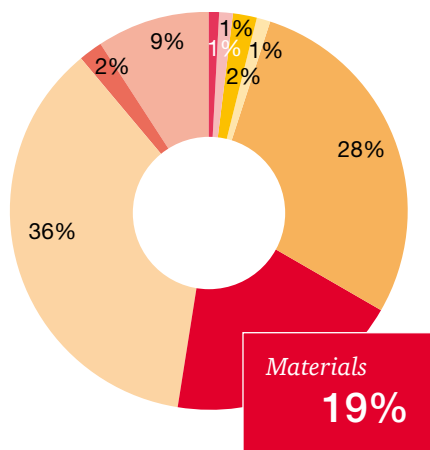


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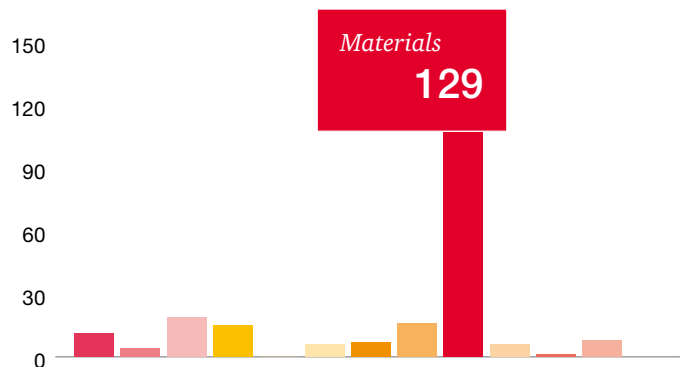
## ***Fact sheets***

# Australia (ASX)

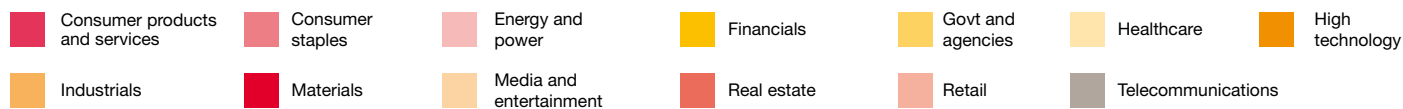
Amounts raised by IPOs, split by sector  
(Jan 2008 – Dec 2011): ASX



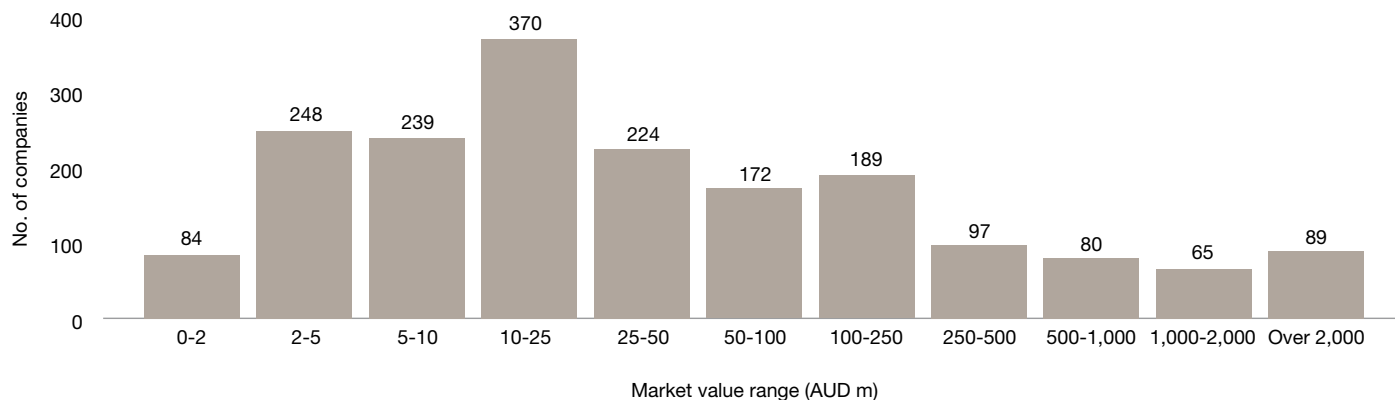
Number of companies listing, by sector  
(Jan 2008 – Dec 2011): ASX



## Key



Spread of companies by market capitalisation as at 31 December 2011



# Australia (ASX)

## Eligibility conditions

Appointment of a sponsor	Not required
Financial eligibility test	<ul style="list-style-type: none"> <li>Profit test: Operating profit (from continuing operations) &gt; AUD 1m over the past 3 years in total and &gt;AUD 400k over the past 12 months OR</li> <li>Assets test: <ul style="list-style-type: none"> <li>Net tangible assets of at least AUD 2m after deducting cost of fundraising or Market Cap of AUD 10m</li> <li>Less than 50% of tangible assets to be in cash or if more than 50% of tangible assets in cash, must show an expenditure programme</li> <li>See working capital below</li> </ul> </li> </ul>
Property test	n/a
Competent person's report	Typically included
Audited history	<ul style="list-style-type: none"> <li>Clean three year track record (profit test only)</li> <li>Reviewed pro forma balance sheet</li> </ul>
Applicable GAAP	Australian IFRS, IFRS, EU IFRS, HK IFRS, US or Singapore GAAP
Public distribution	Minimum no. shares 500 with a value of AUD 2,000 each or 400 with a value of AUD 2,000 and 25% held by unrelated parties
Working Capital adequate to carry on business	<ul style="list-style-type: none"> <li>Only required if applying under the assets test. If so, the prospectus must state that the entity "has enough working capital to carry out its objectives"</li> <li>Working Capital must be at least AUD 1.5m, which may include budgeted revenue for the first full financial year after listing (but must be after costs of acquiring mining tenements)</li> </ul>
Management continuity and experience	Not required
Foreign companies exemptions and Fast Track	ASX Foreign Exempt Listing may apply and reduce the listing process
Accountant diligence	<ul style="list-style-type: none"> <li>Investigating accountant's report</li> <li>Review of profit forecasts, if applicable</li> <li>Review of pro forma balance sheet</li> <li>Accounting and tax diligence</li> </ul>
Periodic disclosure requirements	<ul style="list-style-type: none"> <li>Annual financial report</li> <li>Half-year financial report</li> <li>Quarterly report on mining activities within a month</li> </ul>
Major transaction pre-approval by the shareholders	May be triggered in certain circumstances

## Mining specific listing requirements

Initial requirements include (reported on by a competent person) disclosure of:

- Ownership of interests in exploration areas
- Development work, maps and schedules of mining tenements
- Program of expenditure
- Exploration timetable ...

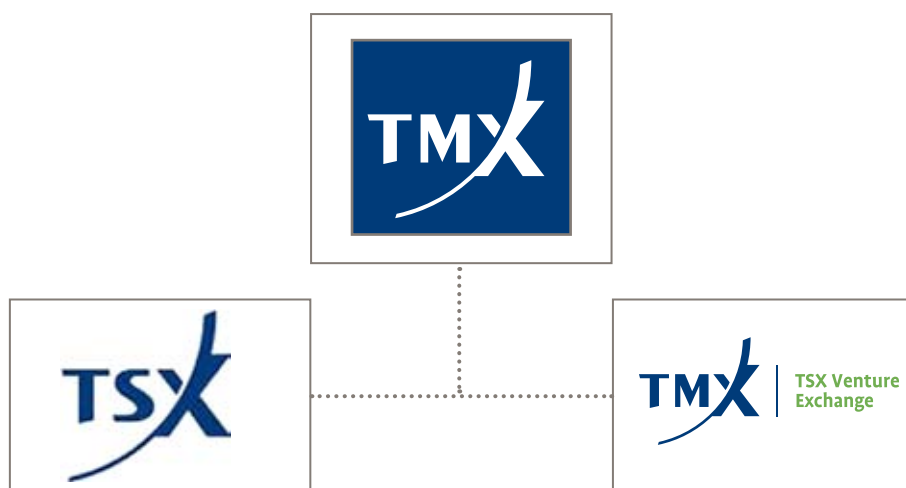
Once listed, quarterly reporting, reviewed by competent person, of:

- Production & development activities, including expenditures incurred
- Summary of exploration activities
- Mineral results & ore results

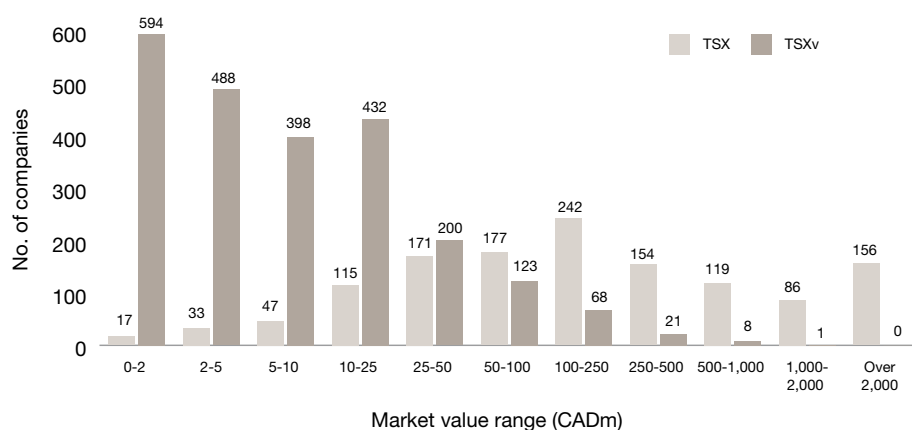
Mineral reporting standard: the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code)

# Canada (TSX & TSXV)

The TMX has a secondary board, the TSX Venture Exchange (TSXV), to support smaller, growing companies seeking access to a public market



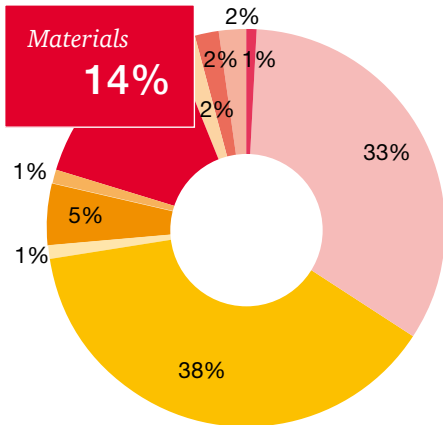
Spread of companies by market capitalisation as at 31 December 2011



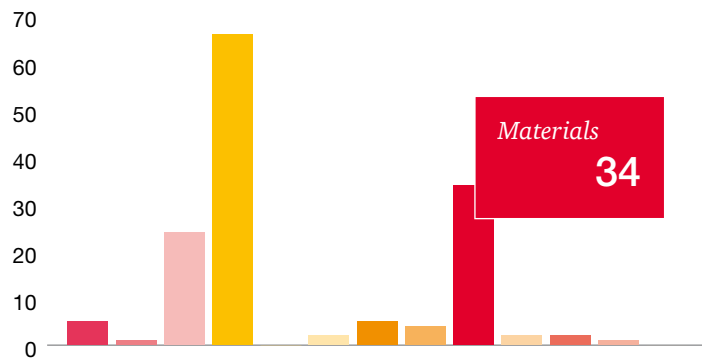


# Canada (TSX & TSXV)

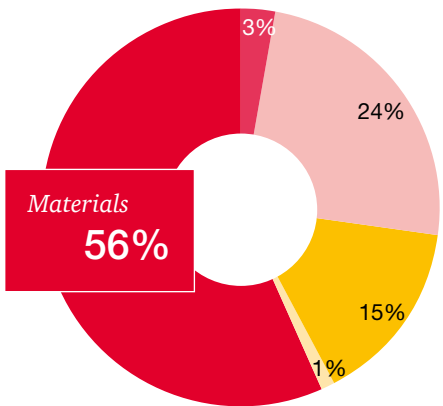
Amounts raised by IPOs, split by sector  
(Jan 2008 – Dec 2011): TSX



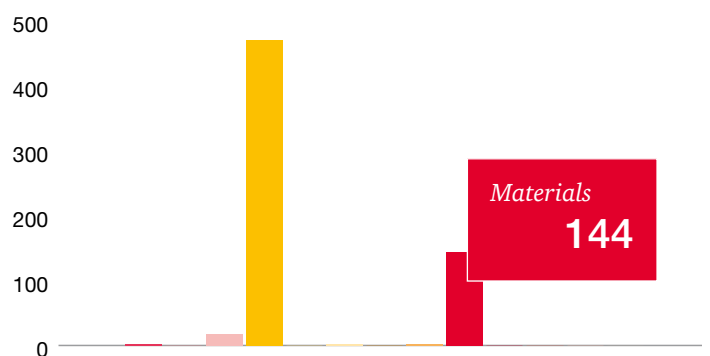
Number of companies listing, by sector  
(Jan 2008 – Dec 2011): TSX



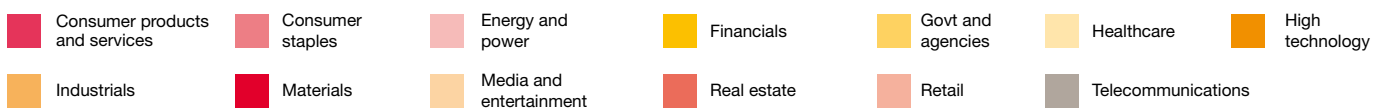
Amounts raised by IPOs, split by sector  
(Jan 2008 – Dec 2011): TSXV



Number of companies listing, by sector  
(Jan 2008 – Dec 2011): TSXV



## Key



# Canada (TSX & TSXV)

Eligibility conditions	TSX	TSXV Tier 1
Appointment of a sponsor	Required for non-exempt companies	May be required for certain transactions
Financial eligibility test	<ul style="list-style-type: none"> <li>• TSX Exempt: CAD 7.5m net tangible assets; pre-tax profitability from ongoing operations in last fiscal year; pre-tax cash flow of CAD 700,000 in last fiscal year and average of CAD 500,000 for past two fiscal years</li> <li>• TSX Non-exempt producer: CAD 4m net tangible assets; reasonable likelihood of future profitability</li> <li>• TSX Non-exempt exploration and development stage: CAD 3m net tangible assets</li> </ul>	CAD 2m net tangible assets
Property test	<ul style="list-style-type: none"> <li>• Producers: 3 years proven and probable reserves as estimated by an independent qualified person</li> <li>• Exploration and Development: min. 50% ownership in the property</li> </ul>	Material interest in a Tier 1 property
Competent person's report	Required	Required
Audited history	3 years audited and most recent reviewed quarterly financial statements, if applicable	3 years audited and most recent reviewed quarterly financial statements, if applicable
Applicable GAAP	IFRS, as applicable in Canada	IFRS, as applicable in Canada
Public distribution	min. CAD 4m, 1m shares, 300 public holders of 100 shares	min. 20% of all shares, 1m shares, 250 public holders
Working Capital adequate to carry on business	Management-prepared 18-month projection of sources and uses of funds	Management-prepared 18-month projection of sources and uses of funds, CAD 200,000 in unallocated funds
Management continuity and experience	Adequate experience and technical expertise of management relevant to the company's business and industry as well as adequate public company experience	Adequate experience and technical expertise of management relevant to the company's business and industry as well as adequate public company experience
Foreign companies exemptions and Fast Track	No specific regime	No specific regime
Accountant diligence	Comfort letters	Comfort letters
Periodic disclosure requirements	<ul style="list-style-type: none"> <li>• Annual financial report</li> <li>• Quarterly financial statements within 45 days</li> </ul>	<ul style="list-style-type: none"> <li>• Annual financial report</li> <li>• Quarterly financial statements within 60 days</li> </ul>
Major transaction pre-approval by the shareholders	Minority shareholder approval and/or valuation may be required for certain transactions, depending on their nature and materiality	Minority shareholder approval and/or valuation may be required for certain transactions, depending on their nature and materiality

# Canada (TSX & TSXV)

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## Tier 2

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May be required for certain transactions

For mining companies: no requirement

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For mining companies: significant interest in a qualifying property; No less than CAD 1m of exploration expenditures on the qualifying property in the past 3 years

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### Required

3 years audited and most recent reviewed quarterly financial statements, if applicable

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IFRS, as applicable in Canada

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min. 20% of all shares, 0.5m shares, 200 public holders

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Management-prepared 12-month projection of sources and uses of funds, CAD 100,000 in unallocated funds

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Adequate experience and technical expertise of management relevant to the company's business and industry as well as adequate public company experience

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No specific regime

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### Comfort letters

- Annual financial report
  - Quarterly financial statements within 60 days
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Minority shareholder approval and/or valuation may be required for certain transactions, depending on their nature and materiality

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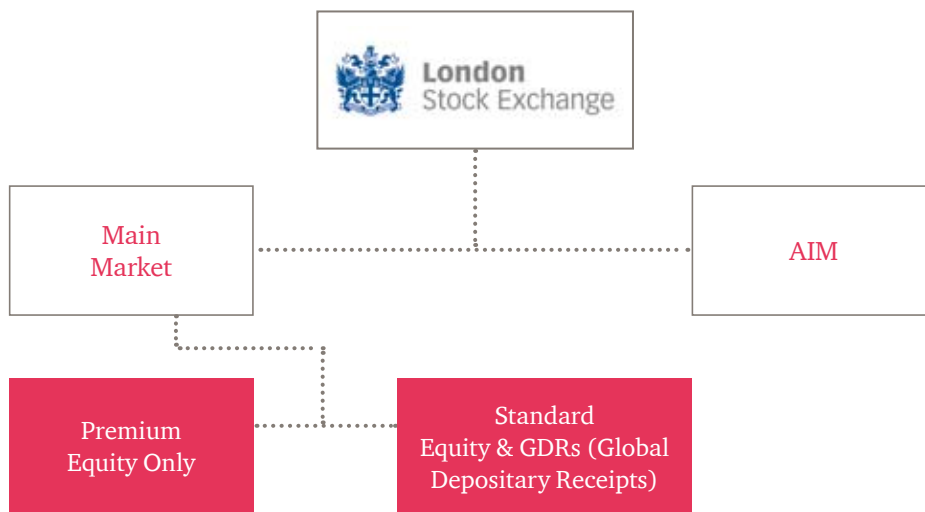
## **Mining specific listing requirements**

On TSX and TSX-V, choice of listing standard according to the applicant's stage of development and industry

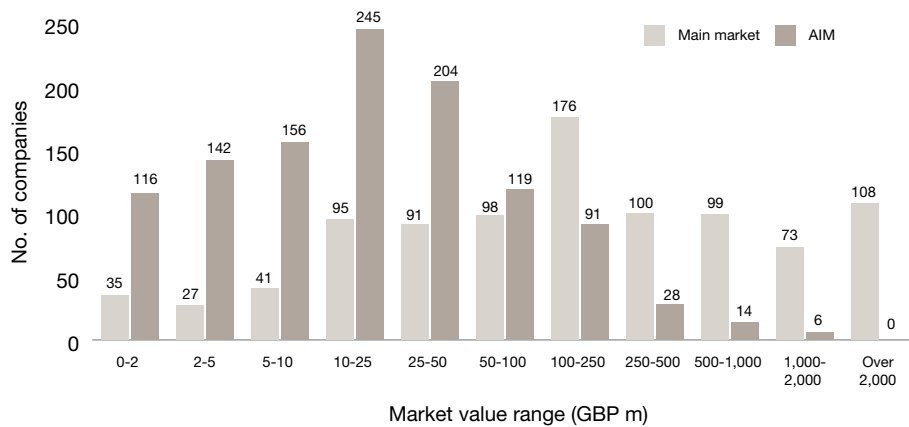
- Initial requirements include (reported on by a competent person) disclosure of:
  - work program
  - geological report
  - statements of uses and sources of funds
- Once listed, no requirements specific to mining companies
- Mineral reporting standard: NI 43-101 / CIM

# London (Main Market & AIM)

The LSE has a secondary board, the Alternative Investment Market (AIM), to support smaller, growing companies seeking access to a public market



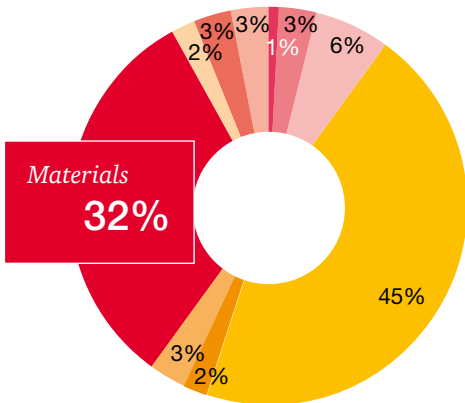
Spread of companies by market capitalisation as at 31 December 2011



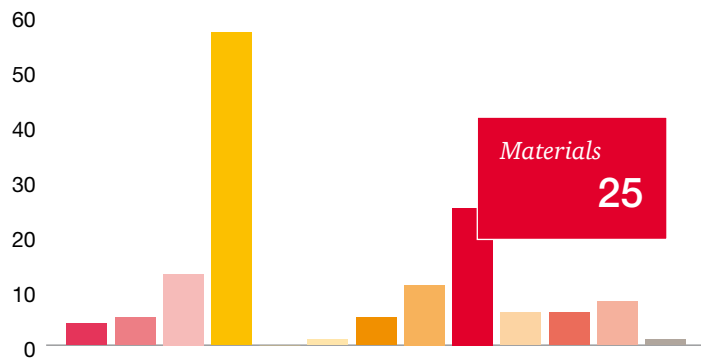


# London (Main Market & AIM)

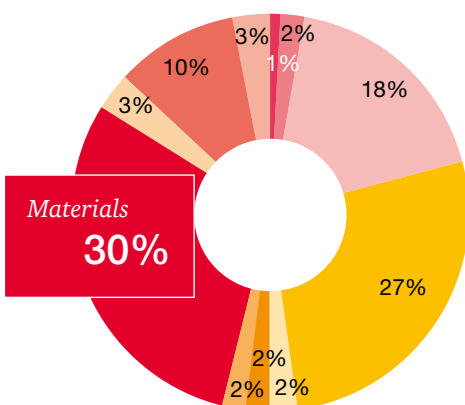
Amounts raised by IPOs, split by sector  
(Jan 2008 – Dec 2011): London (Main)



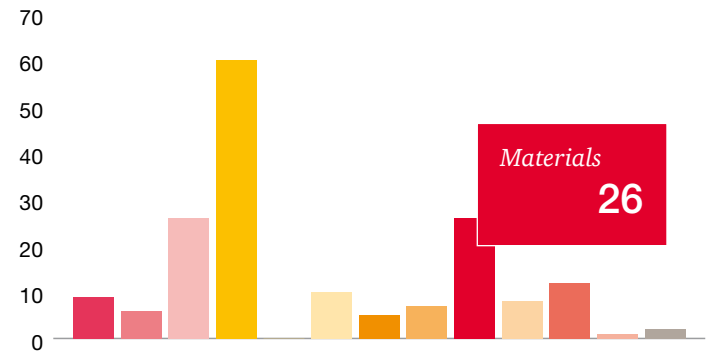
Number of companies listing, by sector  
(Jan 2008 – Dec 2011): London (Main)



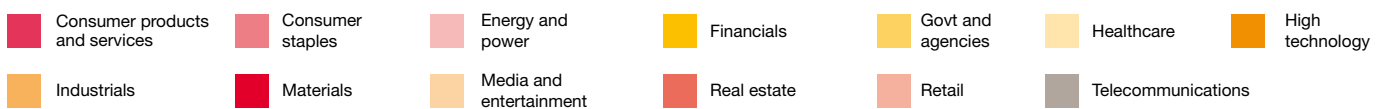
Amounts raised by IPOs, split by sector  
(Jan 2008 – Dec 2011): London (AIM)



Number of companies listing, by sector  
(Jan 2008 – Dec 2011): London (AIM)



## Key



# London (Main Market & AIM)

## Eligibility conditions

	Premium listing	Standard listing
Appointment of a sponsor	Required	Not required
Financial eligibility test	Exemptions available for mineral companies	Not required
Property test	Control of the majority of assets over the last 3 years	Not required
Competent person's report	Required	Required
Audited history	<ul style="list-style-type: none"> <li>Clean three year track record</li> <li>Audited financial statements no more than 6 months old</li> </ul>	<ul style="list-style-type: none"> <li>3 years audited, if available</li> <li>Interims reviewed if document dated &gt; 9 months after the end of last audited year</li> </ul>
Applicable GAAP	IFRS, US GAAP, Australian or Canadian IFRS, Japanese or Chinese GAAP	IFRS, US GAAP, Australian or Canadian IFRS, Japanese
Public distribution	min. 25% of all shares	min. 25% of all shares/GDRs
Working Capital adequate to carry on business	Sufficient working capital for at least 12 months from date of prospectus	Not required for mining companies
Management continuity and experience	No specific requirement	No specific requirement
Foreign companies exemptions and Fast Track	No specific regime	No specific regime
Accountant diligence	<ul style="list-style-type: none"> <li>Comfort letters</li> <li>Long Form report</li> <li>Financial reporting procedures report</li> <li>Review of pro forma and profit forecasts, if included</li> </ul>	<ul style="list-style-type: none"> <li>Comfort letters</li> <li>Review of pro forma and profit forecasts, if included (not applicable for GDRs)</li> </ul>
Periodic disclosure requirements	<ul style="list-style-type: none"> <li>Annual financial report</li> <li>Half-year financial report</li> <li>Interim management statement</li> </ul>	<ul style="list-style-type: none"> <li>Annual financial report</li> <li>Half-year financial report</li> <li>Interim management statement</li> </ul>
Major transaction pre-approval by the shareholders	As part of continuing obligations, approval is required for significant (25% ratio) acquisitions and disposals and material (5% ratio) related party transactions	Not required

AIM
NOMAD (retained at all times once listed)
Not required
Not required
Required
<ul style="list-style-type: none"> <li>• 3 years audited, if available</li> <li>• Interims reviewed if document dated &gt; 9 months after the end of last audited year</li> </ul>
IFRS, US GAAP, Australian or Canadian IFRS, Japanese
Not required
Sufficient working capital for at least 12 months from date of prospectus
No specific requirement
Fast Track may be available depending on the home exchange
<ul style="list-style-type: none"> <li>• Comfort letters</li> <li>• Review of pro forma and profit forecasts, if included</li> </ul>
<ul style="list-style-type: none"> <li>• Annual financial report</li> <li>• Half-year financial report</li> </ul>
Only for reverse takeover

### **Mining specific listing requirements**

Initial requirements include disclosure of:

- *On Main Market:* geological report and historic production/ expenditures reported on by a competent person.
- *On AIM:* material assets & liabilities & related contracts as well as reserves & maps, reported on by a competent person, due diligence and site visits by the Nomad, payments over GBP 10,000 made to governments or regulatory authorities with regards to the assets, specific risks.

Once listed:

- *On Main Market:* no requirements specific to mining companies.
- *On AIM:* resource updates prepared by a competent person, review by the Nomad of all notifications.

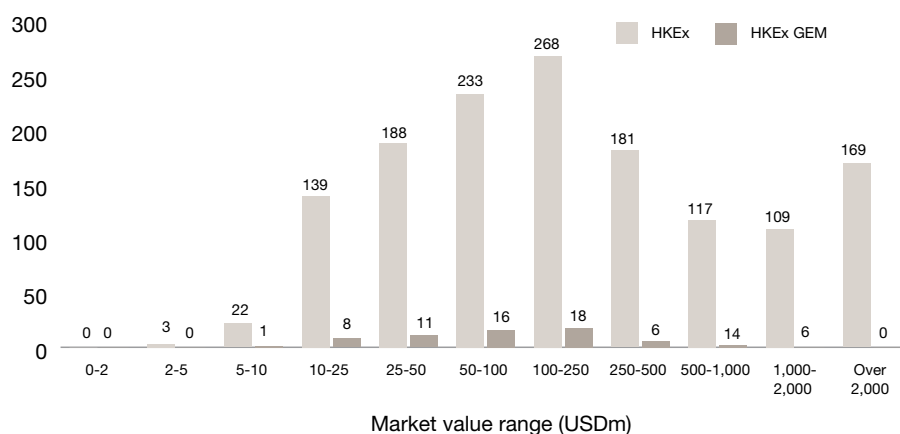
Mineral reporting standard: Australian, Canadian, US, South African and other selected codes are acceptable.

# Hong Kong (HKEx & GEM)

The HKEx has a secondary board, the Growth Enterprise Market (GEM), to support smaller, growing companies seeking access to a public market



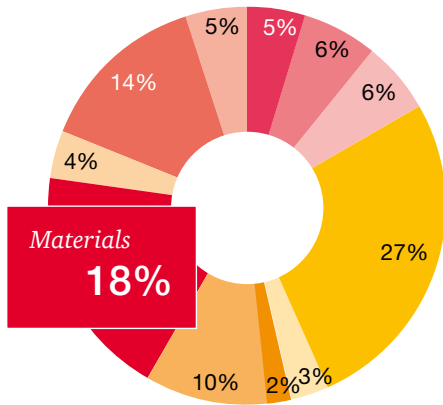
*Distribution of companies by equity market value as at 31 December 2011*



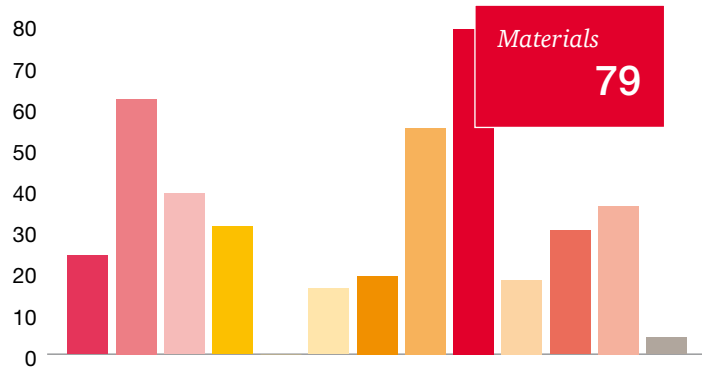


# Hong Kong (HKEx & GEM)

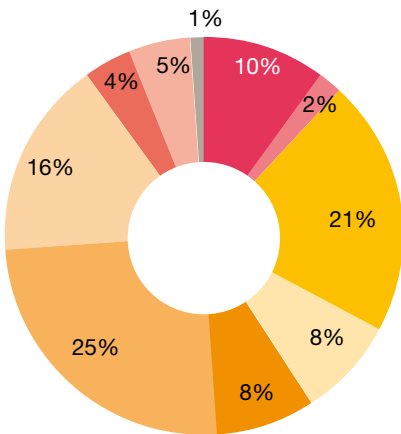
**Amounts raised by IPOs, split by sector**  
(Jan 2008 – Dec 2011): HKEx



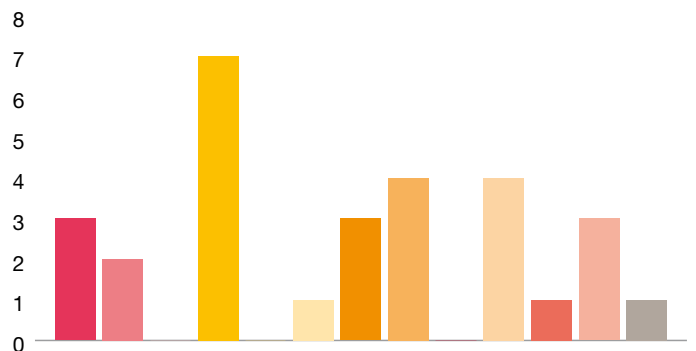
**Number of companies listing, by sector**  
(Jan 2008 – Dec 2011): HKEx



**Amounts raised by IPOs, split by sector**  
(Jan 2008 – Dec 2011): GEM

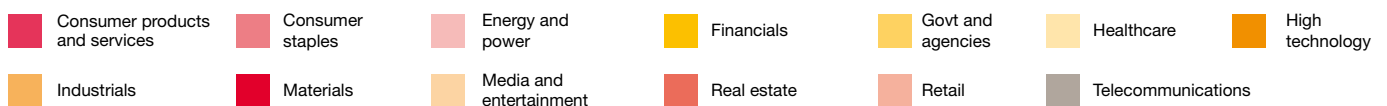


**Number of companies listing, by sector**  
(Jan 2008 – Dec 2011): GEM



As at 31 December 2011 there were no mining companies listed on GEM

## Key



# Hong Kong (HKEx)

## Eligibility conditions

Appointment of a sponsor	Required
Financial eligibility test	Not required for mineral companies
Property test	Property valuation not older than 3 months and at least indicated resources Early stage exploration assets are not eligible for listing
Competent person's report	Required
Audited history	<ul style="list-style-type: none"> <li>Clean three year track record</li> <li>Audited financial statements no more than 6 months old</li> </ul>
Applicable GAAP	HKFS, IFRS, CASBE (for PRC issuers only) US GAAP or other accounting standards may be accepted in certain circumstances
Public distribution	Min. 25% shares, 300 public shareholders, min of HKD 50m – may be between 15% and 25% if market cap over HKD10bn
Working Capital adequate to carry on business	Sufficient working capital for 125% of present requirement for at least the next 12 months, estimate of cash operating costs or if not yet in production: <ul style="list-style-type: none"> <li>Companies not yet producing: plan to proceed to production</li> </ul>
Management continuity and experience	Management continuity for the last 3 years, ownership and control continuity for previous year
Foreign companies exemptions and Fast Track	No specific regime
Accountant diligence	<ul style="list-style-type: none"> <li>Comfort letters</li> <li>Private memo of profit forecasts</li> <li>Report on pro forma and profit forecasts, if included in the prospectus</li> <li>Financial reporting procedures report</li> </ul>
Periodic disclosure requirements	<ul style="list-style-type: none"> <li>Annual financial report</li> <li>Half-year financial report</li> <li>Quarterly financial results recommended</li> </ul>
Major transaction pre-approval by the shareholders	Any spin-off after three years of the company's original listing

## Mining specific listing requirements (Main Board)

Initial requirements include (reported on by a competent person) disclosure of:

- Mineral resources, reserves and terms of rights
- Specific risks
- Payments made to host country governments
- Operating cash costs or plans to proceed to production

Once listed:

- Half-yearly updates

Mineral reporting standard:

- Australian (JORC code)
- Canadian (NI 43-101 / CIM)
- South African (SAMREC code)







# PwC publications



## Mine 2011 - the game has changed

The eighth annual survey of the Top 40 global mining companies by market capitalisation. Our report provides a comprehensive analysis of the financial performance and position of the global mining industry and also discusses current trends in the global mining industry.



## South Africa Mine

Aggregates the financial results of mining companies with a primary listing on the Johannesburg Stock Exchange (JSE) and mining companies with a secondary listing on the JSE whose main operations are in Africa.



## Junior Mine

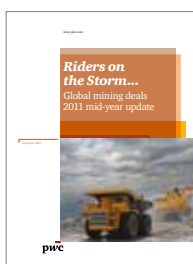
Each year PwC analyses the Top 100 mining companies listed on the TSX Venture Exchange (TSXV), based on market capitalization as at June 30.

Why do we believe market volatility has become business as usual versus a fleeting trend? Until the underlying factors driving market volatility are addressed, we do not expect stability to wash over the markets.



## Aussie Mine

Each year PwC analyses the largest 50 mining companies listed on the ASX with a market capitalisation of less than AUD 5 billion at 30 June 2011. Our analysis this year shows that 2011 was a stellar year for the mid-tier 50, with key indicators across the board pointing to healthy growth in a sector which has recovered from the global financial crisis.



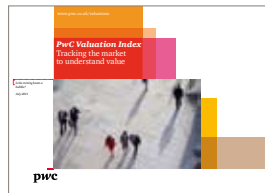
## Mining Deals

A bi-annual comprehensive analysis of M&A activity in the mining industry. Examining both the rationale behind the overall trends, looking at the key individual deals under review and ahead to the future direction of deal-making in the sector.



### Financial reporting in the Mining Industry

Describes the financial reporting implications of IFRS across a number of areas selected for their particular relevance to the mining industry.



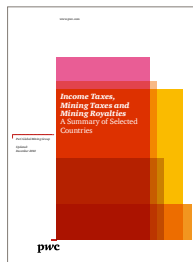
### The PwC Valuation Index: Has mining missed the commodity boom?

This report examines why the market appears to have missed the commodities boom – as indicated by the fact that on the one hand, the mining sector has enjoyed boom times in terms of companies' profit growth and excess returns achieved by mining investors, whilst on the other hand, the market valuations (PE ratios) have consistently lagged behind the wider market. It assesses whether there is a bubble about to burst in the mining sector or whether the sector is still undervalued (as low PE ratios may indicate).



### 2012 Global Gold Price Report: Keeping up with the price of gold

PwC's 2012 Gold Price Report assesses gold companies globally, with companies surveyed representing 26.5 million ounces of gold mined in 2011, and 37.75 million ounces to be mined in 2012.



### Global Mining Tax Comparison – Income Taxes, Mining Taxes and Mining Royalties: A Summary of Selected Countries

There is considerable interest today regarding income tax rates, mining tax rates and mining royalty rates levied on mining companies in various countries where significant mining occurs. Within this summary, the reader can roughly compare investments across various countries.

# PwC support

Whatever the motivations driving the process, taking your company public can be a richly rewarding experience. The PwC reach extends across the globe; the network of PwC firms has ample experience supporting global mining companies.

*PwC have in excess of 1,500 mining professionals across the globe located in all significant mining territories.*

**1,500**



*We're a network of firms in 158 countries with close to 169,000 people who are committed to delivering quality in assurance, tax and advisory services*

**168,710**

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## About the IPO Centre

PwC has a strong and established record helping companies from all over the world plan and execute successful IPOs. The IPO Centre was created to respond to today's increasingly complex cross border world.

It is now more important than ever for companies to be able to tap into both global knowledge as well as local insights. The IPO Centre brings together our global expertise ensuring that we provide companies with the right mix of sector and IPO expertise combined with relevant local and international market knowledge. Through the IPO Centre we are also able to connect companies with the right PwC capital market specialists that are able to help them effectively evaluate the pros and cons of IPO, take them through the flotation process and prepare them for life as a public company, regardless of the market they choose to list on.



[www.pwc.com](http://www.pwc.com)

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