

ANNOUNCEMENT



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BOARD OF DIRECTORS

DING Poi Bor
LAU Eng Foo (Andy)
ONG Yih Ching
ONG Chin Kuan

MARKET UPDATE

Asaplus Resources Limited (**Company**) wishes to provide a market update on the following matters:

- (1) Intention to delist
- (2) Status on renewal of the extraction permit of the Beikeng Mine
- (3) Expected dates of releases to financial statements
- (4) Response to the outstanding ASX's query letters

Intention to delist

On 25 January 2024, the Company announced that an investor, TEE Chee Seng (**Investor**), had given the Company a formal notice of demand for the Company to make immediate repayment of a convertible loan and all outstanding repayment deferment premium, totalling a sum of RMB6,720,000 (approximately A\$1,367,000) (**Debt**) and because the Company was unable to repay the Debt, it intends to seek shareholders' approval to delist.

The Company wishes to advise that its directors, after extensive informal consultations with various stakeholders of the Company (including the Investor, its employees' representatives and the local authorities where Beikeng Mine is located), have decided that the Company will not seek to delist. Instead, the Company will work on a plan to re-capitalise the Company and seek re-quotations of its securities on the exchange.

The Company has commenced discussions with the Investor to either defer repayment of the Debt or to convert it into equity. At the same time, the Company has also started to seek other investors (**Potential Investors**) to raise funds to finance its operations and, where necessary, repay the Debt either in full or at a compromised sum to be agreed with the Investor. The Company, the Investor and the Potential Investors acknowledge that any re-capitalisation can be finalised and completed only after the extraction permit of the Beikeng Mine (**Beikeng Extraction Permit**) is renewed, and the ASX agrees to the re-quotations of the Company's securities. The Company will make timely announcements on the status of the Beikeng Extraction Permit renewal and the re-capitalisation plan as and where there are material developments in these matters.

Pending the Beikeng Extraction Permit being renewed and the re-capitalisation plan being completed, the Company will seek re-quotations of

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its securities when it brings its continuing disclosure obligations up to date and secures a loan deferment agreement from the Investor.

Status on renewal of the extraction permit of the Beikeng Mine

The work that the Company has done relating to the renewal of the extraction permit of its Beikeng Mine has been set out in the quarterly activities report it lodges with the ASX.

The Beikeng Extraction Permit expired on 4 February 2023. The Company began work on its renewal in May 2022, and had passed the collaborative review of all 14 county-level authorities of Datian County, received the final approval of the county government of Datian County on 9 September 2022 and thereafter, submitted the renewal application for approval by the Sanming City Natural Resources Department in accordance with the procedures applicable at that time. However, in February 2023, the city government of Sanming City issued a new policy relating to the renewal of mine extraction permits of mines located in areas under its jurisdiction. This new policy sets up “work leading groups for mining review” at the county and city levels to supervise the approval process of mining permits of any mining enterprise within its jurisdiction to make these mining enterprises larger and operationally stronger.

The directors consider this new policy to be beneficial to the Company because it eliminates many of its smaller competitors and raises the barrier of entry for future competitors. On 15 January 2024, the Company completed the re-signing procedures of the 14 county-level authorities under the requirements of the new policy. Thereafter, the Company submitted the Beikeng Extraction Permit renewal application to the work leading group for mining review at Datian County level in accordance with the new policy.

As of the date of this market update, the work leading group for mining review at the Datian County level has not given its approval for the Beikeng Extraction Permit renewal. After this approval is received, and the Company is cautiously optimistic that this approval will be received, the Company will, in the following sequence, submit all approvals and comments received by the approval authority at the preceding level and all relevant Beikeng Extraction Permit renewal application supporting materials to:

- (a) the work leading group for mining review at the Sanming City level for approval;
- (b) the Sanming City Government Office Meeting for approval; and after that,
- (c) the Fujian Provincial Natural Resources Department for approval.

The Fujian Provincial Natural Resources Department is the final approving authority, and is the authority that will issue the renewed permit to the Company.

The Company expects that, barring unforeseen circumstances, the Beikeng Extraction Permit will be renewed by the second quarter of 2025.

Expected dates of releases to financial statements

As of the date of this market update, the Company has not released its financial report for the half-year ended 31 December 2023 (**HY2024 Financial Report**). The HY2024 Financial Report was due on 15 March 2024. Listing Rule 4.5.3 requires the Company to give its annual financial report for the

financial year ended 30 June 2024 by 30 September 2024 (**FY2024 Financial Report**), the date no later than three months after the end of its accounting period. The Company, being a mining exploration entity, is not required to give the ASX an Appendix 4E preliminary final report under Listing Rule 4.3A.

The HY2024 Financial Report and the FY2024 Financial Report must respectively be reviewed and audited by the Company's auditors before they can be given to the ASX. DING Poi Bor, a director who is also the controller of the Company, has agreed to pay the auditors' costs to carry out these review and audit. The salient terms of this funding arrangement are:

- (1) the director will make available a sum of up to \$50,000 for this purpose and other critical expenses;
- (2) the cash advance is unsecured; and
- (3) the cash advance is interest free.

While this cash advance has no fixed terms of repayment, he has agreed to seek reimbursement from the Company only after the Company completes the re-capitalisation plan mentioned earlier in this market update. There is no equity participation element attached to this advance. However, the director may participate in the proposed re-capitalisation plan by converting this cash advance and other sums already owed to him into equity securities, **subject always** to the Company complying with Listing Rules 10.11 and 10.12.

The Company is co-ordinating with its auditors to commence their review and audit fieldwork as soon as possible. Barring any unforeseen circumstances, the Company expects to release the HY2024 Financial Report by 23 August 2024 and the FY2024 Financial Report on schedule by 30 September 2024.

Response to the outstanding ASX's query letters

The ASX sent a financial condition and activities query letter dated 28 December 2023 (**First Query Letter**) to the Company. The ASX released a copy of the First Query Letter to the public on 22 January 2024. The Company intends to fully respond to the First Query Letter, and expects to give the ASX its response to the First Query Letter by 3.00PM AWST on 29 July 2024.

In addition to the First Query Letter, the Company has received from the ASX another query letter dated 11 July 2024. The Company confirms that it will be able to provide a full response to that query letter by 3.00PM AWST on 17 July 2024, the time by which the ASX requires a response.

Authorisation and approval for issue of market update

The issue of this market update is authorised and approved the Company's board.

For and on behalf of

ASAPLUS RESOURCES LIMITED


DING Poi Bor

Managing Director

16 July 2024