



Market Announcement

29 August 2024

Asaplus Resources Limited (ASX: AJY) – Show Cause Letter

Description

Asaplus Resources Limited ('AJY') was removed from the Official List at the close of trading on Wednesday, 28 August 2024 in accordance with Listing Rule 17.15 due to failure to pay its annual listing fee in respect of the year ending 30 June 2025.

On 26 August 2024, ASX sent AJY a show cause letter. ASX has formed the view that the show cause letter should be released to the market under Listing Rule 18.7A.

Issued by

ASX Compliance

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26 August 2024

Mr Chua Kee Leng
Asaplus Resources Limited

By email: keeleng@mybiztrack.com

Dear Mr Chua

Asaplus Resources Limited ('AJY'): Proposed removal from the Official List

ASX refers to the following:

- A. The suspension from quotation of AJY's securities on 1 November 2023 under Listing Rule 17.5 due to AJY's failure to lodge its Annual Report by the due date.
- B. The letter sent by ASX to AJY on 28 December 2023 which queried AJY's financial condition and activities ('Initial Letter').
- C. The announcement titled 'Continued Suspension from Quotation' released by ASX on the ASX Market Announcements Platform ('MAP') on 22 January 2024 which confirmed that AJY's securities would remain suspended under Listing Rule 17.3 following a failure by AJY to respond to ASX's letter dated 28 December 2023.
- D. The following letters and responses sent by ASX to AJY:
 - (i) ASX letter dated 17 June 2024 which queried AJY's December 2023 and March 2024 quarterly reports and Appendix 5Bs and AJY's response released on MAP on 19 June 2024 ('Second Letter').
 - (ii) ASX letter dated 11 July 2024 which queried AJY's intention to delist and exploration results and AJY's response released on MAP on 24 July 2024 ('Third Letter').
 - (iii) The response to the Initial Letter released on MAP on 31 July 2024.
- E. The failure by AJY to lodge its:
 - (i) Half Year Report for the half year period 1 July 2023 – 31 December 2023; and
 - (ii) quarterly activities report and Appendix 5B for the June 2024 quarter.
- F. The relevant questions and answers from the three ASX letters are disclosed below (ASX queries in bold):

Initial Letter

Q14. Please confirm whether AJY considers the Beikeng Mine to be a material mining project as set out in the Listing Rule, if not please provide the basis for that view.

A14. Yes, AJY considers the Beikeng Mine to be a material mining project as set out in the Listing Rule.

Q15. Please provide the details of the drilling program proposed for the Beikeng Mine, including but not limited to the purpose and scope of the drilling program, the total number of holes already drilled, the number of drill holes remaining and the drilling budget. In answering this question, please explain whether AJY proposes to update the 2017 mineral resource estimate for the Beikeng Mine? And if yes, by when an updated mineral resource estimate announcement is anticipated to be made?

A15. In AJY's response A5 in its response letter to the Second Query Letter released on MAP on 19 June 2024, AJY disclosed the following:

- (i) AJY carried out the drill hole activities to identify the best areas where it will focus its mineral extraction when it obtained the renewal of the Beikeng Extraction Permit.
- (ii) Detailed information on these drill hole activities, and the interpretations of their results (including the number of drill holes), were not carried out, supervised or reviewed by a Competent Person (as defined) under the JORC Code. Therefore, AJY considers that it is inappropriate to make a disclosure under Chapter 5 of the Listing Rules.
- (iii) After extraction activities have commenced at the Beikeng Mine, AJY may engage a qualified competent person to review, interpret and report on the results of all drill hole activities that it has carried out since the last report prepared under the JORC Code was disclosed.

In relation to (i) above, AJY advises that these drilling activities were carried out on an ad hoc basis, and not part of a preset drilling program with a fixed drilling budget. In relation to (iii) above, should AJY engage a qualified competent person to review, interpret and report on the results of all drill hole activities that it has carried out since the last report prepared under the JORC Code was disclosed, the Board expects such a report will be published before the FY2025 Annual Report is issued.

Q16. Please advise if the results from the drilling conducted at the Beikeng Mine, as disclosed in AJY's Quarterly Activities Reports over the period 1 July 2022 to 30 September 2023, are available and if yes, why they have not yet been reported in accordance with Listing Rules 5.6, 5.7 and 5.22. If the results are not available, please advise what is the status, and when will they be available?

A16. Please refer to our response in A15 above.

Q17. Please advise if any additional drilling has been completed at the Beikeng Mine over the period 1 July 2022 to 30 September 2023 or since the end of the September 2023 quarter that has not been reported? If yes, please advise if the results of the drilling have been reported in accordance with Listing Rules 5.6, 5.7 and 5.22. If not, why not?

A17. AJY periodically disclosed information on additional drilling and tunneling activities it has carried out since 30 June 2023, including the period from 1 July to 30 September 2023 and since 1 October 2023, in the Quarterly Activities Reports via MAP. However, the results of these activities were not reported on the basis that the detailed information on these tunneling and drill hole activities, and the interpretations of their results, were not carried out, supervised or reviewed by a Competent Person (as defined) under the JORC Code. Therefore, AJY considers that it is inappropriate to make a disclosure under Chapter 5 of the Listing Rules.

...

Q23 Does AJY consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under Listing Rule 12.1? In answering this question, please explain the basis for this conclusion. In answering this question, please comment on the nature of the AJY's current business activities.

A23. In its previous market disclosures, AJY disclosed:

- (i) in the Market Update that it expects that:
- (a) it was, and continues, to carry out work relating to its application for the renewal of the Beikeng Extraction Permit; and
 - (b) barring unforeseen circumstances, the Beikeng Extraction Permit will be renewed by the second quarter of 2025; and

(ii) in its response to the Second Query Letter, that the drill hole and remote sensing activities it carried out (and is still currently carrying on) were to identify the best areas where it will focus its mineral extraction when the Beikeng Extraction Permit is renewed.

Therefore, in summary, the Company's current business activities comprise two aspects, work relating to the renewal of the Beikeng Extraction Permit, and preparatory work for extraction of minerals at the Beikeng Mine when its extraction permit is renewed. AJY considers these activities are substantial, and respectfully submits that they are sufficient to warrant the continued quotation of its securities on ASX. AJY makes this view and submission on the basis that the Beikeng Mine, when its extraction permit is renewed and commercial extraction commences there, will bring substantial economic benefits to AJY's shareholders and other community stakeholders.

Second Letter

Q5. Can AJY provide the details of the drill holes and the objectives that were fulfilled by the completion of the drilling activities in the 31 December 2023 quarter – were there any samples taken and results obtained which may require disclosure with respect to Chapter 5 of the Listing Rules?

A5. We carried out the drill hole activities to identify the best areas where we will focus our mineral extraction when we obtain the renewal of the extraction permit for the Beikeng Mine. The drill hole activities, and the interpretations of their results, were not carried out, supervised or reviewed by a Competent Person (as defined) under the JORC Code. Therefore, we consider that it is inappropriate to make a disclosure under Chapter 5 of the Listing Rules. After extraction activities have commenced at the Beikeng Mine, we may engage a qualified competent person to review, interpret and report on the results of all drill hole activities that we have carried out since the last report prepared under the JORC Code was disclosed.

Q6. Can AJY provide the details of the remote sensing work and the objectives that were fulfilled by the remote sensing activities completed in the 31 January 2024 quarter which may require disclosure with respect to Chapter 5 of the Listing Rules.

A6. At the Beikeng Mine, we carried out the remote sensing activities to complement the drill hole activities to identify the best areas where we will focus our mineral extraction when we obtain the renewal of the extraction permit for the Beikeng Mine. For the Silverstone Project, we carried out the remote sensing activities to identify the areas where we will focus our detailed exploration works in the future. The drill hole activities, and the interpretations of their results, were not carried out, supervised or reviewed by a Competent Person (as defined) under the JORC Code. Therefore, we consider that it is inappropriate to make a disclosure under Chapter 5 of the Listing Rules. After extraction activities have commenced at the Beikeng Mine, we may engage a qualified competent person to review, interpret and report on the results of these remote sensing activities.

Third Letter

Q3. Are there any material exploration results that AJY has not released on the basis that the activities were not supervised or reviewed by a competent person under the JORC Code?

A3. No. Save for results of exploration activities carried out as disclosed in the quarterly activities reports the Company has disclosed, there is no other material exploration results that AJY has not released on the basis that the activities were not supervised or reviewed by a competent person under the JORC Code.

- G. Listing Rule 12.1 which provides: The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing.

- H. Listing Rule 12.5, which provides: An entity's structure and operations must be appropriate for a listed entity
- I. Listing Rule 17.12, which provides:
- ASX may at any time remove an entity from the official list if, in ASX's opinion, any of the following applies.*
- The entity is unable or unwilling to comply with, or breaks, a listing rule.*
 - The entity has no quoted securities.*
 - It is appropriate for some other reason.*

For the reasons outlined below, ASX considers that AJY is in breach of Listing Rules 12.1 and 12.5 and unless AJY can show good reason to the contrary, ASX considers it appropriate to remove AJY from the Official List pursuant to Listing Rule 17.12 with effect on and from the commencement of trading on **25 September 2024**.

If you wish to provide submissions as to why AJY should not be removed from the Official List under Listing Rule 17.12, please ensure they are sent to me by email at ListingsCompliancePerth@asx.com.au no later than 9 AM AWST on Wednesday, 18 September 2024.

Inadequate Structure and Operations and Level of Operations

ASX considers AJY to be in breach of Listing Rules 12.1 (level of operations) and 12.5 (structure and operations) having regard to the following:

- AJY has at all times been categorised as a mining exploration entity since its admission to the Official List on 15 November 2012.
- AJY considers the Beikeng Mine to be a material mining project pursuant to the Listing Rules.
- AJY released a mineral resource for the Beikeng Mine under the JORC Code 2012 Edition on 8 August 2017.
- AHY has not released any exploration results from the Beikeng Mine (or any other project) since the release of the mineral resource in 2017 despite AJY's quarterly activities reports demonstrating that drilling and testing of core samples has been completed at the Beikeng Mine and the preparation of a report on resources and reserves according to Chinese standards of the Beikeng Mine.
- The reason given for why AJY has not released exploration results from the Beikeng Mine is as follows (emphasis added): *'AJY carried out the drill hole activities to identify the best areas where it will focus its mineral extraction when it obtained the renewal of the Beikeng Extraction Permit. Detailed information on these drill hole activities, and the interpretations of their results (including the number of drill holes), were not carried out, supervised or reviewed by a Competent Person (as defined) under the JORC Code. Therefore, AJY considers that it is inappropriate to make a disclosure under Chapter 5 of the Listing Rules. After extraction activities have commenced at the Beikeng Mine, AJY may engage a qualified competent person to review, interpret and report on the results of all drill hole activities that it has carried out since the last report prepared under the JORC Code was disclosed.'*
- When questioned by ASX about whether there were any material exploration results that AJY has not released on the basis that they were not supervised by a competent person under JORC, AJY confirmed: *'No. Save for results of exploration activities carried out as disclosed in the quarterly activities reports the Company has disclosed, there is no other material exploration results that AJY has not released on the basis that the activities were not supervised or reviewed by a competent person under the JORC Code.'*
- It is noted that AJY's quarterly reports describe drilling that has occurred but does not report the results from any drilling.

8. Based on the responses from AJY, ASX has concluded that:
- AJY's only activities, if any, over the last three years have been in the nature of exploration activities;
 - AJY is not able to, and has no intention to, disclose the results of those exploration activities in a way that complies with Chapter 5 of the Listing Rules; and
 - AJY would not be able to comply with its obligations under Listing Rule 3.1 if its exploration activities gave rise to a materially price sensitive information.

In light of the above, AJY does not have a structure and operations that is appropriate for a listed entity.

9. In any event, since AJY has not released any exploration results and/or results from a material mining project since 2017, ASX considers that AJY does not have a sufficient level of operation to warrant continued quotation of its securities.

Breach of Periodic Report Obligations

10. ASX considers AJY to have breached Listing Rules 4.2A, 4.2B, 5.3 and 5.5 having regard to the failure by AJY to lodge the following documents:

Document	Listing Rule(s)	Deadline
Half Year Accounts	4.2A, 4.2B	15 March 2024
Fourth Quarter Cashflow Report	5.3, 5.5	31 July 2024
Fourth Quarter Activities Report	5.3, 5.5	31 July 2024

Proposed removal of AJY from the Official List

In light of the number and seriousness of the breaches of the Listing Rules identified above, unless AJY can demonstrate good reason to the contrary, ASX will remove AJY from the Official List under Listing Rule 17.12.

ASX will remove AJY from the Official List for each of the following independent reasons, each of which is sufficient to justify AJY's removal:

- AJY is unable or unwilling to comply with Chapter 5 of the Listing Rules, which contemplates disclosure about exploration results that complies with the JORC Code;
- AJY is unable or unwilling to comply with Listing Rule 3.1, which requires an entity to release material information immediately;
- AJY has breached, and is unable or unwilling to comply, with Listing Rule 12.1; and
- AJY has breached, and is unable or unwilling to comply, with Listing Rule 12.5.

Further, and in addition to the above, ASX considers that it is appropriate to remove AJY from the Official List under Listing Rule 17.12 because:

- AJY has not promptly responded to requests for information under Listing Rule 18.7 and ASX does not have confidence that AJY can provide ASX with the information ASX needs to monitor and enforce AJY's compliance with the Listing Rules; and
- AJY has not demonstrated that it is capable of addressing the concerns that ASX has raised with AJY, which individually and cumulatively are serious.

When and where to send your response

Your response is required as soon as reasonably possible and, in any event, by no later than **9 AM AWST Wednesday, 18 September 2024**.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office.

Compliance with the Listing Rules

ASX reminds AJY of its contract to comply with the Listing Rules. Please note that ASX is required to record details of breaches of the Listing Rules by listed entities as part of its reporting obligations.

In the circumstances, ASX considers it appropriate that AJY reviews its compliance arrangements to ensure it does not continue to breach the Listing Rules.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

ASX Compliance