

Mineral Companies



Guide to listing on the
Cayman Islands Stock Exchange

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Introduction

The Cayman Islands Stock Exchange (CSX) is a leading stock exchange for specialist companies and investors. We had a listed market value of over US\$165 billion in 2012.

Our established links to global markets and geographical proximity to some of the world's major mineral producing regions make us a valuable and convenient listing centre for mining and exploration companies.

With our commitment to cost-efficiency, we are an appealing solution for companies that are not yet ready to list on a larger exchange or that want the benefits of a listing closer to the home markets.

A listing on the CSX is a way to increase your company's visibility and ability to raise funds, providing:

- access to a wider investor-base
- new opportunities for raising capital
- additional regulatory oversight and transparency
- a means for founding shareholders to develop their investments

Our listing rules are specially tailored for early-stage mineral companies that have a sophisticated investor base. Because of this, companies can list on the CSX without a 'free-float' of shares in public hands.

This important concession allows companies to limit their shareholder base to institutional, professional or other sophisticated investors. It also provides an incubation period for companies before they open up to the more onerous requirements of the retail environment.

The CSX's pragmatic listing process utilises standardised IOSCO-based English language documentation. CSX-listed securities trade online through local and international brokers. Our trading platform, upgraded with Deutsche Boerse's Xetra® system, can be accessed from anywhere in the world.

To find out more, visit www.csx.ky or call us on +1 345 945 6060



The Cayman Islands
Stock Exchange.

A leading venue for
specialist companies
and investors.

What CSX has to offer

Recognitions

The CSX is accredited by HM Revenue and Customs, the United Kingdom tax authority, as a recognised stock exchange meaning that CSX listed securities may be eligible investments for certain savings and pension products and payments on listed securities may be made without deduction of withholding tax.

The CSX is the only offshore stock exchange to be a member of the Inter Market Surveillance Group, a surveillance focused group of over 30 major exchanges from around the world,

- Recognitions
- Specialist rules
- Timely and flexible response
- Competitive costs

The CSX is an affiliate member of IOSCO and of the World Federation of Exchanges.

Specialist rules

The CSX listing rules, which are based on IOSCO standards, are tailored for offerings to specialist investors meaning a pragmatic approach can be taken without the need for the more onerous requirements associated with retail offerings. Unlike many European exchanges the CSX is not bound by the European Prospectus Directive and so can be more flexible. Companies are free to use an existing prospectus or offering memorandum as a base for a listing document.

Timely and flexible response

The CSX is aware of the time pressures under which issuers and their advisers operate and will make every effort to accommodate an issuer's timetable.

Competitive costs

CSX fees for admission of equity securities are:

Market Cap	(to US \$10m)	(to US \$100m)	(Over US \$100m)
Listing fee	US \$10,000	US \$15,000	US \$20,000
Annual fee	US \$10,000	US \$10,000	US \$10,000

There are NO CSX trading fees.

The listing process

Step 1: Appoint a listing agent

A listing agent registered with the CSX must be appointed for every application unless for a secondary listing. The listing agent is responsible for guiding the applicant through the listing process and dealing with the CSX on all matters relating to the application and for ensuring the applicant's suitability for listing. Details of all CSX listing agents are on the CSX website www.csx.ky

- Appoint a listing agent
- Satisfy CSX conditions for listing
- Prepare draft listing documents
- Approval
- Admission
- Continuing obligations

Step 2: Satisfy CSX conditions for listing

The issuer must satisfy all the conditions for listing and undergo a thorough due diligence process. Applicants and their listing agents are encouraged to discuss any issues with the CSX directly prior to making any application and be prepared to make a full presentation to the CSX of the due diligence undertaken.

Step 3: Prepare draft listing documents

The issuer and its listing agent must prepare a listing document for review and comment by the CSX. The CSX rules require specific disclosures to be included in the document, which must also demonstrate compliance with the CSX's conditions for listing. All information in the listing document must be verified and accurately sourced. Applicants and their listing agents must be able to produce to the CSX a complete set of verification notes and evidence underlying expert reports.

Step 4: Approval

When the CSX staff are satisfied with an application, they will submit it to the listing committee of the CSX for approval. Once the document has been approved, supporting documentation must be filed before the securities are admitted to listing. The CSX will endeavour to meet issuers' timing requirements although this will require that the listing application and supporting documents are in substantially complete form.

Step 5: Admission

The securities will be admitted to listing and trading once they have been issued. Details of the securities, including any pricing information, will be posted on the CSX's website and dedicated pages on the Bloomberg system and disseminated to other data distributors. Similar details will be added to the CSX's website.

Step 6: Continuing obligations

Once listed, an issuer must continue to comply with its on-going obligations, as specified in the listing rules, the Code on Takeovers and Mergers and the Model Code.

Conditions for listing equity securities

Investment

- the new applicant must have an expected market capitalisation of at least US\$5 million with a “sufficiently liquid market”, judged by reference to the expected investor base
- the normal requirement is for investment in the company to be restricted to professional or sophisticated high net worth investors
- offerings to retail investors may be permitted subject to additional safeguards

- Investment
- Operations
- Financial information and working capital
- Trading and transferability

Operations

- the directors of the issuer must collectively have appropriate expertise and experience for the management of its business
 - the normal requirement for three years prior operations under substantially the same management can be varied for mineral or mineral exploration companies which are able to supply a satisfactory business plan and competent person’s expert report on the company’s resources and planned operations, prepared in accordance with a recognised mineral reporting standard by a suitably qualified independent expert
- newly formed mineral exploration companies must produce detailed financial projections and assumptions and may be required to provide an independent expert report on the viability of their commercial objectives and business plan
 - where a mineral company does not hold a majority interest in the properties, fields, mines or assets it must be able to show that it has sufficient rights to influence the timing and extraction of mineral resources
 - companies must be able to provide evidence of good title to mineral assets

Financial information and working capital

- the normal requirement is for audited financial statements, prepared in accordance with IAS or acceptable local GAAP, covering at least the last three years can be varied for newly formed mineral and mineral exploration companies
- companies must have sufficient working capital for at least 12 months, or provide an explanation as to how the necessary working capital will be obtained
- there is a requirement for a capitalisation and indebtedness statement and a detailed explanation of the application of any proceeds of the issue to the company's business and development objectives

Trading and transferability

- the equity securities must be freely transferable except to the extent that any restrictions are approved by the CSX



- 12 month share “lock-up” provisions will be required for recently formed mineral and exploration companies
- securities must be eligible for clearing and settlement in the CSX's central system
- there must be a registrar and paying agent which can be based in the Cayman Islands or any acceptable financial centre
- the issuer must make arrangements with a suitably regulated broker for share dealing

The company must be properly registered and its constitution must meet certain governance standards specified in the CSX rules.

Contents of the listing document

The general requirement is that a company must include in its listing document all information necessary for an investor to make an informed investment decision.

Listing documents must contain the following general disclosures:

- investment risks
- general information on the company and its management
- details of the securities for which application is being made, the company's capital, its business activities and material contracts
- financial information on the group

Mineral companies must include a report from a suitably qualified independent mineral expert (whose identity should be agreed in advance with the CSX), prepared in accordance with an internationally recognised reporting standard. The report must cover as a minimum:

- the basis and assumptions on which the report and valuation have been prepared
- the valuation standards used
- status, independence, knowledge and skills of the mineral expert
- details of the work and any site inspections undertaken by the independent expert and limitations of available information or access
- the nature of the evidence used in the estimation of reserves including a detailed analysis of drilling and sampling and the names of the organisations that carried out the investigations and analysis
- the nature and extent of the rights of exploration and extraction and a description of the properties to which the rights attach with details of the duration and other principal terms and conditions of the concessions
- a detailed description of mineral resources and reserves (with reference to maps and plans) covering geological characteristics of the occurrence of reserves, the types of deposits, their dimensions and grade distribution, and an estimate of the volumes of reserves
- commentary, where appropriate, on the issuer's methods of exploration and extraction, production schedules, progress of workings and forecast extraction rates

- available and required plant and equipment (including an estimate of the maintenance, running and acquisition costs)
- any special factors that may affect exploration or extraction including environmental factors, accessibility and availability of utilities or other essential services
- valuation of mineral assets

Listing documents for mineral companies must in also include details of the following:

- a summary of the legal opinion confirming the title to or validity and enforceability of any assets, licences or concessions
- a detailed explanation of the intended application of any offer proceeds to the issuer's business and development objectives
- shareholder lock-ins

Mineral exploration companies may (depending on the extent of their operating history) also be required to include in the listing document the following:

- a summarised business plan including risks and assumptions upon which the plan is based, reliance upon key individuals and an explanation of capital expenditure plans and financial commitments together with funding requirements of the business for at least two years
- an independent expert report on the viability of their commercial objectives and business plan

The company must make certain documents available for public inspection including its constitutional documents, financial statements (where available), material contracts, licences and the expert's report.



A listing on the CSX is a cost-efficient way to increase your mineral company's visibility and ability to raise funds.

Continuing obligations

The CSX has a duty to protect investors and to maintain a fair and orderly market in the securities. In order to fulfil this responsibility the CSX requires listed issuers to undertake to comply with its continuing obligations. The principal obligations are as follows:

General obligation of disclosure

A company must notify the CSX immediately of any price sensitive information, material new developments or operational changes and any material change in its performance or financial position for dissemination by the CSX.

Specific disclosure

Where there is a material change to any of the matters referred to in the mineral expert's report disclosed in the listing document details of the change must be announced on the CSX. Mineral exploration companies must deliver to the CSX, for dissemination, regular drilling updates.

Quarterly updates

Newly formed mineral and mineral exploration companies will be required for at least the first two years after listing to publish quarterly updates. The detailed contents of updates will vary according to the nature of the business but will broadly be expected to report on the company's operations and progress towards meeting stated objectives.

Financial statements

The issuer must publish audited annual financial statements within six months of its year end and prepare within three months semi annual interim financial statements, which may be unaudited.

Equality of treatment

The issuer must ensure equal treatment of all holders of the same class of listed equity securities.

New issues

Any new issues of equity securities must be approved by the CSX.

Exercise of rights

The necessary information and facilities must be made available to holders of securities to enable them to exercise their rights. In certain cases the CSX will require that a circular be sent to holders of securities and where the company proposes a change that will fundamentally alter its business operations or a significant transaction with a related party the CSX may require the company to obtain the prior approval of holders of securities.

Contact us

To obtain more information or copies of other CSX publications, including the Listing Rules, please contact the CSX at:

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The listing rules and details on listed companies are also available on the CSX's website at www.csx.ky



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