



Torys LLP

TSX Listings by Australian Mining Companies

Jamie Scarlett

jscarlett@torys.com

Tel. +1.416.865.8199

Mike Pickersgill

mpickersgill@torys.com

Tel. +1.416.865.8180

Glen Johnson

grjohnson@torys.com

Tel. +1.416.865.8146

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Canadian Capital Markets: TSX Listings

- Sophisticated, world-leading equity exchange
 - > eighth-largest in the world by domestic market capitalization
 - > well-established protocols for accessing public market
 - > vibrant institutional and retail investor base
 - > TSX Venture Exchange (TSXV) designed for emerging and junior companies
 - provides access to public venture capital to facilitate growth
 - potential to graduate to the senior exchange

Canadian Capital Markets: TSX Listings

- TSX: Mining Leadership
 - > \$22 billion raised on TSX and TSXV in 2009 for mining companies
 - > 84% of total number of mining equity financings in 2009
 - > institutional investor base that understands mining
 - > best access in the world for capital for junior explorers
 - > specialized mining indices
 - > includes many companies holding exclusively or primarily foreign assets

Australian Companies on the TSX

- 26 Australian Mining Companies listed on the TSX
- TSX-listed Australian Mining Companies raised \$2.2B of equity capital through 40 financings in 2009 and \$210M of equity capital through 6 financings in Q1 2010
- TSX-listed Australian Mining companies have a combined market cap of \$29B
- Five \$100 Million+ deals in 2009
 - > Lihir Gold - \$425M
 - > Paladin Energy Ltd. - \$400M
 - > Equinox Minerals - \$160M
 - > Allied Gold - \$145M
 - > Mirabela Nickel - \$120M

Requirements for Listing on TSX

- TSX applicants may qualify either as an exempt issuer or a non-exempt issuer
 - > Exempt issuers: more senior companies that meet profitability requirements and/or technical requirements
 - > Non-exempt issuers: those entities who have not yet met certain profitability or technical thresholds

Requirements for Listing on TSX ...

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- Once listed, all issuers must meet general requirements to maintain a listing on the TSX
- In addition to the general requirements, non-exempt issuers must meet the following additional requirements:
 - > Prompt notice to TSX of any proposed material change in the business or affairs of the issuer
 - > TSX acceptance before proceeding with transactions that:
 - involve insiders or other related parties of the issuer and which do not involve an issuance or potential issuance of listed securities; or
 - are initiated or undertaken by the non-exempt issuer and materially affect control

Requirements for Listing on TSX ...

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- Requirements Applicable to Exempt and Non-exempt Issuers:
 - > at least 1,000,000 freely tradeable shares having an aggregate market value of \$4,000,000 held by at least 300 public holders, each holding one board lot or more
 - > management, including the board of directors, with adequate experience and technical expertise relevant to the company's mining projects and adequate public company experience
 - > at least two independent directors, a CEO, a CFO who is not also the CEO, and a corporate secretary

Requirements for Listing on TSX ...

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Minimum Listing Requirements	Property Requirements	Recommended Work Program	Working Capital and Financial Resources	Net Tangible Assets, Earnings or Revenue	Sponsorship
TSX Exempt	3 years proven and probable reserves as estimated by an independent qualified person	Commercial level mining operations	Adequate working capital to carry on the business.	\$7.5M net tangible assets; pre-tax profitability from ongoing operations in last fiscal year and average of \$500,000 for past 2 fiscal years	Not Required
TSX Non-exempt Producer	3 years proven and probable reserves as estimated by an independent qualified person	Bringing the mine into commercial production	Adequate funds to bring property into commercial production plus adequate working capital for all budgeted capital expenditures and to carry on business	\$4M net tangible assets; evidence indicating a reasonable likelihood of future profitability supported by a feasibility study or historical production and financial performance	Required (may be waived if sufficient previous 3rd party due diligence)
TSX Non-exempt E&D	Advanced Exploration Property, Min 50% ownership in the property	\$750,000 on advanced exploration property as recommended in independent technical report	Min \$2.0M working cap, but sufficient to complete recommended programs, plus 18 months G&A, anticipated property payments and capital expenditures	\$3M net tangible assets	Required (may be waived if sufficient previous 3rd party due diligence)

- TSXV Applicants may qualify either as a Tier 1 or Tier 2 issuer
 - > Tier 1 issuers are more established junior issuers that meet certain financial, technical and share distribution thresholds
 - > Tier 2 includes similar requirements but at lower thresholds

- Requirements Applicable to all TSXV Issuers:
 - > 20% of issued and outstanding shares in the hands of public shareholders (10% must be freely-tradable)
 - > Sponsor report may be required (waived for IPOs)
 - > management, including the board of directors, with adequate experience and technical expertise relevant to the company's mining projects and adequate public company experience

Listing Requirements for TSXV ...

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Minimum Listing Requirements	Property Requirements	Recommended Work Program	Working Capital and Financial Resources	Net Tangible Assets, Earnings or Revenue	Distribution, Market Cap, and Public Float
Tier 1	Material interest in a Tier 1 property	\$500,000 on the Tier 1 property as recommended by geological report	Adequate for work program + 18 mos. G&A + 18 mos. property payments to keep Tier 1 property and principal properties in good standing + \$100,000 unallocated	\$2M net tangible assets	\$1M publicly held, free trading public shares; 200 public holders with a board lot and no resale restrictions
Tier 2	Significant interest in qualifying property	\$200,000 on the qualifying property as recommended by geological report	Adequate for work program + 12 mos. G&A + 12 mos. property payments to keep qualifying property and principal properties in good standing + \$100,000 unallocated	No requirement	\$500,000 publicly held, 500,000 free trading public shares; 200 public holders with a board lot and no resale restrictions

Preparing to List on the TSX or TSXV

- Issuers and counsel should contact TMX Staff to review listing suitability, filing requirements and to provide guidance on timing and other matters related to dual listed companies
- Canadian presence in the form of an Investor Relations Contact and/or an officer or director based in Canada is encouraged
- Canadian shareholders are not a requirement for TSX, but are strongly recommended by TSX
- Preference for directors/management with public company experience in the Canadian or North American markets

- File draft listing application and supporting documents
- A listings manager will be assigned to each applicant at this stage
- Allow 6-10 weeks for the initial processing of an application
 - > Companies applying to dual list will likely be at the shorter end of the filing period
- Clean applications without legal, business or other special issues can be approved by TSX in as little as 1-2 months; for TSXV allow 3-4 months

Listing Documents Required to be Filed

- Draft Listing Application and Principal Listing Document
- Application Fees
- Personal Information Forms
- Financial Statements
- Articles or Corporate By-Laws
- Projected Sources and Uses of Funds
- Sponsorship Report (if applicable)
- Technical Reports for Mining Applicants
- Material contracts

Principal Listing Document

- “Principal Listing Document” includes the following list of acceptable documents:
 - > Annual Information Form - National Instrument 51-102 *Continuous Disclosure Obligations*
 - > Long-form Prospectus - for issuers completing a public offering in Canada at the time of the listing application
 - > Other documents or forms from other jurisdictions may be accepted by the TSX
 - Must include similar information as the Canadian AIF
 - Must be dated within one year of the listing application submission and be pre-cleared by the TSX

- TSX: A non-refundable application fee of \$7,500
 - > Plus a \$7,500-\$150,000 original listing fee, depending on the company's market capitalization
- TSXV: An application fee of \$2,000 which will be credited to the original listing fee
 - > A \$7,500-\$40,000 original listing fee, depending on the company's market capitalization

- A PIF or statutory declaration is required for all insiders of the company
 - > “Insider” includes all senior officers and directors of the company and holders of greater than 10% of the shares outstanding
 - > Insider may file a statutory declaration if he/she has filed a PIF with one of the Exchanges in the last three years and there have been no changes

- TSX applicants listed on another exchange must file audited financial statements for the most recently completed financial year and unaudited financial statements for the financial quarter (or half year statements), depending on the jurisdiction
- If completing a prospectus, applicants must comply with NI 41-101 *General Prospectus Requirements and Related Amendments* which may require three years of historical financials
- TSXV applicants must provide the financial statements required under the prospectus rules in NI 41-101

- No requirement that financial statements be in, or converted to, Canadian dollars
- Eligible foreign issuers may file financial statements prepared in accordance with International Financial Reporting Standards (IFRS), or, if an SEC filer, in accordance with U.S. GAAP, without reconciliation to Canadian GAAP
- Designated foreign issuers (foreign issuers from designated jurisdictions (including Australian issuers) who are not subject to SEC rules and with less than 10% Canadian shareholders, fully diluted) may file financial statements prepared in accordance with local GAAP without reconciliation to Canadian GAAP

- A review of shareholder protections and rights may be required to ensure that the company's jurisdiction provides similar protections and rights as a company incorporated in a Canadian jurisdiction
- Companies incorporated in Australia, the U.K., and some U.S. states provide protections and rights similar to those in Canada and are therefore not subject to this review

Projected Sources and Uses of Funds

- Mining Applicants on TSX: File a projected sources and uses of funds statement for a period of 18 months, including related assumptions, presented on a quarterly basis, prepared by management, unless the Applicant is applying as an exempt issuer
- NI 43-101 technical reports should include a recommended work program that ties in with the 18 month projection of sources and uses

Projected Sources ... *cont'd*

- TSXV Applicants: File a projected sources and uses of funds statement, including related assumptions, for a period of at least 12-18 months, presented on a quarterly basis, prepared by management
- NI 43-101 technical reports should include a recommended work program that ties with the 12-18 month projection of sources and uses

- TSX: Sponsorship by a Participating Organization of the Exchange may be required for companies applying to list as non-exempt issuers
 - > One time requirement at the time of listing
 - > Sponsorship may be waived if a company completes a prospectus offering or brokered financing immediately before or concurrently with the listing
- TSXV: Generally requires Sponsorship
 - > Discretion to waive requirement if the Applicant is filing a full prospectus or other criteria are satisfied
- When required, a sponsor conducts a due diligence study of the applicant to seek to ensure that the applicant meets TSX or TSXV listing requirements

Technical Reports for Mining Applicants

- Full and up-to-date technical reports on the material properties of the applicant, prepared in compliance with National Instrument 43-101
 - > NI 43-101 reserve and resource reporting incorporates the standards adopted by the Canadian Institute of Mining, Metallurgy and Petroleum
 - > Certain foreign resource and reserve standards are recognized for purposes of reporting under NI 43-101, including the Australasian Joint Ore Reserves Committee and the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves, provided there is reconciliation to Canadian categories included
 - > Reconciliation requirement may be deleted under currently proposed amendments to NI 43-101

Material Contracts and Other General Documents

- During the review process, additional documents relating to the applicant such as material contracts and security-based compensation arrangements may be requested

- Once listed on TSX or TSXV, issuers become subject to the reporting requirements of Canadian securities laws and the TSX or TSXV
- Ongoing reporting obligations:
 - > File audited financial statements within 90 days from year end (120 days in the case of TSXV)
 - > File interim quarterly financial statements within 45 days from end of interim quarterly period (60 days in the case of TSXV)
 - > Management Discussion & Analysis required to be filed with financial statements

- > TSX issuers must prepare and file an Annual Information Form
- > Full, timely disclosure of all material developments and report on material changes reasonably expected to affect the market price or value of securities
- > File material contracts
- > Annual Fees:
 - TSX: annual fees based on market capitalization and fees for additional listing of securities
 - Canadian securities regulators: annual fees in some provinces, fees per filing/offering in others

- Corporate Governance
 - > Requires an audit committee composed of a minimum of 3 members
 - In the case of TSX issuers all members must be independent and all members must be financially literate
 - Audit committee charter required
 - > Requires CEO/CFO Certification for periodic reporting; and for TSX issuers disclosure controls and procedures and internal controls over financial reporting

Once Listed ... *cont'd*

- The TSX and TSXV impose additional requirements:
 - > Requires shareholder approval of new, or material amendments to, equity compensation plans
 - > Immediately disclose material information (rumours etc may also require a release) via an approved newswire
 - “Material information” includes any information about the business or affairs of the company that results in, or would reasonably be expected to result in, a significant change in the market price or value of the listed securities
 - > Appoint a co-transfer agent in Canada to facilitate the movement of securities between each country’s clearing and settlement services

National Instrument 43-101

- NI 43-101 is the rule developed by Canadian securities administrators to improve the accuracy and integrity of scientific and technical information disclosed by mining companies
- All disclosure of scientific or technical information must be based on a technical report (or other information) prepared or supervised by a “qualified person”; in certain circumstances, that person must be independent
- NI 43-101 applies to all written and oral disclosure
- standardized terms and definitions for disclosure of mineral reserves and resources (CIM definitions) and restricts certain disclosure (e.g., restrictions for inferred resources)
- Securities regulators have recently published for comment draft revisions to the rule and form of technical report

- TSX will not apply its ongoing listing standards with respect to security holder approval, private placements, unlisted warrants, acquisitions and security based compensation arrangements to issuers listed on another exchange where at least 75% of the trading value and volume over the six months immediately preceding notification occurs on that other exchange

- Under National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*:
 - > designated foreign issuers may satisfy most Canadian ongoing reporting requirements by complying with the securities regulatory requirements in their home jurisdiction or with
 - > SEC foreign issuers may satisfy most Canadian ongoing reporting requirements by complying with SEC filing requirements

- TSX Listing Application, Listing Agreement, PIF, and Declaration:
 - > http://www.tmx.com/en/listings/listing_with_us/process/index.html
- TSXV Listing Application, PIF, and Declaration:
 - > http://www.tmx.com/en/listings/venture_issuer_resources/finance_forms.html
- TSX and TSXV Listing Fee Schedules, and TSX Listing Fee Calculator
 - > http://www.tmx.com/en/listings/listing_with_us/costs/listing_fees.html



www.torys.com

Toronto	416.865.0040
New York	212.880.6000