



# Market Announcement

22 January 2024

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## Asaplus Resources Limited (ASX: AJY) – Continued Suspension from Quotation

### Description

Asaplus Resources Limited ('AJY') was sent the attached query letter by ASX on 28 December 2023 seeking a response by 15 January 2024. The nature of the queries are apparent from the query letter.

The securities of AJY will remain suspended under Listing Rule 17.3 following a failure by AJY to respond to ASX's queries and until ASX is satisfied with AJY's compliance with the Listing Rules, including Listing Rules 12.1 and 12.2.

ASX has formed the view that the query letter should be released to the market under Listing Rule 18.7A.

### Issued by

ASX Compliance



28 December 2023

Reference: 83526

Ms Swapna Keskar  
Company Secretary  
Asaplus Resources Limited

By email: keskar@companymatters.com.au

Dear Ms Keskar

### **Asaplus Resources Limited ('AJY'): Financial Condition and Activities**

ASX refers to the following:

#### *Financial Condition*

- A. AJY's Appendix 5B quarterly report for the period ended 30 June 2023 lodged with ASX Market Announcements Platform ('MAP') on 31 July 2023 (the 'June Quarterly Cash Flow Report'), which disclosed:
  - a. at section 1.1 that AJY had received \$102,702 via receipts from customers during the quarter and \$253,529 over the 12 month period to 30 June 2023 ('Receipts From Customers');
  - b. at section 5.5 that AJY had \$90,497 cash and cash equivalents at end of quarter;
  - c. at section 7 that AJY had financing facilities of \$3,575,400 available and had drawn down \$3,323,081, amounting to unused financing facilities of \$312,319 at the end of the quarter.
  - d. At section 7.6 that "An investor had granted a convertible loan amounting to ¥6,000,000 (or \$1,175,400 based on the agreed foreign exchange conversion rate) to the Company. As of the end of the quarter, the entire sum has been fully drawn-down." ('Convertible Loan')
- B. AJY's consolidated financial statement for the full year ended 30 June 2023 lodged with ASX Market Announcements Platform and released on 28 September 2023 (the '2023 Financial Report').
- C. The Independent Auditor's Report attached to the 2023 Financial Report ('Auditor's Report') which contains the following material uncertainty related to going concern:

*"We draw your attention to Note 2.4 in the financial statements, which indicates the Company incurred a net loss of A\$1,212,335 during the year ended 30 June 2023 and, as of the date, the Company has a capital deficiency of A\$2,490,727 as a result of losses sustained over the years and its current liabilities exceeded current assets by A\$2,630,634. Along with other matters stated in Note 2.4, the ability of the Group to meet its obligations is therefore dependent on continuous financial support from a substantial shareholder and major creditors. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter."*
- D. The following disclosures in the 2023 Financial Report regarding AJY's financial position as at 30 June 2023:
  - a. Cash: \$165,436;
  - b. Current assets: \$1,127,252
  - c. Total consolidated assets: \$1,267,159

- d. Current liabilities: \$3,757,886
  - e. Total consolidated liabilities: \$3,757,866
- E. The following disclosure in the 2023 Financial Report regarding significant events during the year:
- “On 9 January 2023, the repayment of the convertible loan has been deferred to 31 December 2023, the Company will pay RMB720,000 as a Repayment Deferment Premium in twelve equal instalments. However, the Deferment Premium of RMB360,000 has not been paid and was accrued as at year end.”*
- F. AJY’s Corporate Governance Statement for 2023 lodged on the ASX Market Announcements Platform on 6 November 2023 which provides confirmation that AJY complies with recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations which states:
- “The board of a listed entity should, before it approves the entity’s financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.”*

Listing Rule 12.2 which states:

*An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued \*quotation of its \*securities and its continued listing.*

Listing Rule 19.11A which states:

*19.11A If a listing rule requires an entity to give ASX \*accounts, the following rules apply.*

- (a) *If the entity controls an entity within the meaning of section 50AA of the Corporations Act or is the holding company of an entity, required by any law, regulation, rule or accounting standard, or if ASX requires, the \*accounts must be consolidated \*accounts.*
- (b) *The \*accounts must be prepared to Australian accounting standards. If the entity is a \*foreign entity the \*accounts may be prepared to other standards agreed by ASX.*
- (c) *If the listing rule requires audited \*accounts, the audit must be conducted in accordance with Australian auditing standards by a registered company auditor. If the entity is a \*foreign entity, the audit may be conducted in accordance with other standards agreed by ASX and may be conducted by an overseas equivalent of a registered company auditor.*
- (d) *If the listing rule requires \*accounts to be reviewed, the review must be conducted in accordance with Australian auditing standards. If the entity is a \*foreign entity, the review may be conducted in accordance with other standards agreed by ASX. Unless the listing rule says an independent accountant may conduct the review, it must be conducted by a registered company auditor (or, if the entity is a \*foreign entity, an overseas equivalent of a registered company auditor).*
- (e) *If there is a \*directors’ declaration that relates to the \*accounts, the \*directors’ declaration must be given to ASX with the \*accounts.*
- (f) *If there is a \*directors’ report that relates to the period covered by the \*accounts, the \*directors’ report must be given to ASX with the +accounts.*

Activities

- G. AJY’s Annual Report for the full year ended 30 June 2023 (the ‘2023 Annual Report’) published on MAP and released on 6 November 2023, which disclosed:

*“As mentioned in the previous managing director’s statement, the Company’s focus in the last year and a half had been to renew its mining (or extraction) permit for the Beikeng Mine. While a substantial portion of these works had been completed by the start of FY2023, follow-up works had been hindered by the lockdowns and other strict pandemic response procedures the local government had implemented.”*

...

Resources estimate in the Inferred Category	Note(s) on the resource estimate	Date of original disclosure, including Competent Person’s statement								
<b>Beikeng Mine</b>										
1,058,100 tonnes	Includes 25,000 tonnes already mined and is stockpiled at the mine site	8 August 2017								
	<table border="1"> <thead> <tr> <th>Fe (%)</th> <th>Pb (%)</th> <th>Zn (%)</th> <th>WO<sub>3</sub> (%)</th> </tr> </thead> <tbody> <tr> <td>27.52</td> <td>1.53</td> <td>1.22</td> <td>0.58</td> </tr> </tbody> </table>	Fe (%)	Pb (%)	Zn (%)	WO <sub>3</sub> (%)	27.52	1.53	1.22	0.58	
Fe (%)	Pb (%)	Zn (%)	WO <sub>3</sub> (%)							
27.52	1.53	1.22	0.58							
<b>Silverstone Project</b>										
3,480,700 tonnes	Calculated based on a cut of figure of 30% Fe	13 May 2013								

- H. AJY’s previous five quarterly activities report (‘Quarterly Activities Report’) published on MAP between 31 October 2022 and 31 October 2023 which states:

- In quarter 3 2022 (1 Jul - 30 Sep 2022) that four drill-holes were completed in the pit below the No. 780 middle section of Beikeng Mine;
- In quarter 4 2022 (1 Oct -31 Dec 2022) that four drill-holes were completed in the pit below the No. 790 middle section of Beikeng Mine;
- In quarter 1 2023 (1 Jan -31 Mar 2023) that one drill-hole was completed in the pit below the No. 650 middle section of Beikeng Mine;
- In quarter 2 2023 (1 Apr -30 Jun 2023) that eight drill-holes were completed in the pit below the No. 650 middle section of Beikeng Mine;
- In quarter 3 2023 (1 Jul -30 Sep 2023) that eleven drill-holes were completed in the middle section of Beikeng Mine.

- I. Listing Rule 5.6 which states:

*Subject to Rule 5.10, a public report prepared by an entity must be prepared in accordance with Rules 5.7 to 5.24 if applicable and Appendix 5A (JORC Code) if applicable if the report includes a statement relating to any of the following.*

- *\*Exploration targets.*
- *\*Exploration results.*

- *\*Mineral resources or \*ore reserves.*
- *\*Production targets.*

J. Listing Rule 5.7 which states:

*An entity publicly reporting in relation to a \*material mining project, either:*

- (a) \*exploration results for the first time; or*
- (b) any new \*exploration results,*

*must include all of the following information in a market announcement and give it to ASX for release to the market.*

*5.7.1 As an appendix to the market announcement, a separate report providing all information that is material to understanding the \*exploration results, in relation to each of the criteria in section 1 (sampling techniques and data) and section 2 (reporting of exploration results) of Table 1 in Appendix 5A (JORC Code). An entity that determines that one or more of those criteria is not material for this purpose must identify each such criterion and explain why it has determined that it is not material to understanding the \*exploration results.*

*5.7.2 As an appendix to the market announcement, a separate table setting out the following information for material drill-holes unless the entity determines that the information is not material:*

- *easting and northing of the drill-hole collar;*
- *elevation or RL of the drill-hole collar;*
- *dip and azimuth of the hole;*
- *down hole width and depth; and*
- *end of hole.*

*An entity that determines that a drill-hole table setting out the information described above is not material, is not required to attach the table to the market announcement but must explain why it has determined that the table is not material to understanding the \*exploration results.*

K. Listing Rule 5.22 which states:

*Subject to Rule 5.23, a market announcement by an entity containing \*exploration results or estimates of \*mineral resources or \*ore reserves in relation to a \*material mining project must state:*

- (a) that it is based on, and fairly represents, information and supporting documentation prepared by a named \*competent person or persons;*
- (b) in each case, whether the \*competent person is an employee of the \*mining entity or a +related party and, if not, the name of the \*competent person's employer; and*
- (c) in each case, the name of the professional organisation of which the \*competent person is a member.*

*The market announcement must only be issued with the prior written consent of the \*competent person or persons as to the form and context in which the \*exploration results or estimates of \*mineral resources or \*ore reserves (as the case may be) and the supporting information are presented in the market announcement.*

- L. Listing Rule 5.23 which states:

*The requirements in Rule 5.22 only apply the first time an entity publicly reports \*exploration results in accordance with Listing Rule 5.7 or estimates (original or updated) of \*mineral resources or \*ore reserves in accordance with Rule 5.8 or Rule 5.9 (as the case may be) provided all of the following conditions are satisfied.*

- 5.23.1 *Any subsequent public report that refers to those \*exploration results or estimated of \*mineral resources or \*ore reserves cross-references the relevant market announcement containing the statements and consent referred to in Rule 5.22.*
- 5.23.2 *The entity confirms in the subsequent public report that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of \*mineral resources or \*ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.*

- M. Listing Rule 5.24 which states:

*The mineral resources and ore reserves statement in a \*mining entity's \*annual report must include:*

- (a) *a statement that it is based on, and fairly represents, information and supporting documentation prepared by a \*competent person or persons; and*
- (b) *a statement that the mineral resources and ore reserves statement as a whole has been approved by a named \*competent person or persons, as well as the information referred to in Rule 5.22(b) and (c) in relation to the named \*competent person or persons.*

- N. The definition of 'material mining project' as set out in Listing Rule 19.12, which states:

*in relation to an \*entity, a \*mining project which meets the following criteria:*

- (a) *the \*entity or a \*child entity has an economic interest in the \*mining project (whether alone or jointly with others); and*
- (b) *that interest is, or is likely to be, material in the context of the overall business operations or financial results of the \*entity and its \*child entities (on a consolidated basis).*

*Introduced 01/12/13*

- O. Listing Rule 12.1 which states:

*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.*

### **Request for Information**

In view of the above, ASX asks AJY to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

#### *Financial Condition*

1. Please explain what the Receipts From Customers are and who AJY considers are its customers?
2. Can AJY provide a reason for the discrepancy in the cash balance between its June Quarterly Cash Flow Report (\$90,497) and the 2023 Financial Report for the period ending 30 June 2023 (\$165,436)?

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3. Is AJY able to confirm that in the Director's Opinion the 2023 Financial Report:
- (a) comply with the relevant Accounting Standards; and
  - (b) give a true and fair view of AJY's financial performance and position?
4. Please provide an update on the Convertible Loan given its repayment date is 31 December 2023. Please also advise if the Convertible loan is a secured loan or an unsecured loan.
5. Does AJY expect that it will continue to have the current level of negative operating cash flows for the time being and, if not, why not?
6. Does AJY expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
7. Does AJY consider that the financial condition of AJY is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion, taking into consideration AJY's negative working capital of \$2,630,634 and net liabilities position of \$3,757,866.
8. If the answer to question 7 is "No", please explain what steps AJY has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rule 12.2.
9. In relation to the 2023 Financial Report, did the Board receive the CFO and CEO declaration, as described in section 4.2 of AJY's 2023 Corporate Governance Statement, that in the opinion of the CFO and CEO, *"the financial records of AJY have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of AJY and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively"*?
10. If the answer to Question 9 is 'no', why did the Board not receive the CEO and CFO declaration as described in section 4.2 of AJY's Corporate Governance Statement?
11. What enquiries did the Board make of management to satisfy itself that the financial records of AJY have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of AJY?
12. Given the Auditor has raised a material uncertainty whether the AJY can continue as a going concern and as of 30 June 2023 AJY had cash of \$165,436 and total current liabilities of \$3,757,866, on what basis do the directors consider that AJY is a going concern?
13. Please also provide any other information that AJY considers may be relevant to ASX forming an opinion on whether AJY is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

#### Activities

14. 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.
15. 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 drillholes 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?
16. 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

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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?

17. 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?
18. Please explain whether the mineral resource estimates disclosed in the 2023 Annual Report complies with Listing Rule 5.23.2 and where in the 2023 Annual Report the Listing Rule 5.23.2 statement is set out. If not, why not?
19. Please explain whether the 2023 Annual Report complies with Listing Rule 5.24 and where in the 2023 Annual Report the Listing Rule 5.24 statement is set out. If not, why not?
20. Please provide the type and schedule of works required to renew the Beikeng Mine's extraction licence.
21. Please provide the anticipated timeframe by which AJY will likely gain the Beikeng Mine's extraction licence.
22. If the Beikeng Mine's extraction licence is renewed, please explain AJY's proposed future work plans at the Beikeng Mine and how it anticipates achieving those milestones.
23. 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.
24. Please confirm that AJY is complying with Listing Rule 3.1 and that there is no information about its operational and financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
25. Please confirm that AJY's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of AJY with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3.00 PM AWST on Monday, 15 January 2024**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AJY's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require AJY to request a trading halt immediately.

Your response should be sent by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

#### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in AJY's securities under Listing Rule 17.3.

#### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to AJY's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that AJY's obligation to



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disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

**Release of correspondence between ASX and entity**

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

**Questions**

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

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[ASX, Listings Compliance \(Perth\)](#)

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