

7 March 2018

## Corrective action

---

### Acquisition of Securities

Benjamin Hornigold Limited (ASX:BHD) (**BHD** or **Company**) advises that it has been informed by ASX that given John Bridgeman Limited's (**JBL**) relationship to BHD's Executive Chairman, Stuart McAuliffe, and its role as BHD's Investment Manager, ASX considers the acquisition of certain securities in JBL requires shareholder approval pursuant to Listing Rule 10.1.

Under Listing Rule 10.1, a company is required to obtain approval if, for example, it acquires a 'substantial asset' from certain parties. An asset will be regarded as 'substantial' if the value of the consideration for it exceeds 5% of the company's equity interests at the time of acquisition, as set out in that company's latest accounts.<sup>1</sup>

BHD acquired 536,585 shares and options (**JBL Securities**) under a placement by JBL. Its most recent Annual Report for the period ended 30 June 2017<sup>2</sup> showed that BHD's total equity as at 30 June 2017 was \$19,590,984. 5% of this amount is \$979,549.20. As the value of the consideration for the JBL Securities exceeded 5% of BHD's equity interests as set out in its latest accounts by approximately \$120,450, the JBL Securities constitute a 'substantial asset'.

ASX is of the view that the acquisition of the JBL Securities breached Listing Rule 10.1 and ASX requires BHD to take the corrective action set out in Listing Rule 10.9. The corrective action required under Listing Rule 10.9, at the option of BHD, is either of the following:

1. Listing Rule 10.9.1 - Cancelling the transaction (or arranging for its cancellation).
2. Listing Rule 10.9.2 - Seeking the approval of the holders of ordinary securities to the transaction. If approval is not obtained, the entity must cancel the transaction (or arrange for its cancellation).

#### *Corrective action:*

BHD advises that it is arranging for the cancellation of the transaction in accordance with Listing Rule 10.9.1. The Directors of JBL have provided their indicative agreement to undertake a selective buy-back of the JBL Securities in accordance with requirements of the *Corporations Act 2001 (Cth)* and NSX Listing Rules.

Further details will be provided as they become available.

### Convertible Loan Agreement

ASX has also advised that ASX has formed the opinion in accordance with Listing Rule 10.1.5 that given the relationship of JB Financial Group Ltd (**JBFG**) and Genesis Proprietary Trading Pty Ltd (**Genesis**) to JBL and Stuart McAuliffe, the acquisition of shares by BHD in either JBFG or Genesis pursuant to a convertible loan agreement (**Convertible Loan Agreement**) with JBFG, would also require shareholder approval.

The Company notes that, at this stage, it does not intend to convert the loan into shares in either JBFG or Genesis pursuant to the Convertible Loan Agreement.

---

<sup>1</sup> Refer to Listing Rule 10.2

<sup>2</sup> 30 August 2017 Annual Report to Shareholders.

**BHD's submission**

The Board of BHD does not agree with ASX's determination that the relationship of BHD's Executive Chairman, Stuart McAuliffe and John Bridgeman Limited is such that Listing Rule 10.1 should apply to the above transactions. However, BHD will take immediate steps to implement the corrective action required by ASX.

ENDS

**Kevin Mischewski**

Company Secretary

**Benjamin Hornigold Ltd**

E: [cosec@benjaminhornigold.com.au](mailto:cosec@benjaminhornigold.com.au)