



Registration No. 201210180E

Telephone: (65) 66552730
E-Mail: info@asaplusresources.com

60 Paya Lebar Road #08-55
Paya Lebar Square
Singapore 409051

29 July 2024

ASX Compliance
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

By e-mail to ListingsCompliancePerth@asx.com.au only

Dear Sirs

RESPONSE TO QUERY LETTER

1. We refer to your query letter dated 28 December 2023. Our responses are set out in paragraph 2 below. In this letter, the following capitalised words shall have the following meanings given to them:

2023 Annual Report The annual report of the Company for its financial year ended 30 June 2023 that it lodged at the MAP on 6 November 2023.

AJY or Company Asaplus Resources Limited.

Beikeng Extraction Permit The extraction permit of the Beikeng Mine.

Convertible Loan The RMB6,000,000 convertible loan (or \$1,175,400 based on the agreed foreign exchange rate) that an investor, namely, one TEE Chee Seng, had granted to the Company.

Debt The Convertible Loan and the outstanding repayment deferment premium amounting to RMB720,000, both owing to an investor, namely, one TEE Chee Seng.

June Quarterly Cash Flow Report The Appendix 5B quarterly report for the period ended 30 June 2023 that AJY lodged at the MAP on 31 July 2023.

MAP ASX's Market Announcements Portal.

Market Update The market update that AJY lodged at the MAP on 16 July 2024.

Receipts from Customers The sums disclosed by AJY in the June Quarterly Report as being receipts from customers, such sums amounting to \$102,702 during the quarter ended 30 June 2023 and \$253,529 over the 12-month period to that date.

Second Query Letter ASX's query quarterly reports letter dated 17 June 2024.

2. Our responses to the query letter are as follows:

Financial Condition

Q1. Please explain what the Receipts From Customers are and who AJY considers are its customers?

A1. These were proceeds from the sale of excavated materials from the Company's tunneling, excavation, and drilling activities that were sold to Datian Huayu

Mining Co., Limited (**Datian Huayu**), a former subsidiary that the Company disposed of sometime in March 2021¹. Datian Huayu operates an ore processing plant in Datian County, where the Company's Beikeng Mine is located. These excavated materials are not of a quality for the Company to sell it in the open market.

Q2. 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)?

A2. This difference arose because of an audit adjustment to the cash balance made by the Company's previous auditor that was carried forward from prior financial years. The Company has instructed its auditors to specifically review whether this audit adjustment should properly be retained in the Company's financial statements, or should be reversed, when they carry out the audit of the Company's financial statements for the financial year ended 30 June 2024.

Q3. 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?

A3. Yes, considering the materiality of the audit adjustment and subject to the auditor's view on whether a prior year adjustment is required as disclosed in A2 above, AJY confirms that in its directors' 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.

Q4. 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.

A4. Please refer to the disclosures made by AJY in the Market Update on the status of the Convertible Loan. AJY advises that the Convertible Loan is an unsecured loan.

Q5. 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?

A5. Yes.

Q6. Does AJY expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

A6. AJY expects to be able to continue its operations and to meet its business objectives, based on the following considerations:

- (a) after preliminary discussions with the investor TEE Chee Seng, AJY is

1 Please refer to the Company's announcement dated 12 March 2021 for details of this disposal.

cautiously optimistic to securing from him a longer-term deferment of the Debt; and

- (b) DING Poi Bor, a director and controller of the Company, has confirmed to the Company that he will continue to provide financial support to the Company pending completion of the recapitalisation of the Company referred to in the Market Update.

Q7. 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 \$3,757,866².

A7. Yes, AJY considers that its financial condition is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2, based on the following considerations:

- (a) the factors disclosed in A6.(a) and (b) above;
- (b) while AJY's negative working capital and total current liabilities are \$2,630,634 and \$3,757,886 respectively, as of that date, \$3,317,585, or almost all of its liabilities are owed to four creditors, namely:
 - (i) DING Poi Bor, a director and controller of AJY, who is owed a sum of \$1,370,404;
 - (ii) TEE Chee Seng, an unaffiliated person, who is owed a sum of \$1,248,000;
 - (iii) CHUA Kee Leng, the Company's general counsel, who is owed a sum of \$498,206; and
 - (iv) HONG Xusheng, a substantial shareholder and AJY's China country general manager, and an entity controlled by him who are owed a total sum of \$200,975;
- (c) as of the date of this letter:
 - (i) DING Poi Bor has confirmed to the Company that he will not demand payment of the sums owed to him in the near future, and will continue to provide financial support to the Company;
 - (ii) CHUA Kee Leng and HONG Xusheng (on behalf of himself and the entity controlled by him) have confirmed that they will not demand payment of the sums owed to them in the near future; and
 - (iii) as mentioned in A6.(a), AJY is cautiously optimistic to securing from TEE Chee Seng a longer-term deferment of the sums owed to him; and
- (d) claims by two Mainland China domiciled creditors, who were owed a total

2 **Clarification:** The total current liabilities (not net liabilities) of AJY as of 30 June 2024 is \$3,757,886 (not \$3,757,866).

sum of \$228,800, against AJY's controlled entity in Mainland China are time-barred under Chinese law³.

Q8. 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.

A8. Not applicable.

Q9. 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"*?

A9. Yes.

Q10. 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?

A10. Not applicable.

Q11. 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?

A11. AJY employs a qualified and experienced accounting executive who is based in China, where all its operations are situated, to maintain its financial records. These financial records are reviewed by the auditors at the end of each half-year period, and audited by them at the end of each financial year. At the end of each reporting period, the Board makes queries to this accounting executive or, where applicable, the auditor on matters which they have concerns on before satisfying themselves 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.

Q12. 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?

A12. The basis that the directors consider that AJY is a going concern are set out in A7.

Q13. Please also provide any other information that AJY considers may be relevant to ASX

3 Article 188 of the *General Provisions of the Civil Law of the People's Republic of China 2017*

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.

A13. AJY has disclosed all relevant factors to ASX, either in this response letter or in its previous market disclosures.

Activities

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.

Q18. 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?

A18. The mineral resource estimates of the Beikeng Mine were disclosed in the 2023 Annual Report, and this information includes the dates of the original disclosures of these mineral resources estimates, including the Competent Person's statements (**Relevant Market Announcements**⁴). Regrettably, AJY advises that the mineral resource estimates disclosed in the 2023 Annual Report do not comply with Listing Rule 5.23.2, in that the 2023 Annual Report did not contain a statement that:

- (a) it is not aware of any new information or data that materially affects the information included in the Relevant Market Announcements; and
- (b) in the case of estimates of mineral resources or ore reserves, all material assumptions and technical parameters underpinning the estimates in the Relevant Market Announcements continue to apply and have not materially changed.

AJY assures the ASX that this omission is due to an inadvertent oversight, and offers its unreserved apologies for this oversight. The Company will ensure that it will comply with this requirement in its subsequent annual reports. Nonetheless, the Company can and do hereby confirm that, as of the dates of the 2023 Annual Report and this response letter:

- (a) it is not aware of any new information or data that materially affects the information included in the Relevant Market Announcements; and
- (b) in the case of estimates of mineral resources or ore reserves, all material assumptions and technical parameters underpinning the estimates in the

4 There are two relevant market announcements, one on the mineral resources estimates of the Beikeng Mine, and the other on the mineral resources estimates of the Silverstone Project.

Relevant Market Announcements continue to apply and have not materially changed.

Q19. 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?

A19. While the 2023 Annual Report does not explicitly and separately include the statements mentioned in Listing Rule 5.24, AJY believes that the 2023 Annual Report complies with Listing Rule 5.24. This is because the 2023 Annual Report discloses and cross-references to the Relevant Market Announcements (defined in A18 above) and the statements mentioned in Listing Rule 5.24 are included in the Relevant Market Report. However, having said that, the Company shall be guided should the ASX considers it a good practice for the Company to explicitly and separately include those statements mentioned in Listing Rule 5.24 in its future annual reports.

Q20. Please provide the type and schedule of works required to renew the Beikeng Mine's extraction licence.

A20. The renewal application process requires AJY to submit the renewal application accompanied by a comprehensive set of reports, each prepared by an independent expert, and reviewed by the respective regulatory department (either by their in-house expert or an external expert they appoint) who will then issue their concurring opinion or expert's acceptance report (as the case may be) on that report. The more substantial of these reports include:

- (a) report on the mineral resources and reserves⁵ of the Beikeng Mine;
- (b) report on the mining design scheme, that is to say, the detailed mine development plan, for the Beikeng Mine;
- (c) the environmental impact assessment report of the Beikeng Mine;
- (d) separate from, and in addition to, the report referred to in paragraph (c) above, report on the soil environmental status investigation and assessment of the Beikeng Mine;
- (e) separate from, and in addition to, the report referred to in paragraph (c) above, a detailed plan for the soil and water conservation during the development and operation of the Beikeng Mine;
- (f) separate from, and in addition to, the report referred to in paragraph (c) above, a detailed plan for soil and water conservation for the operation of the Beikeng Mine;
- (g) a detailed plan for the mineral resources development and utilization, geological environment restoration and land reclamation and rehabilitation (a three-in-one program plan);

5 It is important to note that this report on mineral resources and reserves of the Beikeng Mine was prepared under the relevant geological standards applicable in Mainland China. **It is not prepared under the JORC Code.**

- (h) a report on land investigation and demarcation, that is to say, a detailed land survey report, of the Beikeng Mine, and its land use plan;
- (i) report on the potential impact on land designated as “forestry land” from the operation of the Beikeng Mine and transportation of minerals extracted from there, including a detailed map of forestry land potentially so impacted; and
- (j) report on the potential impact on land designated as “farm or agricultural land” from the operation of the Beikeng Mine and transportation of minerals extracted from there, including a detailed map of farm or agricultural land potentially so impacted.

AJY has submitted the complete documentation for the Beikeng Extraction Permit renewal application to the work leading group for mining review (as defined in the Market Update) at the Datian County level. At a government executive meeting of Datian County held on 11 May 2024, three mining companies that were applying for renewal their extraction permits, including AJY, were requested to give the Datian County government written and actionable undertakings and commitments on various matters, including matters on industrial planning, safety production, ecological environment protection, tax payment and social responsibilities. AJY has provided this undertaking and commitment to the Datian County government, and is now are waiting for the Datian County local government to hold a meeting for its work leading group for mining review to approve AJY’s application for the Beikeng Extraction Permit renewal.

AJY refers to the explanation disclosed in the Market Update for the process and procedures it needs to undertake after it receives the approval for the Beikeng Extraction Permit renewal from the work leading group for mining review at the Datian County level.

Thereafter, AJY will prepare and submit any supplemental report or other additional supporting document as the work leading group for mining review at the Sanming City level, the Sanming City Government Office Meeting and the Fujian Provincial Natural Resources Department may require AJY to submit.

Q21. Please provide the anticipated timeframe by which AJY will likely gain the Beikeng Mine’s extraction licence.

A21. As disclosed in the Market Update, the Company expects that, barring unforeseen circumstances, the Beikeng Extraction Permit will be renewed by the second quarter of 2025.

Q22. 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.

A22. AJY has prepared a provisional work plan for the Beikeng Mine when the Beikeng Extraction Permit is renewed. The key work category and milestone timeline under this provisional work plan are as follows:

Key work category	Milestone timelines
Beikeng Extraction Permit is renewed	T ₀
Inspect, carry out repairs, recertification, and recommission all production and safety equipment, and workers' accommodation facilities. Apply for the Safe Production Permit for the Beikeng Mine in accordance with the provisions of the <i>Measures for the Implementation of the safety production permit for Non-Coal Mining Enterprises</i> .	T ₀ + 5 months
Recruit, retrain, and recertify mine workers. Obtain the Safe Production Permit for the Beikeng Mine.	T ₀ + 8 months
Commencement of commercial production	T ₀ + 10 months (T _x)
Target production of 60,000 tonnes per annum	For 2 years after T _x
Target production of 100,000 tonnes per annum	From year 3 after T _x

AJY believes that it can achieve the above provisional work plan, and based its belief on the following reasons:

- (a) pending the Beikeng Extraction Permit being renewed, it maintains all the production and safety equipment, and workers' accommodation at the Beikeng Mine in working condition;
- (b) it keeps the core operations and management team for the Beikeng Mine, in particular:
 - (i) general manager and deputy general managers (two deputy general managers, one who is responsible for production and work safety, and the other for logistics and equipment procurement and maintenance);
 - (ii) mine (or production) manager;
 - (iii) mine engineer cum safety officer
- (c) Beikeng Mine is located in an area where many small mines had operated. The government's policy to consolidate small mines and allowing only larger mines to operate has resulted in the closure of many small mines. Therefore, because there is now a large pool of available qualified and experienced mine workers seeking employment, AJY does not anticipate any problem employing workers it needs when it starts commercial production.

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.

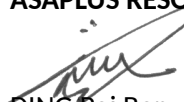
Therefore, in summary, the Company's current business activities comprise two aspects, work relating to the renewal of the Beikeng Extraction Permit, and preparatory work for extraction of minerals at the Beikeng Mine when its extraction permit is renewed. AJY considers these activities are substantial, 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.

Q24. 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.

A24. AJY confirms that it 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.

3. The issue of this response letter is authorised and approved by the Company's board.

For and on behalf of
ASAPLUS RESOURCES LIMITED


DING Poi Bor
Managing director



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								
Beikeng Mine										
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>WO₃ (%)</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 ₃ (%)	27.52	1.53	1.22	0.58	
Fe (%)	Pb (%)	Zn (%)	WO ₃ (%)							
27.52	1.53	1.22	0.58							
Silverstone Project										
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

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

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

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