

12 May 2020

Mr Dale Allen  
Principal Adviser, Listings Compliance (Perth)  
ASX Limited  
Level 40, Central Park  
152-158 St George's Terrace  
**PERTH WA 6000**

**Transmitted by email to:**

[dale.allen@asx.com.au](mailto:dale.allen@asx.com.au)

[listingscomplianceperth@asx.com.au](mailto:listingscomplianceperth@asx.com.au)

Dear Dale,

**RESPONSE TO ASX QUERY – Appendix 5B and Financial Condition Query**

In reference to your letter to Surefire Resources NL (**SRN** or the **Company**) dated 5 May 2020, we set out below the ASX's requests and the Company's italicized response to each of those questions using the same numbering as used in your letter.

1. Does SRN consider the Nikolaenko Funding Arrangements to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
  - *No*
2. If the answer to question 1 is "no", please advise the basis for that view?
  - *The market did not react at all on the disclosure of the Company's response to the ASX dated 13 February 2020.*
3. When did SRN first become aware of the Nikolaenko Funding Arrangements?
  - *12 February 2020. The Company's response to the ASX dated 13 February 2020 included details of the funding arrangements with a company associated with a major shareholder, namely Mr Nikolaenko. That response is repeated as follows:*  
  
*"SRN has entered into funding arrangements with a company associated with a major shareholder, namely Mr Nikolaenko, to provide a loan facility of up to \$200,000 with an option to increase the facility by a further \$200,000 if required, repayable upon receipt of funds sourced from a replacement funding option with interest payable at 14% pa upon any outstanding balance."*
4. Have the Nikolaenko Financing Facilities been terminated? If so, please advise the date these arrangements were terminated?
  - *No.*

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5. Who is the major shareholder referred to in SRN's Appendix 5B for the March 2020 quarter who has offered to provide short term funding to SRN? In answering this question, please provide the material terms of these arrangements.
- *Refer to response to question 3 above.*
6. Did SRN provide details of the Nikolaenko Funding Arrangements to its auditors as part of their review of SRN's 31 December 2019 half year report?
- *No, the Company was not requested to provide the agreement during the course of the audit review and would have done so, if required.*
7. If the answer to question 6 is "no", please advise why that information was not made available to SRN's auditor?
- *Refer previous response.*
8. Is SRN able to confirm that in the Directors' opinion, the half year accounts:
- Comply with the relevant Accounting Standards: and
  - Give a true and fair view of SRN's financial performance and position?
- *Yes.*
9. Please explain the basis for and the factors considered by the Directors to satisfy themselves that SRN's half years accounts comply with the relevant Accounting Standards.
- *The financial accounts were prepared and then subsequently audited in compliance with relevant Australian Accounting Standards.*
10. Does SRN consider that its level of operations as 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 SRN's current business activities.
- *Yes, the Company continues to pursue its stated objectives as a junior explorer by maintaining mineral tenements in Western Australia and evaluating those and other prospective projects with the objective of increasing shareholders' value.*
11. Does SRN consider that the financial condition of SRN 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.
- *Yes, SRN expects that it will continue to have negative operating cash flows for the time being, as is usual for mining exploration entities.*
  - *The Company continues to evaluate various funding options to meet its planned activities and expenditure commitments. SRN has a track record of securing adequate funding including capital raisings and believes it will continue to be successful in securing adequate funding.*

12. If the answer to question 10 or 11 is "No", please explain what steps SRN has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rule 12.1 and 12.2.

- *N/A*

13. Confirm that SRN is complying with the Listing Rules and, in particular, Listing Rule 3.1.

- *SRN confirms that it is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.*

14. Please confirm that SRN'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 SRN with delegated authority from the board to respond to ASX on disclosure matters.

- *SRN confirms that the responses above have been authorised and approved by the SRN Board.*

Yours faithfully

*[Sent electronically with approval but without signature]*

Vladimir Nikolaenko

**Managing Director**



5 May 2020

Reference: 17646

Mr Rudolf Tieleman  
Company Secretary  
Surefire Resources NL

By email: rudolf@tieleman.net.au

Dear Mr Tieleman

**Surefire Resources NL ('SRN'): Appendix 5B & Financial Condition Query**

ASX refers to the following:

- A. SRN's response to an ASX Appendix 5B Query Letter in relation to SRN's Appendix 5B for the quarter ended 31 December 2019 released to the ASX Market Announcement Platform ('MAP') on 13 February 2020 which contained the following information:

*'SRN has entered into funding arrangements with a company associated with a major shareholder, namely Mr Nikolaenko, to provide a loan facility of up to \$200,000 with an option to increase the facility by a further \$200,000 if required, repayable upon receipt of funds sourced from a replacement funding option with interest payable at 14% pa upon any outstanding balance.'* ('Nikolaenko Funding Arrangements')

- B. SRN's half year accounts for the half year ended 31 December 2019 released to MAP on 13 March 2020 ('Half Year Accounts') which contained the following information:

- i. SRN had negative net asset position of \$160,464 as at 31 December 2019;
- ii. the auditor's review opinion, (dated 13 March 2020) which stated the following with respect to going concern

*'Without modifying our opinion, we draw attention to Note 1 to the financial statements which outlines that the ability of the Group to continue as a going concern is dependent on the Group securing additional funding through either the issue of further shares and/or options. As a result there is material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.'* ('Elderton Audit Pty Ltd Review Opinion'); and

- iii. the subsequent events note 5 to the Half Year Accounts which stated the following ('Subsequent Events Note'):

*'There have been no matters or circumstances that have arisen since 31 December 2019 which have significantly affected or may significantly affect:*

- i. the Group's operations in future years; or*
- ii. the results of those operations in future years; or*
- iii. the Group's state of affairs in future years.'*

- C. SRN's Appendix 5B for the quarter ended 31 March 2020 released to MAP on 30 April 2020 which contained the following disclosures:

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- i. In section 7, 'Financing Facilities' – no details of any financing arrangements available to SRN.
  - ii. In section 8.8, the following comments:

*'A major shareholder has offered to provide short term loan funding to cover any shortfall in funding requirements until longer term funding is completed.'*
- D. SRN's Corporate Governance Statement for year ended 30 June 2019 lodged on the ASX Market Announcements Platform on 30 September 2019 which provides confirmation that SRN 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."*
- E. Listing Rule 12.1 which states:
- 12.1** *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.*
- F. Listing Rule 12.2 which states:
- 12.2** *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.*
- G. 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.*

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- H. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- I. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*
- J. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.
- "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following applies:*
- *It would be a breach of a law to disclose the information;*
  - *The information concerns an incomplete proposal or negotiation;*
  - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
  - *The information is generated for the internal management purposes of the entity; or*
  - *The information is a trade secret; and*
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
- 3.1A.3 A reasonable person would not expect the information to be disclosed."*
- K. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:
- "Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."*

Having regard to the above, ASX asks SRN to respond separately to each of the following questions and requests for information:

1. Does SRN consider the Nikolaenko Funding Arrangements to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 2 is "no" please advise the basis for that view.
3. When did SRN first become aware of the Nikolaenko Funding Arrangements?
4. Have the Nikolaenko Financing Facilities been terminated? If so, please advise the date these arrangements were terminated?

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5. Who is the major shareholder referred to in SRN's Appendix 5B for the March 2020 quarter who has offered to provide short term funding to SRN? In answering this question, please provide the material terms of these arrangements.
  6. Did SRN provide details of the Nikolaenko Funding Arrangements to its auditors as part of their review of SRN's 31 December 2019 half year report?
  7. If the answer to question 6 is "no" please advise why that information was not made available to SRN's auditor?
  8. Is SRN able to confirm that in the Directors' Opinion the Half Year Accounts:
    - (a) comply with the relevant Accounting Standards; and
    - (b) give a true and fair view of SRN's financial performance and position?
  9. Please explain the basis for and the factors considered by the Directors to satisfy themselves that SRN's Half Year Accounts comply with the relevant Accounting Standards.
  10. Does SRN 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 SRN's current business activities.
  11. Does SRN consider that the financial condition of SRN 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.
  12. If the answer to questions 10 or 11 is "No", please explain what steps SRN has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rules 12.1 and 12.2.
  13. Please confirm that SRN is complying with the Listing Rules and, in particular, Listing Rule 3.1.
  14. Please confirm that SRN'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 SRN with delegated authority from the board to respond to ASX on disclosure matters.

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

Please note that ASX reserves its right under Listing Rule 18.7A to release this letter and SRN's response to the market. Accordingly, SRN's response should address each question separately and be in a format suitable for release to the market.

Unless the information is required immediately under Listing Rule 3.1, a response is requested as soon as possible and, in any event by no later than **2:00 PM AWST Monday, 11 May 2020**.

Any response should be sent to me by return email at **ListingsCompliancePerth@asx.com.au**. It should not be sent to the ASX Market Announcements Office.

#### **Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

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Yours sincerely

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**Dale Allen**

Principal Adviser, Listings Compliance (Perth)