



ASIC

Australian Securities & Investments Commission

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25 November 2013

ASX Market Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

### **Vesting of Avalon Minerals Limited shares for sale by ASIC**

The Australian Securities and Investments Commission (ASIC) advises that 46,466,548 shares (3.86% of the total voting shares on issue) in Avalon Minerals Limited (AVI) have vested in the Commonwealth of Australia.

The vesting of shares arises as a result of the **attached** orders made by the Takeovers Panel dated 14 October 2013 (*Vesting Orders*). The vesting took effect last week following notification to ASIC of the number of shares in accordance with order 6 of the Vesting Orders.

Pursuant to the Vesting Orders, ASIC will appoint a broker to sell the shares vested in the Commonwealth. ASIC has in place standing arrangements under which it is able to appoint a broker for this purpose and accordingly, ASIC does not propose to seek expressions of interest for the appointment at this time.

ASIC will make further information available in relation to the sale process when it is in a position to do so.

Yours sincerely

Jane Eccleston  
Senior Executive Leader, Corporations  
Australian Securities & Investments Commission



Australian Government

Takeovers Panel

**Annexure E**  
**CORPORATIONS ACT**  
**SECTION 657D**  
**ORDERS**

**AVALON MINERALS LIMITED**

The Panel made a declaration of unacceptable circumstances on 7 October 2013.

**THE PANEL ORDERS**

**Completion of rights issue and additional disclosure**

1. Tan Sri Abu must not complete his obligations to acquire the underwritten shares under the underwriting agreement with Avalon.
2. Avalon must reopen the rights issue for a period sufficient to allow Avalon time to comply with the following orders and disclose in a market announcement that it has done so.
3. Within 10 business days of the date of these orders, Avalon must send a letter to eligible shareholders stating that:
  - (a) the rights issue has reopened and that:
    - (i) if they did not take up their entitlement in full they may do so and
    - (ii) they may apply for the shortfall (including shares available due to withdrawn applications under order 3(b)) in addition to their entitlement and
  - (b) eligible shareholders who had validly applied for shares under the rights issue have the right to withdraw their application,  
in accordance with the following:
    - (c) eligible shareholders must be allowed 2 weeks from the date the last of the letters referred to in this order 3 is dispatched to apply for remaining shares or withdraw their application
    - (d) the money (in cheque or other form acceptable to Avalon) for the shares applied for is to be sent to Avalon with the application
    - (e) Avalon must return any application money to applicants who withdraw their applications under order 3(b) and
    - (f) Avalon must return any surplus application money to applicants, without interest, where the number of shares applied for under the shortfall is greater than the number of shares allocated to an applicant.

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4. The letter to eligible shareholders referred to in order 3 must be in a form approved by the Panel and disclosed to ASX prior to despatch. It must include:
  - (a) adequate disclosure in relation to the following:
    - (i) Avalon's need for, and use of, funds
    - (ii) Tan Sri Abu's association with Dato Richard Lim
    - (iii) the original outcome of the rights issue
    - (iv) the Panel's decision in this matter
    - (v) the funding implications of the reopened rights issue without the underwriting agreement with Tan Sri Abu, or information on any new underwriting arrangement and
    - (vi) the possible control effect of the reopened rights issue and
  - (b) application and withdrawal forms.
5. Until the close of the reopened rights issue, Avalon must:
  - (a) not issue or allot any remaining shares and
  - (b) hold any money received as subscriptions for the remaining shares separately from all other Avalon funds and on trust for the subscribers.
6. Within 5 business days of the close of the reopened rights issue, Avalon must:
  - (a) scale back the applications under the shortfall if necessary
  - (b) issue the shares
  - (c) disclose in a market announcement the scale back, its detailed calculation methodology and the outcome of the reopened rights issue
  - (d) issue any refund due to an applicant under orders 3(e) and 3(f) and
  - (e) notify the Panel and ASIC in writing that it has completed the requirements of paragraphs (a) to (d) of this order 6 and the number of sale shares (with detailed calculations) of each associated party to be vested in the Commonwealth under order 9.
7. Until completion of orders 1 to 6, the associated parties must not dispose of, transfer, grant a security interest over (or agree to any such disposal, transfer or grant) or vote any Avalon shares held by either of them.

#### **Substantial holding notices**

8. Within 2 business days after the date of these orders, the associated parties must give notice of their substantial holding in Avalon and their association in accordance with s671B.<sup>38</sup>

#### **Divestment of shares by associated parties**

9. The sale shares belonging to each associated party are vested in the Commonwealth on trust for each of them respectively.

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<sup>38</sup> References are to the *Corporations Act 2001* (Cth) unless otherwise specified



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10. ASIC must:
  - (a) sell the sale shares in accordance with these orders and
  - (b) account to the associated parties for the proceeds of sale, net of the costs, fees and expenses of the sale and any costs, fees and expenses incurred by ASIC and the Commonwealth (if any).
11. ASIC must:
  - (a) retain an appointed seller to conduct the sale and
  - (b) instruct the appointed seller to:
    - (i) use the most appropriate sale method to secure the best available sale price for the sale shares that is reasonably available at that time in the context of complying with these orders, including the stipulated timeframe for the sale and the requirement that none of the associated parties or their respective associates may acquire, directly or indirectly, any of the sale shares
    - (ii) provide to ASIC a statutory declaration that, having made proper inquiries, the appointed seller is not aware of any interest, past, present, or prospective which could conflict with the proper performance of the appointed seller's functions in relation to the disposal of the sale shares
    - (iii) unless the appointed seller sells sale shares on market, obtain from any prospective purchaser of sale shares a statutory declaration that the prospective purchaser is not associated with any of the associated parties and
    - (iv) dispose of all of the sale shares within 3 months from the date of its engagement.
12. Avalon and the associated parties must do all things necessary to give effect to these orders, including:
  - (a) doing whatever is necessary to ensure that the Commonwealth is registered with title to the sale shares in the form approved by ASIC as soon as reasonably practicable after orders 9 to 16 come into effect and
  - (b) until the Commonwealth is registered, complying with any request by ASIC in relation to the sale shares.
13. None of the associated parties or their respective associates may acquire, directly or indirectly, any of the sale shares.
14. The associated parties must not otherwise dispose of, transfer, grant a security interest over (or agree to any such disposal, transfer or grant) or vote any sale shares.
15. Nothing in these orders obliges ASIC to invest, or ensure interest accrues on, any money held in trust under these orders.

### Restrictions on voting and additional acquisitions

16. In addition to order 14, for 18 months from the date this order comes into effect, Tan Sri Abu and his associates (excluding Dato Richard Lim) must not exercise, and

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Avalon must disregard, any voting rights in respect of shares in excess of 'A' % voting power in Avalon (as calculated in the formula below).

$$A = B - C$$

where:

B is 20% + 3% for each 6 month period following the date of these orders<sup>39</sup>

C is the voting power of Dato Richard Lim in Avalon at the time (excluding any shares held by Tan Sri Abu)

17. Order 16 does not apply to any Avalon shares acquired which increase the voting power of the associated parties after the date of these orders where such acquisition is not prohibited by Chapter 6. However, the associated parties and their respective associates must not make any acquisition of Avalon shares that, but for item 9 of s611, would contravene s606 until order 16 ceases to apply in relation to any Avalon shares held by any of them.

#### Effect

18. Orders 9 to 16 come into effect immediately upon completion of orders 1 to 6. All other orders come into effect immediately or as otherwise specified in that order.

#### Interpretation

19. In these orders the following terms apply.

<b>appointed seller</b>	an investment bank or stock broker
<b>ASIC</b>	Australian Securities and Investments Commission, as agent of the Commonwealth
<b>associated parties</b>	Tan Sri Abu  Dato Richard Lim
<b>Avalon</b>	Avalon Minerals Limited
<b>Dato Richard Lim</b>	Dato Lim Heng Suan
<b>eligible shareholders</b>	shareholders of Avalon who were eligible to participate in the rights issue, other than Tan Sri Abu, Dato Richard Lim and Avalon directors (and their associated entities)
<b>on market</b>	has the meaning in s9
<b>record date</b>	the record date for the rights issue, being 19 August 2013

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<sup>39</sup> Consistent with the 'creep' exception in item 9 of s611

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<b>remaining shares</b>	new shares to be issued under the rights issue other than the 'excluded shares' (as defined in the interim orders dated 27 September 2013)
<b>rights issue</b>	the 1 for 1 non-renounceable rights issue at \$0.01 per share announced by Avalon on 9 August 2013 to raise up to approximately \$5,890,000
<b>sale shares</b>	such number of ordinary shares in the issued capital of Avalon held by the associated parties after completion of the reopened rights issue, to the extent that their voting power in Avalon (excluding any shares held by the other associated party) is greater than: <ul style="list-style-type: none"><li>• 19.90% in respect of Tan Sri Abu and</li><li>• 8.22% in respect of Dato Richard Lim</li></ul>
<b>Tan Sri Abu</b>	Tan Sri Abu Sahid Mohamed

**Allan Bulman**  
**Director**  
**with authority of Nora Scheinkestel**  
**President of the sitting Panel**  
**Dated 14 October 2013**