

# Understanding **AJM**

## Comparing AIM with Alternative Equity Markets

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# Agenda

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- ◆ Equity market choices
- ◆ Statistical overview
- ◆ Mining company representation on stock exchanges
- ◆ Why list on an overseas market
- ◆ Listing requirements
- ◆ The markets for shares
- ◆ Typical listing costs
- ◆ Which market to choose
- ◆ Australian based resource companies on AIM

# Market Choices for Australian Resource Companies

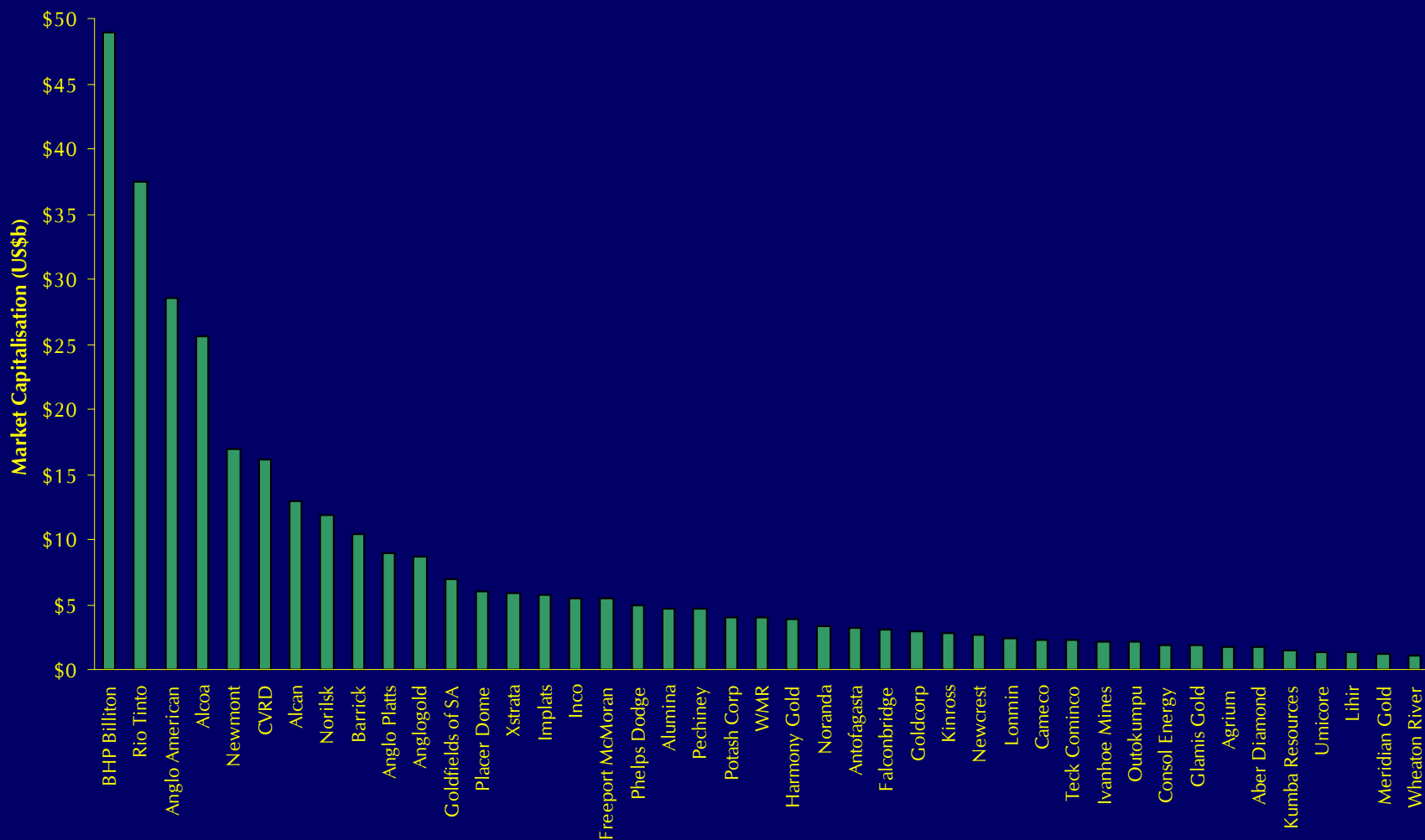
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- **Larger markets**
  - ◆ LSE Main Board
  - ◆ TSX
  - ◆ ASX
  
- **Secondary markets**
  - ◆ AIM
  - ◆ TSX Venture Exchange
  - ◆ OFEX (UK)
  - ◆ Newcastle Stock Exchange

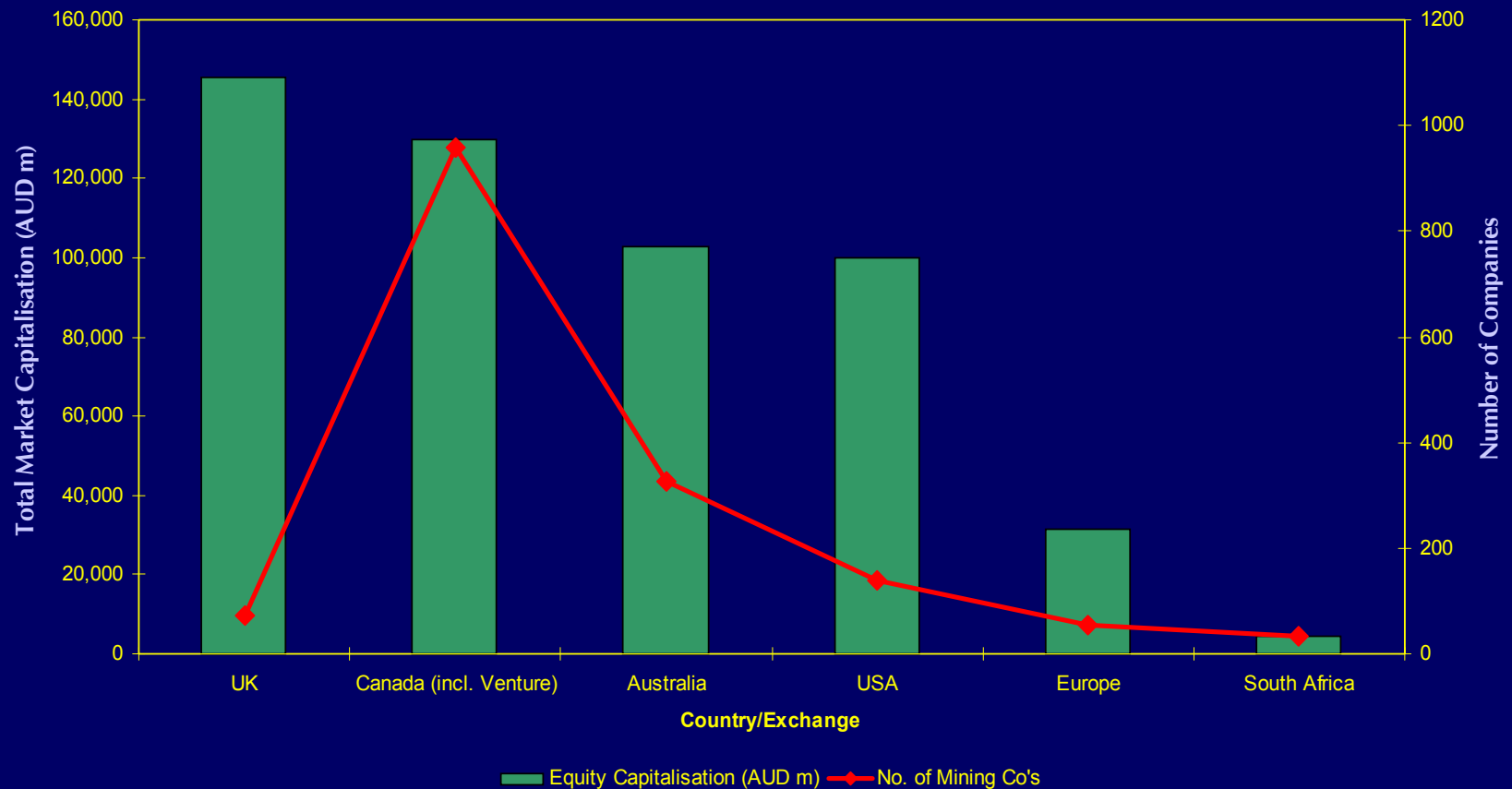
# Statistical Overview (entire markets)

	Total Capitalisation A\$billion	Number of Companies	Average Market Capitalisation A\$million
<b>Larger Markets</b>			
LSE Main Board	8,448	1,876	4,503
TSX	1,478	1,376	1,074
ASX	838	1,532	546
<b>Secondary Markets</b>			
AIM	59	846	69
TSX Venture Exchange	26	1,940	13
OFEX (UK)	3	140	21
Newcastle Stock Exchange	0.2	28	8

# The Market Capitalisation of the Mineral Sector is Dominated by a few Large Companies



# Distribution of Mining Companies by Primary Exchange



Of 844 companies listed on the TSX Venture Exchange 612 (72%) have a market capitalisation of sub A\$10 million (most have no real project).

# Predominant Company Sizes (excludes outliers)

	Market Capitalisation A\$million	
	Low	High
<b>Larger Markets</b>		
LSE Main Board	1,000	Unlimited
TSX	50	Unlimited
ASX	20	Unlimited
<b>Junior/Secondary Markets</b>		
AIM	25	1,000
TSX Venture Exchange	10	50
OFEX (UK)	3	20
Newcastle Stock Exchange	Very small	Very small

Excludes companies which are basically shells

# Where the Mid Cap Mining Companies are Listed

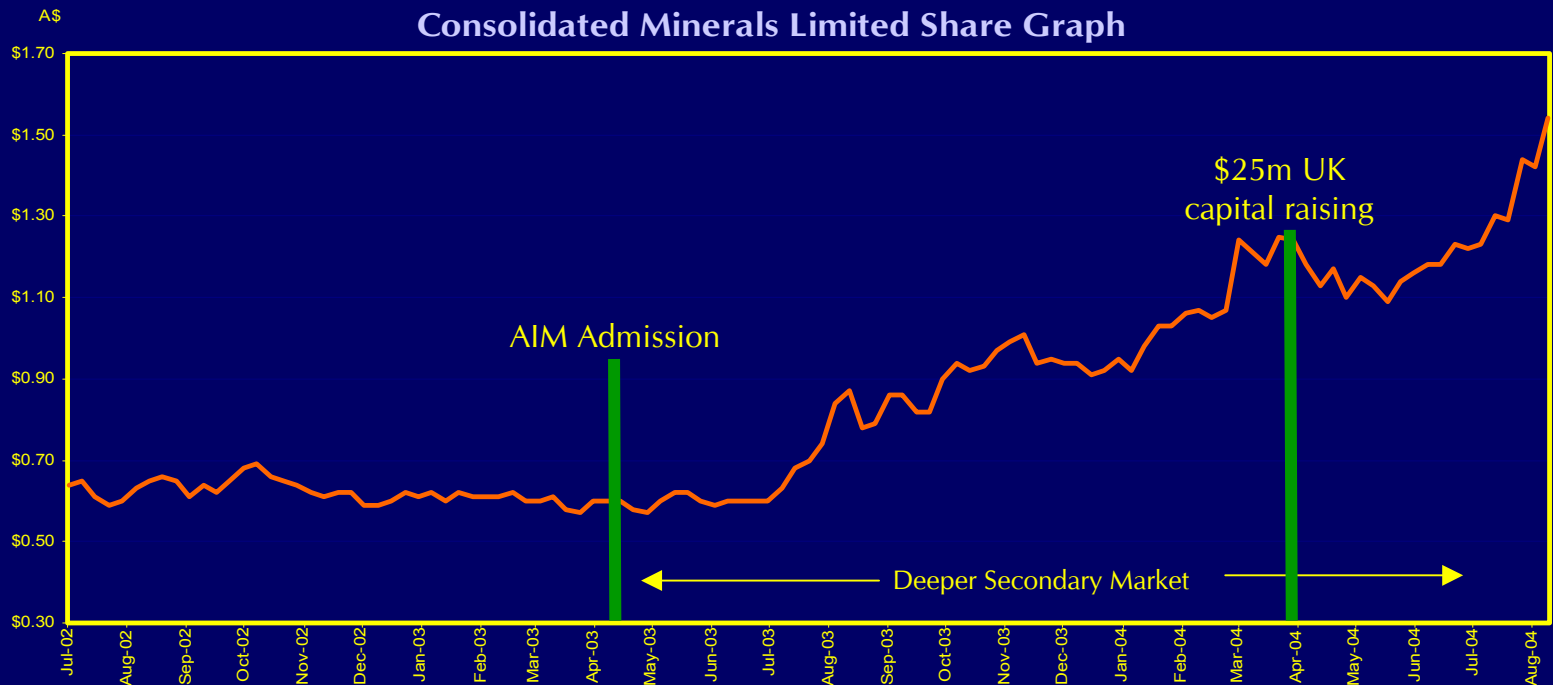
(Market Cap A\$20 – 500 million by Primary Exchange)

	Total Capitalisation A\$billion	Number of Companies	Average market capitalisation A\$million
LSE Main Board	1.8	19	94
AIM	4.9	67	73
ASX	10.2	124	82
TSX	12.3	84	146
TSX Venture Exchange	5.3	110	47

Resource analysts are far more numerous in Toronto than Australia or London. The number of quality resource stock analysts in London is however increasing. Resources is the largest industry sector on the rapidly growing AIM market.

# Why List on an Overseas Market

- Access to capital  
Few North American or UK funds have mandates to invest in companies without a local listing
- Add to depth of the Secondary Market



# Suitable Markets for Small to Mid Sized Australian Resource Companies

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## Project Developers and Producers

- AIM
- ASX
- TSX

## Explorers

- AIM
- ASX
- TSX Venture Exchange

“Always dependent upon market sentiment”

# Regulatory Requirements

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## LSE Main Board, TSX and TSX Venture Exchange

### Highly exchange regulated

- Includes detailed exchange reviews of all listing documents and ongoing announcements. Onerous listing requirements.

## ASX

### Moderately exchange regulated

- Less detailed exchange reviews more focused on reviews of potentially high risk areas and review by exception.

## AIM

### Not exchange regulated

- Regulated by adviser approved by the exchange.

AIM has the minimum bureaucracy of the main markets.

# Other Requirements

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## Requirement

## Market

Minimum working capital

All main markets

Local directors

Only required for Canada  
(Some provinces require a majority  
of local directors)

Local domicile

Canada – to access the wider  
pool of investment funds

Escrow/lock-in of  
Promoter shares

All main markets

Note: Canada does not have a uniform national companies code.  
This leads to complications.

# The Markets for Shares

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## Market

## Trading Method

AIM

Market makers quote buy and sell prices ensuring there is always a buyer.

TSX/TSX Venture Exchange

Open orders on system as ASX.  
No guarantee of a price quote.

AIM is dominated by institutional investors.

TSX and TSX Venture Exchange are dominated by speculators.

# Recent Index Performance

## Relative Index Performance to August 2004



### Notes:

1. The AXX index reflects all companies on the AIM
2. The STMETL Index is an extraction of metal mining companies from the Toronto materials index
3. The AS51MATL index reflects the Basic Materials sector of the ASX
4. Source, Bloomberg 2004

- AIM Index (AXX)
- Toronto Metals Mining Index (STMETL)
- Australian Materials Index (AS51MATL)

# Typical Listing Costs

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	Corp advisory/legal etc A\$'000	Commissions on capital raising
ASX	200 – 300	4 – 6%
AIM	200 – 400	4 – 6%
TSX	750 – 1,000 plus	6 – 8%

It is possible to list on both ASX and AIM at the same time  
e.g. Albidon Limited in March this year.

This provides cost savings.

# Which Market to Choose – Issues to Consider

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- Location of:
  - ◆ Projects
  - ◆ Management
- Requirements for capital
  - ◆ Near term
  - ◆ Longer term
- Desire to re domicile management
- Relative investor demand at the time

# Australian Based Resource Companies on AIM

	Company	Admitted	Nomad	Broker
1.	Albidon Ltd	2004	RFC	Numis Securities
2.	Aztec Resources Ltd	2004	Grant Thornton	Hoodless Brennan
3.	Elkedra Diamonds NL	2004	RFC	Westhouse Securities
4.	Eurogold Limited	2004	RFC	Durlacher
5.	Gippsland Ltd	2004	Grant Thornton	Hoodless Brennan
6.	Zambezi Resources Ltd	2004	Grant Thornton	WH Ireland
7.	Consolidated Minerals Ltd	2003	RFC	Numis Securities
8.	Hardman Resources Ltd	2002	Nabarro Wells	Canaccord
9.	Reefton Mining NL	2002	Seymour Pierce	Seymour Pierce Ellis
10.	Regal Petroleum PLC	2002	Evolution Beeson	Evolution Beeson
11.	St Barbara Mines Ltd	2002	Evolution Beeson	Evolution Beeson
12.	Centamin Egypt Ltd	2001	Williams de Broe	Williams de Broe
13.	Dwyka Diamond Ltd	2001	Evolution Beeson	Evolution Beeson
14.	New Millenium Resources NL	2001	Seymour Pierce	Seymour Pierce Ellis
15.	Murchison United NL	2000	Evolution Beeson	Evolution Beeson

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