



cutting through complexity

LISTING IN AFRICA

Extractive Industries

kpmg.com/Africa

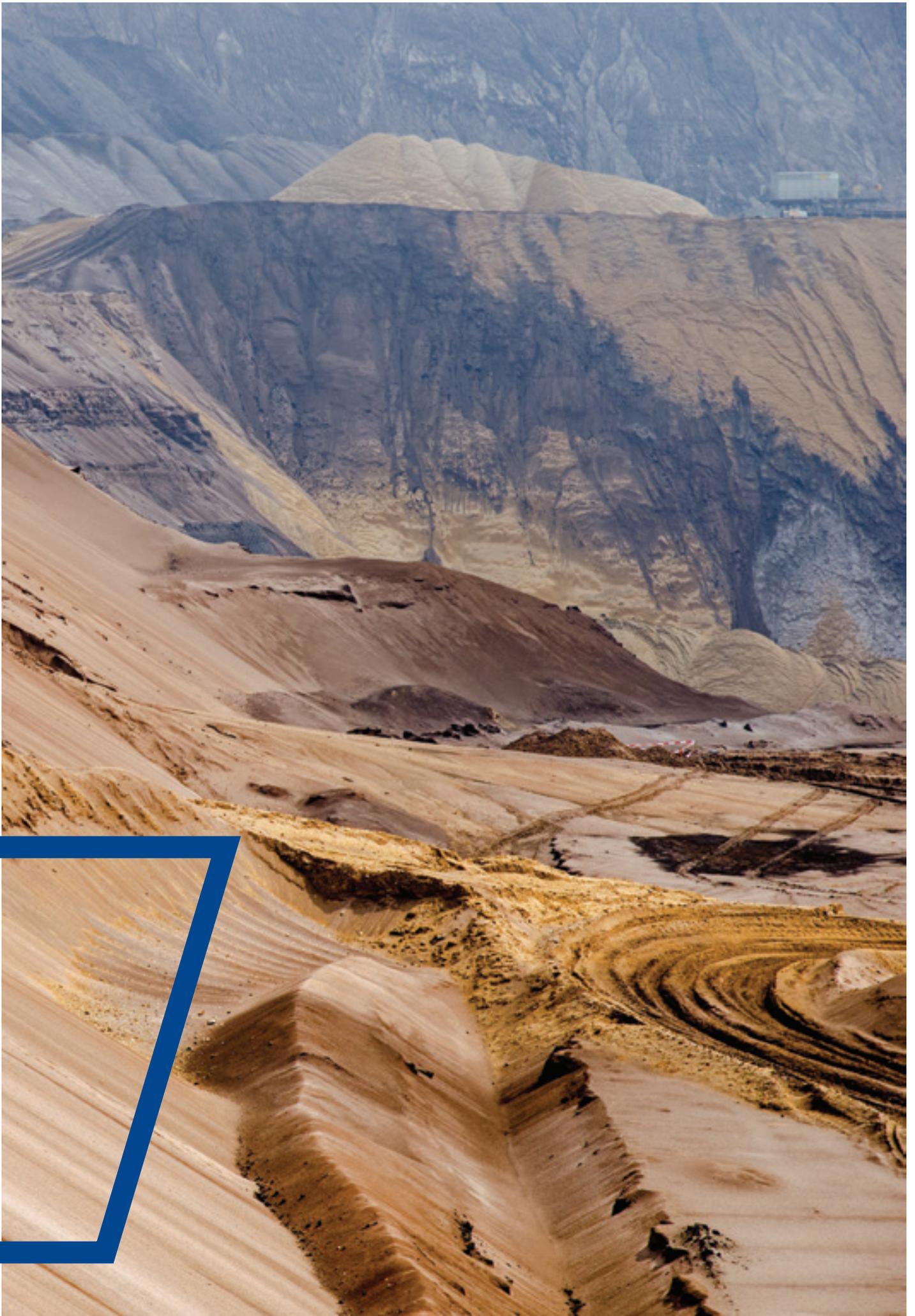






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Foreword

The African continent continues to be viewed as an emerging high growth market with an abundance of natural resources and market development potential. The market is however relatively unknown to many investors and KPMG is delighted to launch the Listing in Africa: Extractive Industries publication.

The publication provides a country by country overview of the extractive industries and related stock exchange listing criteria, a comparison with developed stock exchanges that attract listings in the extractive industries as well as general insights around investment across the continent.

We trust that you will find this publication useful as you consider listing or investing on this exciting continent.

Please feel free to contact any member of the team for more detailed advice.

Wayne Jansen
Energy & Natural Resources Leader: Africa



What does Africa have to offer investors as a listing destination?

Introduction

The recent lack of growth in the developed markets coupled with perceived improvements in political and macroeconomic stability, policy certainty and legal systems in many African countries, as well as Africa's growing middle class and rise in consumption is leading to increasing interest by foreign companies and institutions in Africa as an investment destination. Added to this, the USA Government is looking to strengthen its commercial ties with Africa through its "Power Africa" and "Investing in Africa Trade for our Common Future" initiatives and its "Doing Business in Africa" campaign.

Despite the promising picture of investing in Africa described above, investors still have many unanswered questions, such as:

- › Is Africa really growing at a pace that outstrips the developed markets and warrants high levels of interest by the global investment community?
- › How does Africa feature with regards to global FDI flows?
- › Is this perceived improvement in political and macroeconomic stability, policy certainty and legal systems in African countries an actuality and, more importantly, is policy and political uncertainty, poor legal systems and disease likely to impact on growth and FDI flows into Africa?
- › Is there capital available in local African markets?
- › Are the African stock exchanges illiquid in comparison with their European, American and Australasian counterparts and, if so, why?

The KPMG "Listing in Africa - Extractive Industries" supplement to the "Listing in Africa" publication attempts to answer these questions and also to provide potential investors with an interest in the extractive industries in Africa with some further insights into the following:

- › How significant the extractive industries are with regards to the equity market capitalisation and liquidity of the various African stock exchanges;
- › How the various African countries rank in comparison with their international peers with regards to various rating criteria, in particular, policy and political uncertainty;
- › The fiscal policies applicable to the extractive industries; and
- › The specific listing criteria and continuing obligations for Mineral Companies either applying for a listing or already listed on the various African stock exchanges.

“Africa is the story. The big story is Africa. The Chinese and Japanese are fighting over Africa. This is a market of a billion people, of natural resources.”

Dr Ahmed Heikal, Chairman and founder of Citadel Capital

The African growth story

The RisCura 2014 Bright Africa Report states that Africa’s GDP growth, as a whole, has averaged at six (6.0)% in each of the past three (3) years.

The highest three (3)-year average GDP growth in Africa was achieved by Sierra Leona (fourteen (14.0)%), Nigeria (thirteen (13.0)%), Libya (thirteen (13.0)%), Ethiopia (twelve (12.0)%), Ghana (eleven (11.0)%) and Mozambique (nine (9.0)%) with Zimbabwe, Democratic Republic of Congo, Zambia, Tanzania, Gabon, Burkina Faso, Liberia and Mauritania all achieving in excess of seven point seven (7.7)%. It should be noted that Nigeria’s growth of US\$ seventy two billion (US\$72.0 billion) from 2012 to 2013 is approximately fifty (50.0)% due to Nigeria’s rebasing of its GDP.

According to the UNCTAD, subsequent to the 2012 slump, global FDI increased by nine (9.0)% in 2013 to US\$ one point four five trillion (US\$ 1.45 trillion). UNCTAD has projected that FDI flows should continue to rise over the next few years, however, it cautions that weaknesses in some emerging markets and risks relating to policy uncertainty and regional instability could negatively impact on the expected FDI upturn.

Total FDI flows into Africa increased by four (4.0)% to approximately US\$ fifty seven billion (US\$57.0 billion) in 2013 according to the 2014 World Investment Report. However, it should be noted that Africa’s share of global FDI flows did not increase in 2013 compared to 2012 but remained at approximately four (4.0)% of global FDI flows. It should further be noted that FDI inflows to Africa are being sustained by increasing intra-African investments mainly in the manufacturing and services industries, led by South African, Kenyan and Nigerian transnational corporations.

The main beneficiaries of the increased FDI flows were Ethiopia and Kenya in East Africa and South Africa and Mozambique in Southern Africa. FDI flows to North, Central and West Africa declined by seven (7.0)%, eighteen (18.0)% and fourteen (14.0)%, respectively, which decreases are partly due to political and security uncertainties.

The decline in FDI flows to North Africa is mainly a result of the political instability in Egypt which resulted in a decrease of nineteen (19.0)% in FDI flows to that country. The decrease in FDI flows to West Africa is largely due to decreasing flows to Nigeria resulting from uncertainties over the petroleum industry bill and security issues and Central Africa has been negatively impacted by the political upheaval in the Central African Republic together with on-going armed conflict in the Democratic Republic of the Congo. The impact of the Ebola virus on FDI flows to West Africa during 2014 has yet to be determined.

The UNCTAD has also revealed that although the share of the extractive industry in the cumulative value of announced cross-border Greenfield Investment projects is still significant for Africa, at twenty six (26.0)%, the extractive industries share of the total number of projects has dropped to eight (8.0)%. Ninety (90.0)% of the announced African Greenfield Investments in 2013 related to manufacturing and services projects. This is in line with a world-wide reduction in investment into the extractive industries.

“Despite the promising picture of investing in Africa described above, investors still have many unanswered questions.”

Current rankings of Africa's political and macroeconomic stability, policy certainty and legal systems in comparison to its peers

Africa, as a whole, did not score well in the 2013 Frazer Institute Survey of Mining Companies Policy Perception Index, which measures the overall policy attractiveness of one hundred and twelve (112) jurisdictions globally. The top five (5) African countries and their ratings were Botswana (25/112), Namibia (34/112), Ghana (43/112), Burkina Faso (46/112) and Eritrea (52/112). South Africa rated sixty fourth (64th) and Nigeria seventy fifth (75th), well ahead of the lowest three (3) ranking African countries, namely, Angola (108/112), Zimbabwe (106/112) and Ivory Coast (103/112). Policy factors examined include uncertainty concerning the administration of current regulations, environmental regulations, regulatory duplication, the legal system and taxation regime, uncertainty concerning protected areas and disputed land claims, infrastructure, socioeconomic and community development conditions, trade barriers, political stability, labour regulations, quality of the geological database, security, and labour and skills availability. While Botswana achieved the highest ranking in Africa and had high scores in most areas, it should be noted that Botswana's ranking dropped from seventeenth (17th) of ninety six (96) jurisdictions in 2012. The deterioration in Botswana's ranking is a result of lower ratings in nearly all policy factors compared to the prior year, particularly, regulatory duplication and inconsistencies, uncertainty concerning the administration, interpretation or enforcement of existing regulations, taxation regime and uncertainty concerning disputed land claims.

In addition, Botswana scored notably lower ratings with regards to the quality of its geological database, infrastructure, trade barriers and availability of labour/skills.

In terms of the 2014 Corruption Perceptions Index prepared by Transparency International, which measures the corruptness of one hundred and seventy five (175) jurisdictions globally, Botswana is perceived to be the least corrupt country in Africa. Botswana ranked thirty first (31st) with a score of 63/100 (where zero (0) is very corrupt and one hundred (100) is very clean), followed by Mauritius forty seventh (47th) with a score of 54/100, jointly Lesotho, Namibia and Rwanda fifty fifth (55th) with scores of 49/100 each and Ghana sixty first (61st) with a score of 48/100. South Africa ranks sixty seventh (67th) (together with Kuwait) in the 2014 Corruption Perceptions Index, an improvement from its ranking as seventy second (72nd) in the 2013 Corruption Perceptions Index.

Based on the above it would seem that while many jurisdictions in Africa still have some way to go in order to achieve rankings that are in line with their peers in the developed countries, others are achieving better rankings. It is apparent that poorer rankings in certain African jurisdictions, particularly with regards to political and policy uncertainty, have deterred FDI flows to these regions. It does seem equally clear, however, that the higher levels of growth and increasing GDP, populations and consumption in many African countries is, and will continue to, attract increasing FDI inflows, both regional and foreign, into Africa, particularly, in rapidly growing economies such as those in Zambia, Nigeria, Ghana and Uganda. Those African countries that are making progress in creating a more investment friendly environment resulting in increased FDI inflows could assist other African jurisdictions, who are still working on improving their policies and regulations, by collaborating with them and sharing best practices.

Liquidity of the African stock exchanges and availability of local capital

An increase in FDI should naturally lead to an increase in listings, however, an analysis of the number of listed companies between 2010 and June 2014 on the BSE, BRVM (a regional stock exchange which serves Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo), DSE, GSE, JSE, LuSE, NrSE, NSX, NSE, SEM and the ZSE, indicated that the number of listed companies on these exchanges has either remained static or increased marginally and, in some cases such as the JSE, the NSE and the ZSE, have declined slightly despite strong growth in the total market capitalisation of most of these stock exchanges. In particular, the market capitalisation of the DSE which increased by more than two hundred (200.0)% between January 2011 and June 2014.

The decrease in the number of listings on the NSE is largely attributable to a recent regulatory clean-up which resulted in the delisting of twenty one (21) companies listed on the NSE at the end of June 2014. In considering the market capitalisation of the various African stock exchanges, the inclusion of large, dual listed companies on a number of the stock exchanges needs to be considered, as well as certain dominant players.

Anglo American Plc is listed on the JSE (approximately three (3.0)% of the equity market capitalisation of the JSE), BSE (approximately eighty one (81.0)% of the equity market capitalisation of the BSE) and the NSX (approximately twenty five (25.0)% of the equity market capitalisation of the NSX).

Dangote Cement Plc, listed on the NSE, constitutes over twenty five (25.0)% of the equity market capitalisation of the NSE.

High liquidity, access to an international and domestic investor base, ready availability of good information and good governance are the main considerations by applicant issuers and foreign

investors when choosing a stock exchange to list on or invest in. The lack of complete and good quality information on the African stock markets is contributing to a continued hesitancy by international public companies to list on Africa's stock exchanges and foreign investors to invest in domestic listed companies.

Some useful information relating to factors that influence an applicant issuers choice of stock exchange and which may not be generally well know with regards to Africa are as follows:

Availability of domestic capital and debt funding in the country of choice

There is a common misconception that there is no local capital available in Africa markets. Consider the following:

- › Nigeria has one (1) of the largest pools of investment capital in Africa and has approximately six (6) million registered capital market investors;
- › Nigeria also services the largest economy in sub-Saharan Africa;
- › The SEM has been designated by the United Kingdom's Her Majesty's Revenue and Customs as a recognised stock exchange with the result that UK pension schemes are permitted to hold securities listed on the Official Market of the SEM, giving companies and funds listed on the SEM access to a larger market of sophisticated, well-capitalised investors; and

- › In Kenya and Nigeria, the pension-fund industry is growing very quickly and has sufficient funds to invest in quality companies coming to the market.

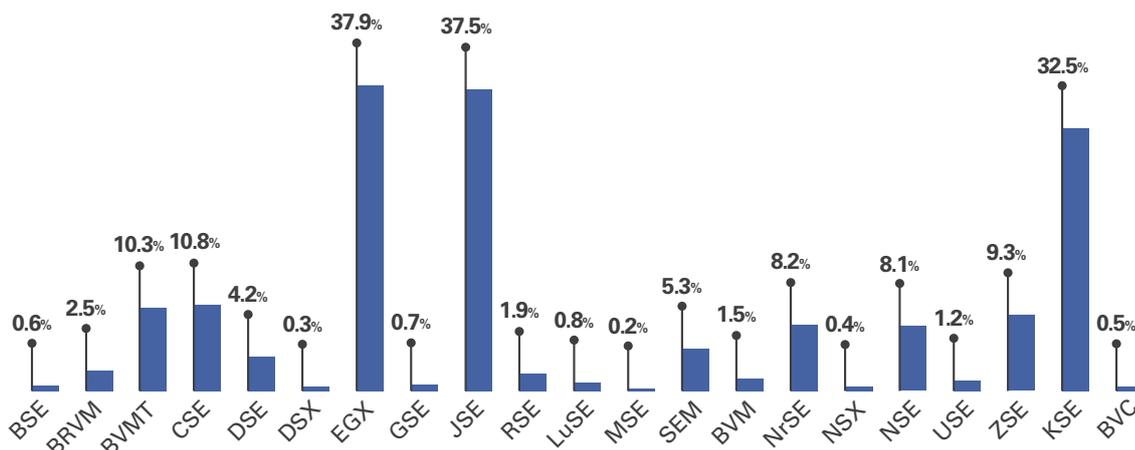
Recent African IPO's such as the offer by the NrSE in September 2014, which was over six hundred (600)% oversubscribed, the offers and listings by Seplat Petroleum Development Company on the NSE in April 2014, Prima Reinsurance on the LuSE in July 2014, Swala Oil and Gas Tanzania on the DSE in August 2014, Mega African Capital on the GSE in April 2014 (the first listing in seven (7) years) and Lottotech on the SEM in June 2014, all of which were either fully subscribed or oversubscribed, illustrate that current conditions are good for listings on African stock exchanges.

Liquidity of the listed securities on the exchange of choice

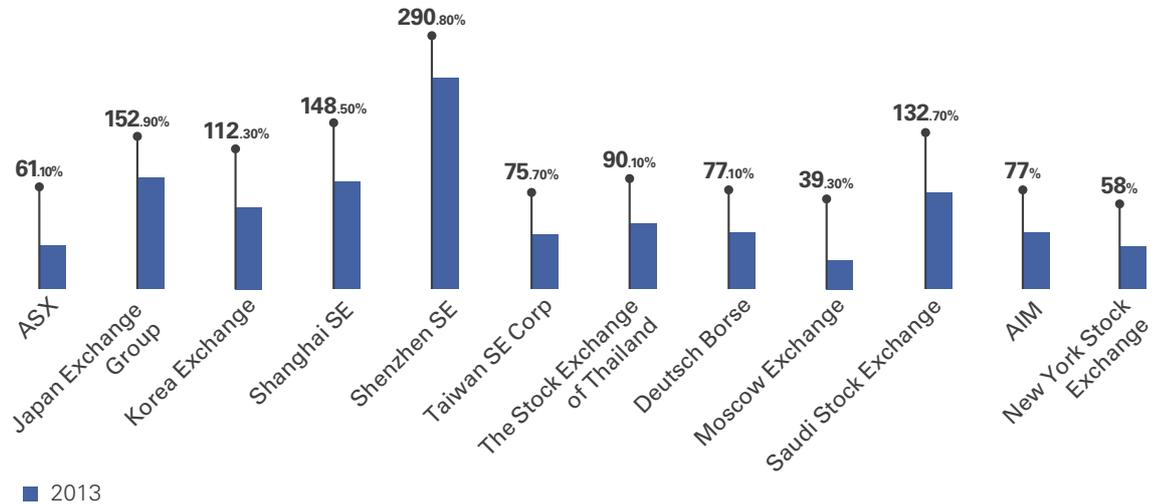
Liquidity is generally low on African stock exchanges. Liquidity, calculated as the value of equity shares traded for the year ended 31 December 2013 as a percentage of the total equity market capitalisation as at 31 December 2013 (both extracted from the

ASEA Year book 2014) was thirty seven point nine (37.9)% for the EGX, thirty seven point five (37.5)% for the JSE, followed by thirty two point five (32.5)% for the KSE.

A graphic representation of the liquidity of twenty one (21) of the ASEA stock exchanges for the year ended **31 December 2013** is set out below:



A graphic representation of the liquidity of certain European, American and Australasian stock exchanges for the year ended **31 December 2013** is set out below:



* The turnover velocities presented above were extracted from the World Federation of Exchanges website and are calculated as the electronic order book trading value as a percentage of the domestic market capitalisation.

As can be seen from the graphs above, liquidity on the African stock exchanges is significantly lower than their international peers. The lack of liquidity on the African stock exchanges is due to a number of factors including the limited number of listed companies on the stock exchanges, the limited free float, the low numbers of retail investors, the significant and long-term holdings by pension funds and the high transaction costs. Prospective foreign investors have difficulty in finding a counterpart who is willing to sell their shares. In addition, it is difficult for prospective institutional investors to secure large enough quantities of the target securities to meet their investment criteria.

INVESCI's Thomas Chataika stated at the Building African Financial Markets Conference held at the JSE in September 2014 that "Liquidity is the lifeblood of markets. Without liquidity, we see disparities in price to book value, investors cannot get enough stocks to meet their portfolio requirements, and foreign trade is deterred. There is simply no point in having a price, if there is no liquidity in a market." Mr Chataika further identified the lack of variety of listed companies on the African stock exchanges, which are dominated by brewery, banks and telecoms listings as an issue. He stated that "When investors come to Zimbabwe, they want platinum – and similarly in Zambia, they want copper, and oil and gas in Nigeria. But they do not find these types of businesses listed on the local exchanges – in fact, these companies are even listed in other offshore markets."

Deepening the African markets through attracting more listings to the various bourses will go a long way to solving the illiquidity of the various African exchanges. This can be done in, *inter alia*, in any of the four (4) ways identified below:

1. Incentivising large foreign listed multinationals who are looking to expand into Africa to list on the local stock exchanges. The benefits of a local listing, which are set out in the Listing in Africa publication, need to be highlighted to such companies;
2. Incentivising large local listed multinationals who are looking to expand into other African jurisdictions to list on the local stock exchanges in those target jurisdictions;
3. Attracting more private equity investment into Africa and encouraging such private equity players to consider a local listing as an "exit" option in the future; and
4. Encouraging small to medium sized local companies to list on the junior markets of the local stock exchanges.

Small to medium size African companies will be affected by the increase in foreign interest and in FDI flows into Africa and strong economic performance by many African jurisdictions as it will result in increased growth in the local economies leading to an increase in demand for local products and services. This increase in demand could positively impact on the local players who are already well known and entrenched in the local community and market.

On the other hand, local small to medium sized companies may be negatively impacted by FDI due to the increase in competition in the local market, particularly with regards to customers and limited resources such as skilled labour.

Individual local small to medium sized companies need to be encouraged to develop a strategy to ensure that the increase in foreign interest and

FDI flows works to their advantage and to ensure they are well positioned to grow and attract and retain customers and skilled labour. Individual strategic plans should assess the advantages and disadvantages of the different methods of obtaining the necessary funding to finance growth and expansion and incentivise local employees, including the possible avenue of raising capital in and listing on the local stock exchange.

The initial and ongoing regulatory and corporate governance requirements on the exchange of choice and whether the company will need to change its existing policies and procedures in this regard

Regulatory and corporate governance requirements need to offer appropriate investor protections while not discouraging listings by being excessively onerous. The amendments to the JSE Listings Requirements which were effective from 30 September 2014, provide for a more balanced approach to regulation and corporate governance for companies listed on the AltX, which is more appropriate for small to medium-sized companies.

With the exceptions of Zambia and Zimbabwe, all of the jurisdictions included in the "Listing in Africa" publication have their own codes of corporate governance. Both the LuSE and the ZSE currently require listed companies to include a narrative statement in their annual reports as to the extent of their compliance with either the King Code or the Cadbury Report on Corporate Governance. The Zimbabwean Government and the private sector are in the process of drafting a code of corporate governance specific to Zimbabwe.

Exchange control requirements and local shareholder spread and ownership requirements in the target country

Exchange control requirements are particularly relevant in Namibia, South Africa and Zimbabwe and local shareholder spread and ownership requirements are particularly relevant in Botswana, Kenya, South Africa and Zimbabwe. Zambia has

implemented several incentives to promote the rapid development of the Zambian capital markets including the removal of exchange controls and restrictions on shareholding levels and foreign ownership.

Tax incentives available in the target country

This is particularly relevant in Botswana, Ghana, Kenya, Mauritius, Nigeria and Zambia. Foreign and local investors in Ghana, for instance, benefit from a number of investment incentives that promote new enterprises and support existing ones in Ghana.

The incentives available include tax holidays, tax rebates and generous capital allowances.

"Individual local small to medium size companies need to be encouraged to develop a strategy to ensure that the increase in foreign interest and FDI flows works to their advantage and to ensure they are well positioned to grow and attract and retain customers and skilled labour."



Key definitions

In this document, unless otherwise indicated or unless the context indicates a contrary intention, the words in the first column have the meanings stated opposite them in the second column, expressions in the singular include the plural and vice versa, expressions importing one gender include the other gender and expressions denoting a natural person include an artificial person and *vice versa*:

“AIM”	AIM is the LSE’s international market for smaller growing companies. A wide range of businesses including early stage, venture capital backed as well as more established companies join AIM seeking access to growth capital;
“AltX”	Alternative Exchange market of the JSE;
“Annual Report”	Comprehensive report on a company’s activities throughout the preceding financial year;
“ASEA”	African Securities Exchanges Association;
“ASX”	Australian Stock Exchange;
“Botswana CPR”	A competent person’s report prepared in terms of the BSE Listings Requirements and which has the same meaning as a “Technical Report” as defined in the SAMCODE and is the public report prepared on mineral assets and projects, by or under the supervision of the BSE Competent Person. Issuers are required to make disclosure of reserves and resources using definitions approved by the Southern Africa Institute of Mining and Metallurgy and the Geological Society of South Africa;
“Botswana MMEWR”	Ministry of Minerals, Energy and Water Resources in Botswana;
“Botswana Readers Panel”	A panel of experts established by the BSE to advise the BSE in relation to compliance with the SAMCODE and Chapter 8: Mineral Companies of the BSE Listings Requirements;

"BRICS"	An association of five (5) major emerging economies, namely, Brazil, Russia, India, China and South Africa;	"CGT"	Capital gains tax;
"BSE"	Botswana Stock Exchange;	"CSE"	Casablanca Stock Exchange, Morocco;
"BSE Committee"	Committee of the BSE;	"DSE"	Dar Es Salaam Stock Exchange, Tanzania;
"BSE Competent Person"	A competent person, in terms of the BSE Listings Requirements, has the same meaning as "Qualified Person as defined in the SAMCODE and is a person who has a degree (or equivalent) in geology, geophysics, petroleum engineering or a related discipline; is practicing or teaching geology, geophysics or petroleum engineering and has practiced or taught one (1) of them for at least five (5) years;	"DSX"	Douala Stock Exchange, Cameroon;
"BSE Disclosure Document"	Pre-listing statement or prospectus prepared and issued in terms of the BSE Listings Requirements;	"EBIT"	Earnings before interest and taxation;
"BSE Listings Requirements"	Listings requirements of the BSE;	"EEA"	European Economic Area;
"BRVM"	Bourse Régionale des Valeurs Mobilières, a regional stock exchange which serves Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo;	"EGX"	The Egyptian Exchange;
"BVC"	Cape Verde Stock Exchange;	"Explicit Costs"	The explicit costs of trading including brokerage charges, fees and taxes;
"BVM"	Mozambique Stock Exchange;	"Exploration Company"	A company whose principal activity is that of Exploration or Prospecting;
"BVMT"	Bourse de Tunis, Tunisia;	"FDI"	Foreign direct investment in terms of which a company or entity based in one (1) country makes and investment into a company or entity based in another country;
"BWP"	Botswana Pula, official currency of the Republic of Botswana;	"GAAP"	Generally accepted accounting practice;
"Cadastre Unit"	A quadrilateral formed by the intersection of meridians and parallels and with a distance equal to six (6) sexagesimal seconds and that covers an average planimetric surface of three point three four zero zero (3.3400) hectares;	"GDP"	Gross domestic product;
		"Ghana Act"	Companies Code, 1963 (Act 179) of Ghana;
		"Ghana Government"	Government of Ghana;
		"Ghana SEC"	Ghana Securities and Exchange Commission;
		"GH¢"	Ghana Cedi, the official currency of the Republic of Ghana;

“Greenfield Investment”	A form of FDI in terms of which a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up. In addition to building new facilities, most parent companies also create new long-term jobs in the foreign country by hiring new employees;	“Inferred Mineral Resource”	A part of a Mineral Resource for which tonnage, grade and mineral content can only be estimated with a low level of confidence. An Inferred Mineral Resource is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability;
“GSE”	Ghana Stock Exchange;	“IPO”	Initial public offering;
“GSE Council”	The governing body of the GSE or a committee properly mandated by the GSE;	“JSE”	JSE Limited, South Africa;
“GSE Depository”	GSE Securities Depository Company Limited, a wholly-owned subsidiary of the GSE;	“JSE CPR”	A public report prepared on minerals assets and projects, and signed by the lead competent person, which complies with Section 12 of the JSE Listings Requirements, the SAMREC Code and the SAMVAL Code;
“GSE LDM”	Licensed dealing member of the GSE, which member company or firm is licensed to deal securities;	“JSE Listings Requirements”	Listing requirements of the JSE;
“GSE Listing Rules”	Listing rules of the GSE;	“JSE PLS or Prospectus”	Pre-listing statement (required for private placements) or a prospectus (required for a public offer in terms of the South Africa Companies Act, 71 of 2008);
“GSE Prospectus”	Prospectus prepared and issued in terms of the Ghana Act and the GSE Listing Rules;	“KSE”	Khartoum Stock Exchange, Republic of Sudan,
“ha”	Hectare;	“LSE”	London Stock Exchange;
“HDSAs”	Historically disadvantaged South Africans;	“LuSE”	Lusaka Stock Exchange, Republic of Zambia;
“Included non-Mineral Company”	In terms of the JSE Listings Requirements, non-Mineral Companies with substantial mineral assets, being mineral assets of a non-Mineral Company, which represent, twenty five (25)% or more of the total assets or revenue or profits of a non-Mineral Company, which are subject to the additional requirements and concessions set out in Section 12: Mineral Companies of the JSE Listings Requirements;	“LuSE Board”	The board of directors of the LuSE;
		“LuSE Committee”	The listing committee of the LuSE appointed by the Board;



“LuSE Competent Person”	<p>In relation to the preparation of a LuSE CPR for LuSE purposes, must be an individual, firm, company or other legal entity which has a director, partner or any employee, who:</p> <ul style="list-style-type: none"> › Is professionally qualified and is a member in good standing of an appropriate professional association, institution or body acceptable to the LuSE Board; and › Has, in the opinion of the LuSE Board, the necessary professional experience insofar as it relates to contents of the LuSE CPR; 	“Mining”	Any excavation of the earth, including the portion under water or in any tailings, as well as any borehole, made for the purpose of winning a material or the exploitation of any mineral deposit in any other manner;
“LuSE CPR”	The report prepared by one or more LuSE Competent Persons and which complies with the LuSE Listing Requirements;	“Mining Company”	A company whose principle activity is that of mining;
“LuSE Listing Requirements”	The listing requirements as amended from time to time by the LuSE;	“Mining Sector”	<p>For purposes of this publication, references to the Mining Sector include the following companies:</p> <ul style="list-style-type: none"> › Mining Companies: Companies which are classified in the Coal, Diamonds and Gemstones, General Mining, Gold Mining and Platinum and Precious Metals Mining subsectors of the FTSE Industry Classification Benchmark; › Industrial Metals and Mining Companies: Companies which are classified in the Aluminium, Non-ferrous Metals and Iron and Steel subsectors of the FTSE Industry Classification Benchmark; and › Oil and Gas Companies: Companies which are classified in the Oil and Gas Producers subsector of the FTSE Industry Classification Benchmark;
“LuSE PLS or Prospectus”	Pre-listing statement (required for private placements) or a prospectus (required for a public offer in terms of the Companies Act Chapter 388 of the Laws of Zambia as amended)		
“Mineral Company”	An Exploration Company and/or a Mining Company;	“MSE”	Malawi Stock Exchange;
“Mineral Reserve”	Is the economically mineable material derived from a Measured and/or Indicated Mineral Resource. Appropriate assessments have been carried out which demonstrate at the time of reporting that extraction is reasonably justifiable. Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proved Mineral Reserves;	“NAD”	Namibian dollar, official currency of the Republic of Namibia;
“Mineral Resource”	A concentration or occurrence of natural, solid, inorganic or fossilized organic material, in or on the earth’s crust, in such form or quantity and of such grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known. Mineral Resources can be subdivided in order of increasing confidence in respect of geoscientific evidence, into Inferred, Indicated and Measured Resources;	“NGN”	Nigerian Naira, official currency of Nigeria;
		“Namibian Minerals Act”	The Minerals (Prospecting and Mining) Act, No 33 of 1992, as amended, or any law that may replace it in part or wholly;
		“Nigerian DPR”	Department of Petroleum Resources in Nigeria;
		“Nigerian Government”	Federal government of Nigeria;
		“Nigerian M&M Act”	Nigerian Minerals and Mining Act 2007;

“Nigerian MECD”	Mines Environmental Compliance Department;	“Prospect/ing” or “Exploration”	The search for any mineral by any means and to carry out such works and remove such samples, as may be necessary to test the mineral-bearing qualities of any land, but not including Mining;
“Nigerian SEC”	Securities and Exchange Commission of Nigeria;	“RSE”	Rwanda Stock Exchange;
“NNPC”	Nigerian National Petroleum Corporation;	“SA DMR”	The South African Department of Mineral Resources;
“NrSE”	Nairobi Stock Exchange, Kenya;	“SA Mining Charter”	Broad-based socio-economic charter for the South African Mining and Minerals industry;
“NSE”	Nigerian Stock Exchange;	“SA MPRDA”	The Mineral and Petroleum Resources Development Act, 28 of 2002;
“NSE Listing Rules”	Listing rules of the NSE;	“SAMCODE”	Collectively, the SAMREC Code and the SAMVAL Code;
“NSE Prospectus”	Document issued in connection with the application for listing on the NSE and registered by the Nigerian SEC;	“SAMREC Code”	The South African Code for the Reporting of Exploration results, Mineral Resources and Mineral Reserves including the guidelines contained therein, as amended from time to time;
“NSX”	Namibian Stock Exchange;	“SAMVAL Code”	The South African Code for reporting of Mineral Asset Valuation including the guidelines contained therein as contained from time to time;
“NSX Competent Person”	In relation to the preparation of a NSX CPR, an individual firm, company or other legal entity which has a director, partner or employee who: <ul style="list-style-type: none"> › Is professionally qualified and a member of an appropriate professional association, institution or body acceptable to the committee of the NSX and the Chamber of Mines of Namibia; and › Should have a minimum of five (5) years’ experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which that person is undertaking either Mineral Resources or Mineral Reserves; 	“SEM”	Stock Exchange of Mauritius;
“NSX CPR”	The report prepared and signed by one (1) or more NSX Competent Person and which complies with the requirements for an NSX CPR as detailed in Section 12 of the NSX Listings Requirements;	“TSX”	Toronto Stock Exchange, the primary Canadian market for senior issuers;
“NSX Listing Requirements”	Listings requirements of the NSX;	“TSX-V”	TSX Venture Exchange, the primary Canadian market for junior issuers;
“NSX PLS or Prospectus”	Pre-listing statement (required for private placements) or a prospectus (required for a public offer in terms of the Namibian Companies Act, 2004);	“UK”	United Kingdom of Great Britain and Northern Ireland;
		“UNCTAD”	United Nations Conference on Trade and Development;
		“USA”	United States of America;
		“USE”	Uganda Stock Exchange;
		“VAT”	Value added taxation;

"ZCCM"	Zambia Consolidated Copper Mines Limited, a consolidated copper mining conglomerate which, prior to privatisation in 2000, managed the copper mining industry. ZCCM was sixty point three (60.3)% owned by the Zambian Government, twenty seven point three (27.3)% by Zambia Copper Investments Limited, an associate company of Anglo American Plc and twelve point four (12.4)% by private investors;	"ZSE"	Zimbabwe Stock Exchange;
"ZCCM-IH"	ZCCM Investments Holdings Plc is one of Zambia's prime investments holdings company with the majority of its investments in the copper mining sector of Zambia. ZCCM-IH's shareholders are the Zambian Government, with an eighty seven point six (87.6)% shareholding, and private equity holdings with a twelve point four (12.4)% shareholding;	"ZSE Competent Person"	In relation to the preparation of a ZSE CPR, an individual firm, company or other legal entity which has a director, partner or employee who: <ul style="list-style-type: none"> › Is professionally qualified and a member of an appropriate professional association, institution or body acceptable to the ZSE Committee; and › Has, in the opinion of the ZSE Committee, the necessary professional experience insofar as it relates to the contents of the ZSE CPR;
"Zambian M&MD Act"	The Mines and Minerals Development Act, 2008 of Zambia, relating to the prospecting for, mining and processing of minerals and which replaced the Mines and Minerals Act, 1995;	"ZSE CPR"	The report prepared and signed by one (1) or more ZSE Competent Person/s and which complies with the requirements for an ZSE CPR as detailed in Section 12 of the ZSE Listings Requirements;
"ZimAsset"	The Zimbabwe Agenda for Sustainable Socio-Economic Transformation to achieve sustainable development and social equity with a focus on indigenization, empowerment and employment creation;	"A\$"	Australian dollar, the official currency of Australia;
"Zimbabwe Government"	The government of Zimbabwe;	"C\$"	Canadian dollar, the official currency of Canada;
		"UK£"	United Kingdom pound, the official currency of the United Kingdom;
		"US\$"	US dollar, the official currency of the USA;

"South Africa remains Africa's foremost investment destination and has, in fact, extended its lead despite a GDP revision that transformed Nigeria into Africa's largest Economy."

Where to invest in Africa 2014/2015 edition,
RMB Global Markets Research



Summary of the ASEA members statistical data

Total market capitalisation

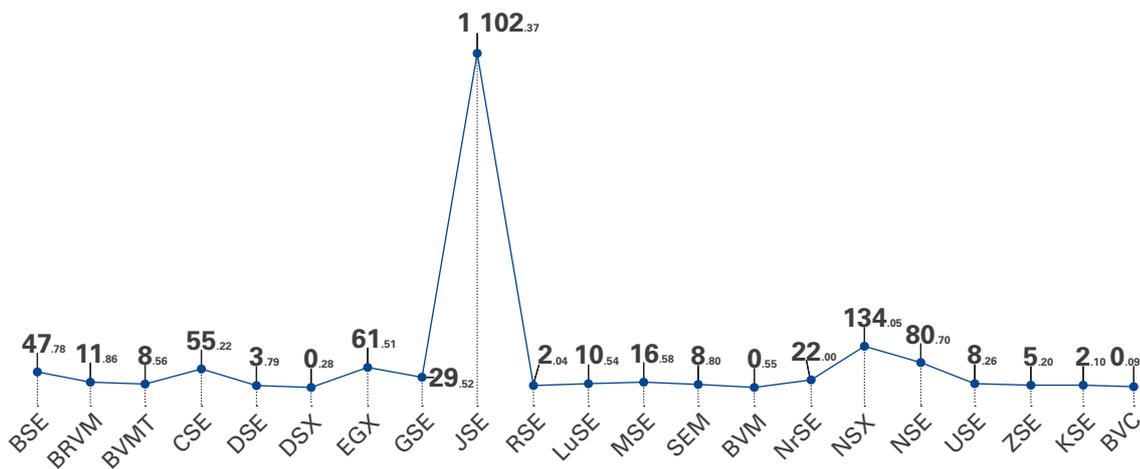
According to the ASEA Yearbook 2014, the total market capitalisation of its twenty one (21) members (excluding the Libyan Stock Exchange) was US\$ one thousand six hundred and eleven point eight billion (US\$1 611.8 billion), US\$ one thousand four hundred and eighty nine point five billion (US\$1 489.5 billion) and US\$ one thousand three hundred and twenty one point seven billion (US\$1 321.7 billion) for the years ended 31 December 2013, 2012 and 2011, respectively.

“To set aside one’s prejudices, one’s present needs, and one’s own self interest in making a decision as a director for a company is an intellectual exercise that takes constant practice. In short, intellectual honesty is a journey and not a destination.”

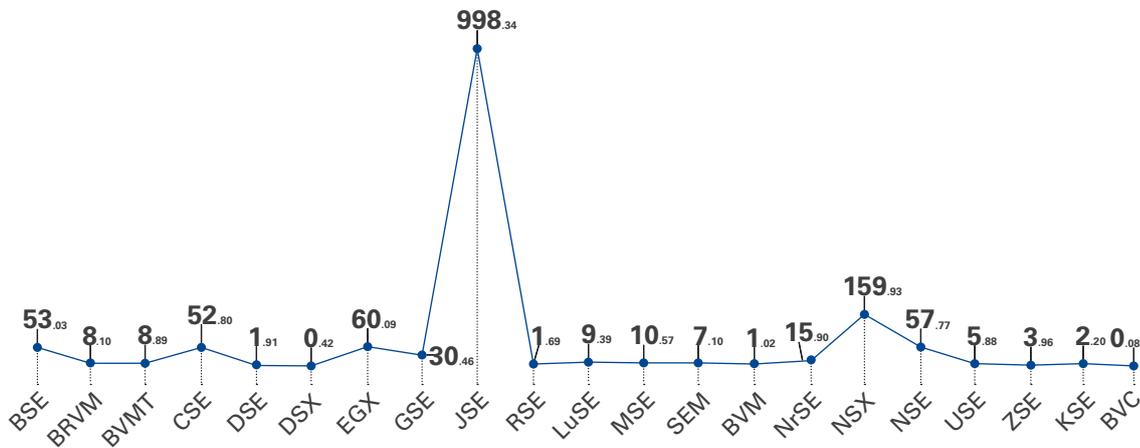
Mervyn King
(Chairman: King Report)

The total market capitalisation for each of the twenty one (21) ASEA members for each of the years ended 31 December 2013, 2012 and 2011 is set out below:

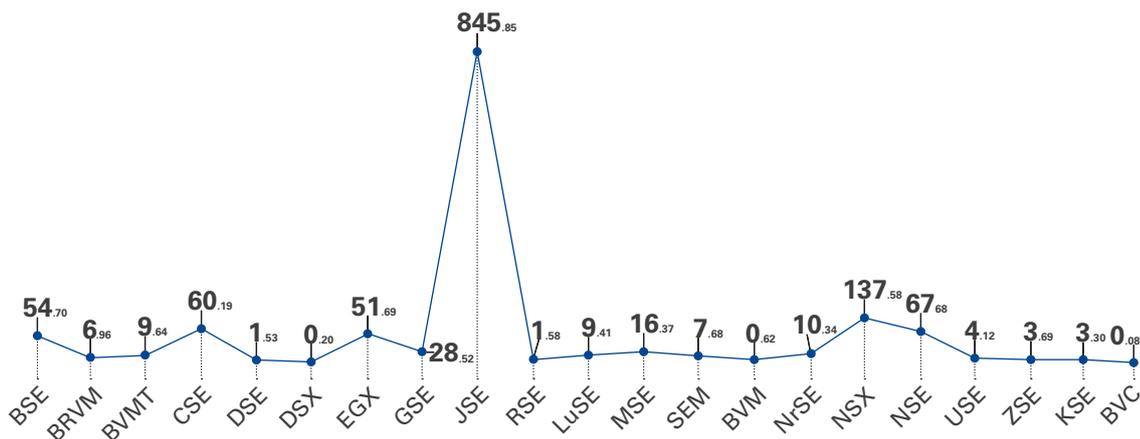
Total market capitalisation of the twenty one (21) members of the ASEA for the year ended 31 December 2013 (in US\$ billions)



Total market capitalisation of the twenty one (21) members of the ASEA for the year ended 31 December 2012 (in US\$ billions)



Total market capitalisation of the twenty one (21) members of the ASEA for the year ended 31 December 2011 (in US\$ billions)

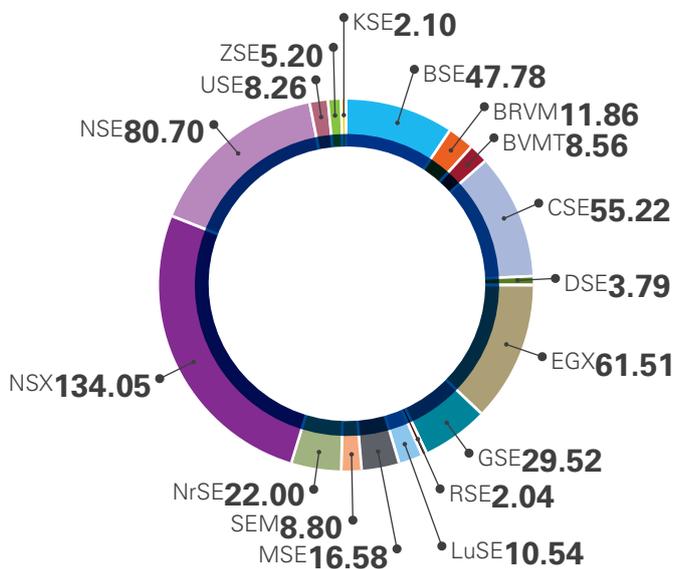


The total market capitalisation of the ASEA members detailed above has increased by approximately twenty one point nine (21.9)% during the three (3) years under review. The three (3) biggest gainers were the DSE (one hundred and forty eight (148)%), the NrSE (one hundred and thirteen (113)% and the USE (one hundred (100)%).

The biggest losers during the period under review were the KSE (- thirty six (-36)%), the BSE (- thirteen (-13)% and jointly the BVMT and the BVM (both - eleven (11)%).

A diagrammatical representation of the total market capitalisation for each of the ASEA members, excluding the JSE, which has the largest market capitalisation of US\$ one thousand one hundred and two point four billion (US\$1 102.4 billion), and the DSX, the BVM and the BVC, which have the smallest total market capitalisations of US\$ zero point two eight (US\$0.28 billion), US\$ zero point five five billion (US\$0.55 billion) and US\$ zero point zero nine billion (US\$0.09 billion), respectively, for each of the years ended 31 December 2013, 2012 and 2011 is set out below:

Total market capitalisation of the members of the ASEA, excluding the JSE, DSX, BVM and the BVC for the year ended 31 December 2013 (in US\$ billions)

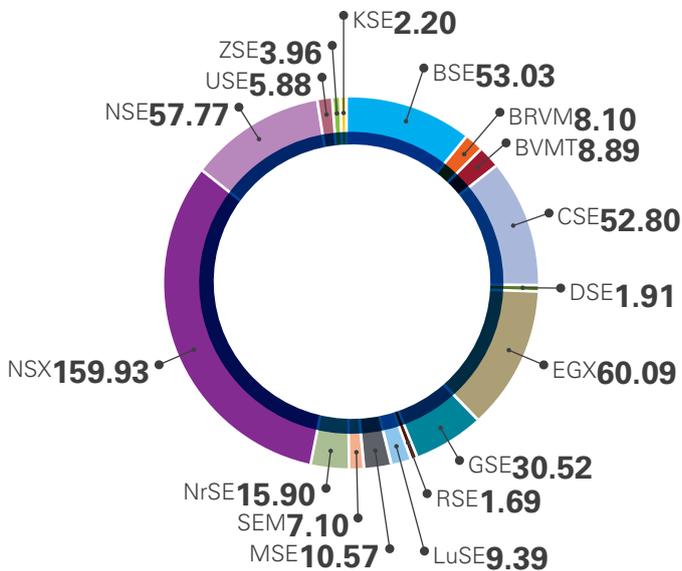


The three (3) ASEA members with the largest total market capitalisations (after the JSE) at 31 December 2013 were the NSX (US\$ one hundred and thirty four point one billion (US\$134.1 billion)), the NSE (US\$ eighty point seven billion (US\$80.7 billion)) and the EGX (US\$ sixty one point five billion (US\$61.5 billion)). It should be noted, however, that a significant portion of the companies listed on the NSX are dual listed with primary listings in jurisdictions other than Namibia.

"The total market capitalisation of the ASEA members stock exchanges has increased by approximately twenty one point nine (21.9)% during the three (3) years under review."

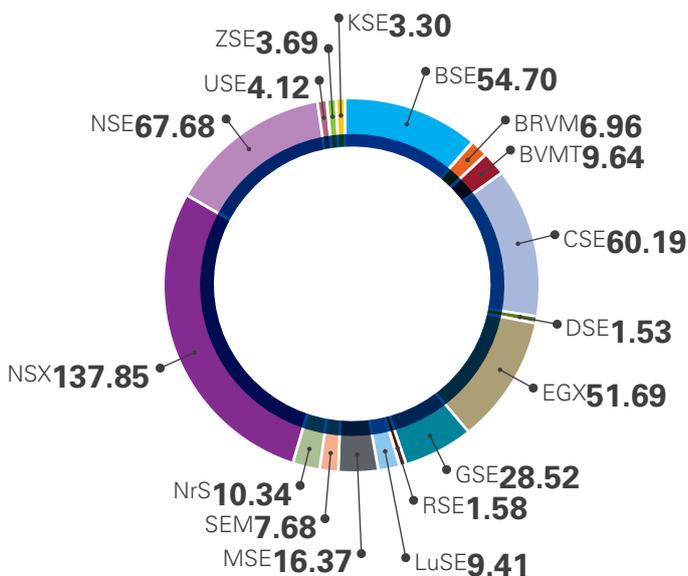
KPMG

Total market capitalisation of the members of the ASEA, excluding the JSE, DSX, BVM and the BVC for the year ended 31 December 2012 (in US\$ billions)



The three (3) ASEA members with the largest total market capitalisations (after the JSE) at 31 December 2013 were the NSX (US\$ one hundred and thirty four point one billion (US\$134.1 billion)), the NSE (US\$ eighty point seven billion (US\$80.7 billion)) and the EGX (US\$ sixty one point five billion (US\$61.5 billion)).

Total market capitalisation of the members of the ASEA, excluding the JSE, DSX, BVM and the BVC for the year ended 31 December 2011 (in US\$ billions)

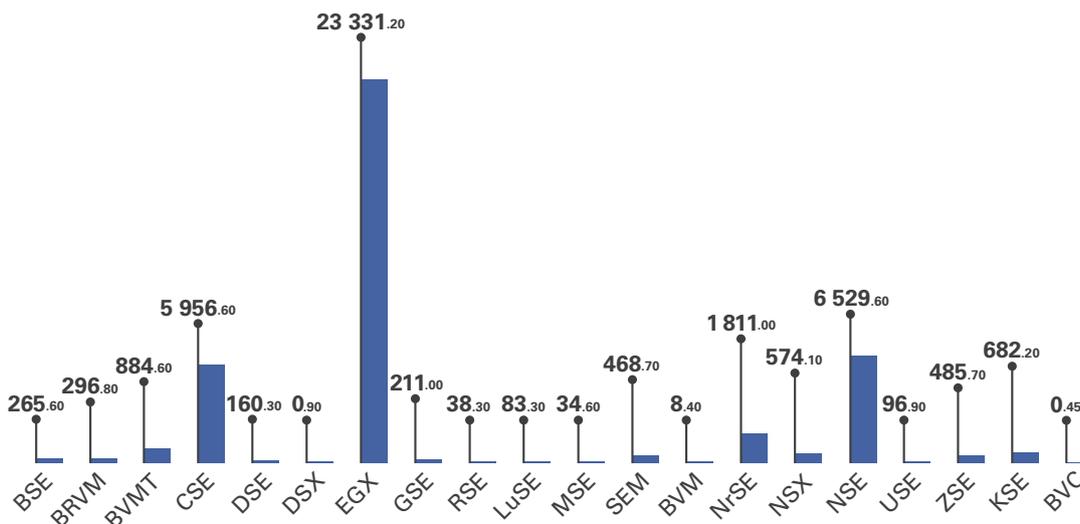


The three (3) ASEA members with the largest total market capitalisations (after the JSE) at 31 December 2011 were the NSX (US\$ one hundred and thirty seven point eight billion (US\$137.8 billion)), NSE (US\$ sixty seven point seven billion (US\$ 67.6 billion)) and the CSE (US\$ sixty point two billion (US\$ 60.2 billion)).

Total values traded

The total values traded for each of the ASEA members, excluding the JSE which has the highest value of trades at US\$ four hundred and thirteen point one billion (US\$413.1 billion), for the year ended 31 December 2013 are set out below:

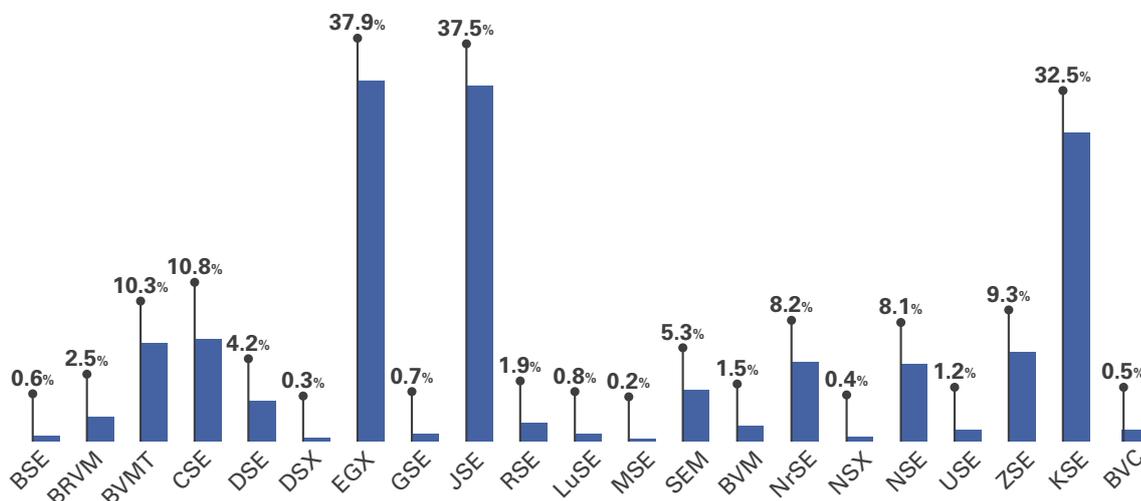
Total values traded for each of the members of the ASEA, excluding the JSE, for the year ended 31 December 2013 (in US\$ millions)



The three (3) stock exchanges with the highest total value traded for the year ended 31 December 2013, excluding the JSE, were the EGX (twenty three thousand three hundred and thirty three point two million (23 331.2 million)), the NSE (six thousand five hundred and twenty nine point three million (6 529.3 million) and the CSE (five thousand nine hundred and fifty six point six million (5 956.6 million)). The three (3) stock exchanges with the highest increases in the total value traded during the period 31 December 2011 to 31 December 2013 were the USE (four hundred and fifty four (454)%), the DSE (three hundred and ninety (390)%) and the BRVM (one hundred and thirty (130)%). The three (3) stock exchanges with the highest decreases in the total value traded during the period 31 December 2011 to 31 December 2013 were the BVMT (- fifty two (-52)%), the LuSE (- forty four (-44)%) and the BVM (- forty two (-42)%).

The total value traded as a percentage of the total market capitalisation for each of the ASEA members as at 31 December 2013 is set out below:

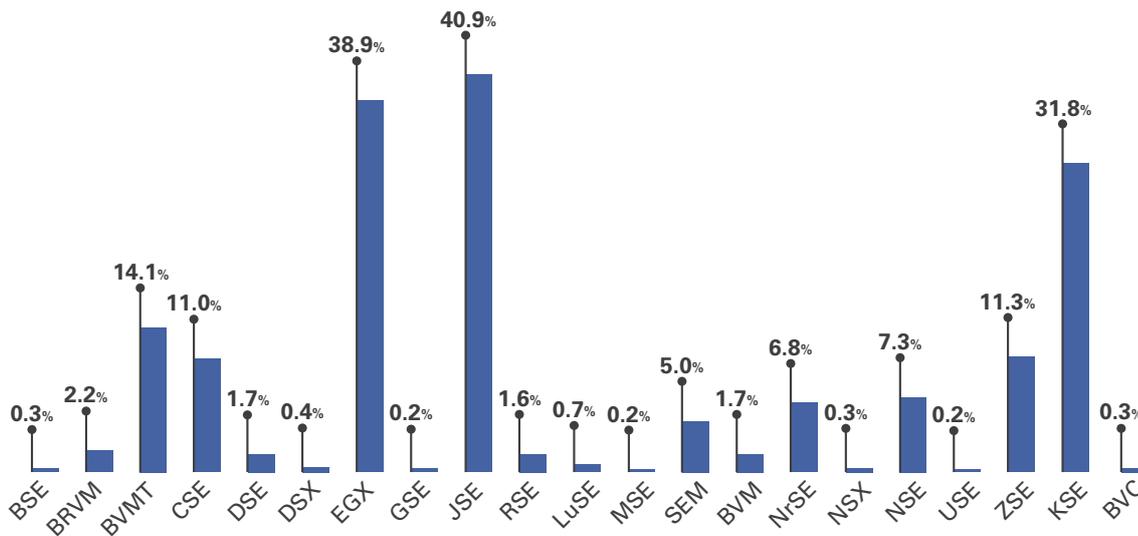
Total value traded as a percentage of the total market capitalisation for each of the members of the ASEA as at 31 December 2013



Based on value traded, the three (3) ASEA members with the highest liquidity as at 31 December 2013 are the EGX (thirty seven point nine (37.9)%), the JSE (thirty seven point five (37.5)%) and the KSE (thirty two point five (32.5)%).

The total value traded as a percentage of the total market capitalisation for each of the ASEA members as at 31 December 2012 is set out below:

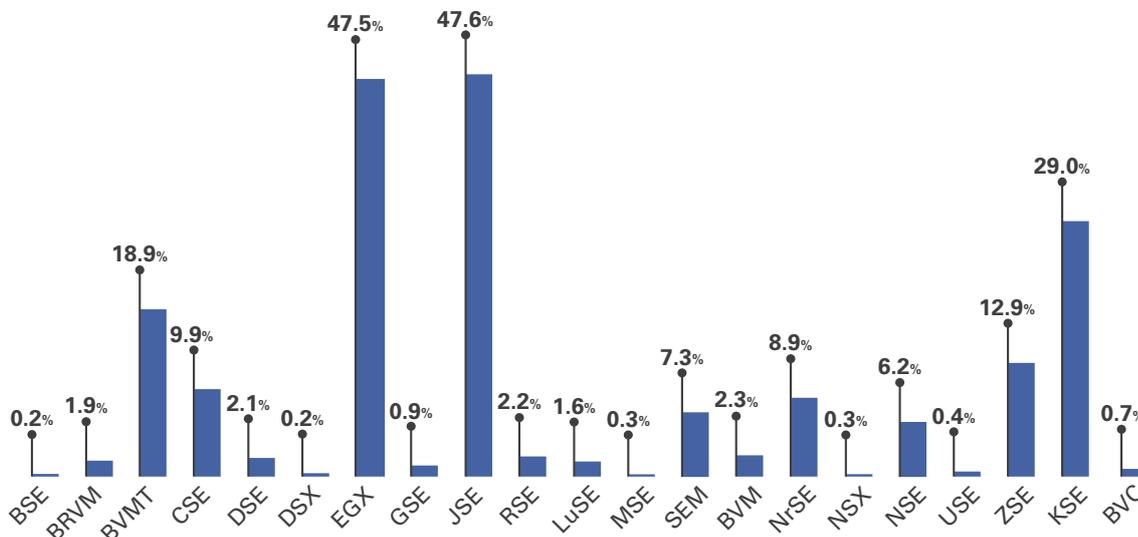
Total value traded as a percentage of the total market capitalisation for each of the members of the ASEA as at 31 December 2012



Based on value traded, the three (3) ASEA members with the highest liquidity as at 31 December 2014 are the JSE (forty point nine (40.9)%), the EGX (thirty eight point nine (38.9)%) and the KSE (thirty one point eight (41.8)%).

The total value traded as a percentage of the total market capitalisation for each of the ASEA members as at 31 December 2011 is set out below:

Total value traded as a percentage of the total market capitalisation for each of the members of the ASEA as at 31 December 2011



Based on value traded, the three (3) ASEA members with the highest liquidity as at 31 December 2011 are the JSE (forty seven point six (47.6)%), the EGX (forty seven point five (47.5)%) and the KSE (twenty nine point zero (29.0)%).

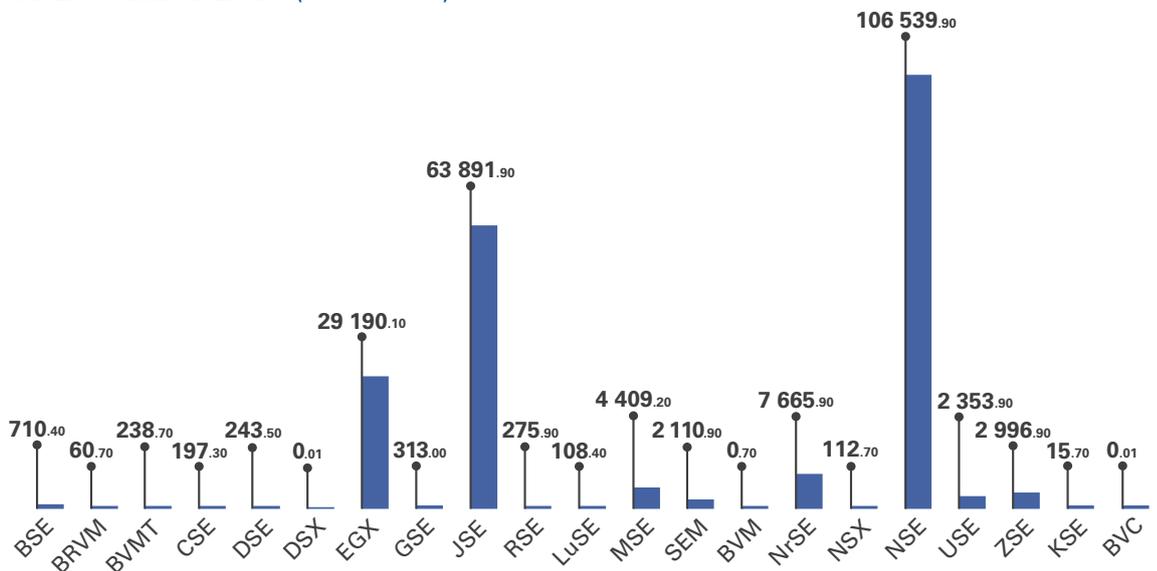
“There are many benefits to improving liquidity – more confidence in the market, greater investment choices, there will be sufficient stock available for required portfolio allocations, and there is better price discovery. If African markets can increase their liquidity, they will undoubtedly attract the investment flows of foreign investors.”

Ms Donna Oosthuysen (JSE Director of Capital Markets) at the Building African Financial Markets 2014 Conference

Total volume traded

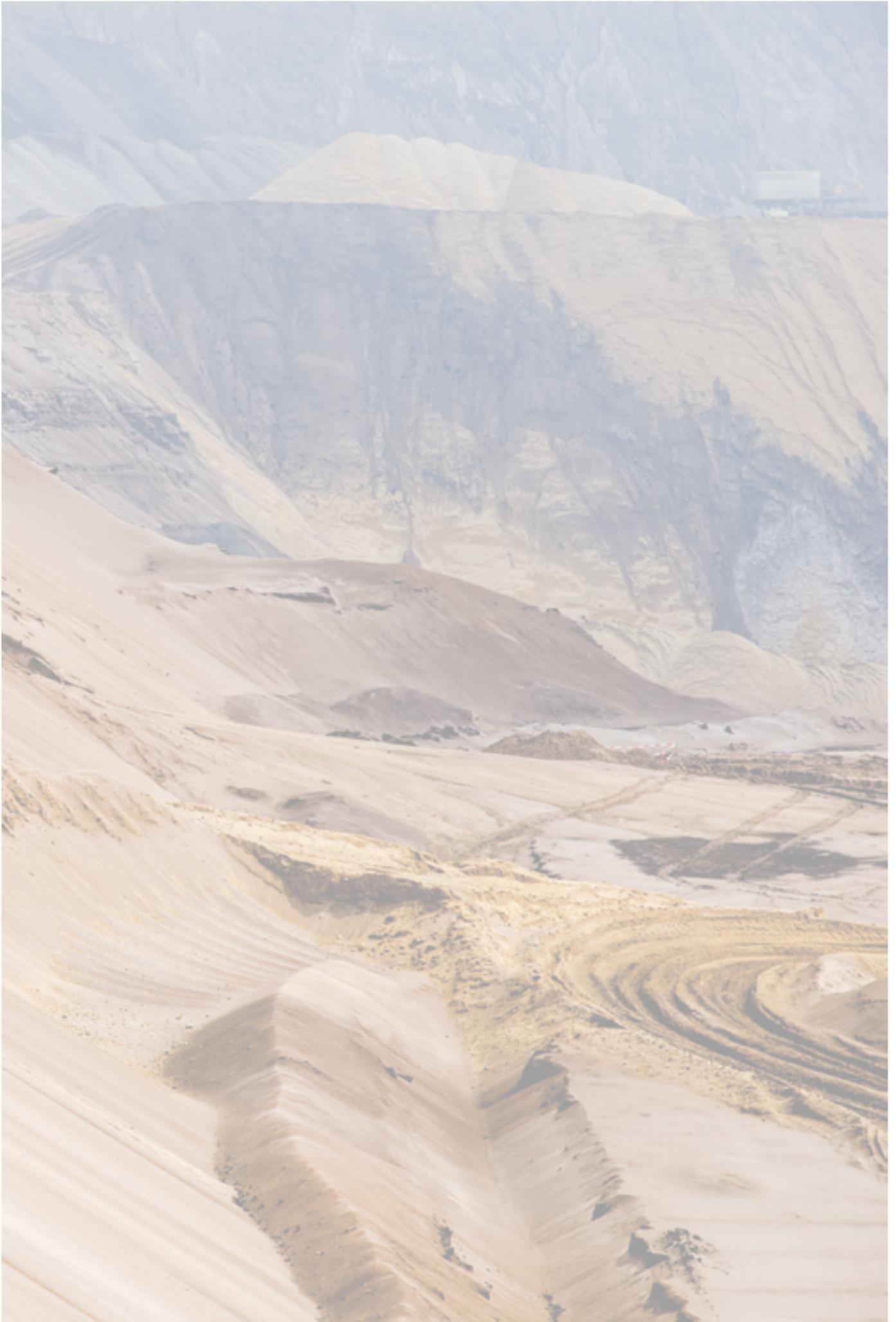
The total volume traded for each of the ASEA members for the year ended 31 December 2013 is set out below:

Total volume traded for each of the members of the ASEA for the year ended 31 December 2013 (in millions)



The three (3) stock exchanges with the highest total volume traded for the year ended 31 December 2013 were the NSE (one hundred and six thousand five hundred and thirty nine point nine million (106 539.9 million)), the JSE (sixty three thousand eight hundred and ninety one point nine million (63 891.9 million)) and the EGX (twenty nine thousand one hundred and ninety point one million (29 190.9 million)).

The three (3) stock exchanges with the highest increases in the total volume traded during the period 31 December 2011 to 31 December 2013 were the USE (one thousand three hundred and twenty four (1 324)%), the SEM (five hundred and eight (508)%) and the BRVM (two hundred and thirty five (235)%). The three (3) stock exchanges with the highest decreases in the total volume traded during the period 31 December 2011 to 31 December 2013 were the KSE (- ninety eight (-98)%), the LuSE (- ninety one (-91)%) and the BVM (- eighty three (83)%).



Listings requirements comparative for the ASX, JSE, LSE and TSX

Set out below is a comparison of the listings requirements for the stock exchanges that attract the most listings in the extractive industries, namely, ASX, JSE, ALTX, LSE, AIM, TSX and TSX-V.

The ASX is an internationally recognised market for Mineral, energy and financial services companies. According to the Baker & McKenzie 2014 Cross-border Listings Handbook, companies in the resources and the financials sectors account for approximately sixty (60)% of the total market capitalisation of the ASX. Mineral companies represent approximately fifty (50)% of the total

number of listed companies on the ASX and are involved in mineral exploration, development and production across one hundred and eight (108) countries.

The Baker & McKenzie 2014 Cross-border Listings Handbook further states that the TSX has historically been known for its significant number of Mineral Companies. Over fifty seven (57)% of the world's public Mining companies are listed on the TSX and the TSX-V. In addition, twenty (20)% of the world's public oil and gas companies are listed on the TSX and the TSX-V.

	Registration	Overview	
Australian Securities Exchange (ASX)	ASX Listing (foreign company)	<ul style="list-style-type: none"> › Must be registered in Australia as a "foreign corporation". 	<ul style="list-style-type: none"> › The ASX does not distinguish between primary listings and secondary listings and there is no fast track for a company already listed on a foreign exchange unless such company qualifies for an ASX Foreign Exempt Listing.
	ASX Foreign Exempt Listing	<ul style="list-style-type: none"> › Must be registered in Australia as a "foreign corporation". 	<ul style="list-style-type: none"> › The ASX does not distinguish between primary listings and secondary listings. › An ASX Foreign Exempt Listing is available to companies that are already listed on another stock exchange with a significant profit history or significant net tangible assets.
JSE Limited (JSE)	Main Board	<ul style="list-style-type: none"> › Must obtain a legal opinion as to whether it is required to register as an external company in South Africa. 	<ul style="list-style-type: none"> › The JSE allows foreign companies that are already listed on another stock exchange to list on the JSE as a secondary listing provided such foreign company meets the listing criteria set out below.
	Alternative Exchange	<ul style="list-style-type: none"> › Must obtain a legal opinion as to whether it is required to register as an external company in South Africa. 	<ul style="list-style-type: none"> › The JSE allows foreign companies that are already listed on another stock exchange to list on the JSE as a secondary listing provided such foreign company meets the listing criteria set out below.

“ ... the JSE offers good trading systems, liquidity and stock market regulation, strong protection of legal title, easy entry to and exit from the market for foreign investors, as well as the remitting of funds. These factors are what keep companies listed on the JSE and drive other resource companies to consider us as a listing destination.”

Ms Patrycja Kula (JSE Business Development Manager)

		Registration	Overview
London Stock Exchange	Main Market	<ul style="list-style-type: none"> › An applicant company must be duly incorporated or otherwise validly established according to the relevant laws of its place of incorporation or establishment. 	<ul style="list-style-type: none"> › Applicant issuers can choose between a “premium” listing and a “standard” listing. › The LSE does not make any distinction between primary and secondary listings.
	AIM	<ul style="list-style-type: none"> › Foreign companies that are admitted to AIM are not required to maintain a presence in the UK. 	<ul style="list-style-type: none"> › The LSE does not make any distinction between primary and secondary listings in respect of admission to trading on AIM.
Toronto Stock Exchange	TSX	<ul style="list-style-type: none"> › International issuers are “generally required” to have some presence in Canada and to demonstrate that they can satisfy their reporting and public company obligations in Canada. 	<ul style="list-style-type: none"> › The TSX divides applicant issuers into industry-specific categories, namely, industrial companies, mining companies and oil and gas companies. › There are no unique requirements for a foreign company and there are no distinctions made between a primary and secondary listing.
	TSX-V	<ul style="list-style-type: none"> › Companies listed on the TSX-V whose head offices are outside Canada must appoint and maintain an address for services within Canada and adopt the laws of the Province of Alberta and the federal laws of Canada applicable therein. 	<ul style="list-style-type: none"> › The TSX-V has two (2) listing categories, Tier 1, for more financially developed and advanced junior issuers, and Tier 2 for smaller issuers. Within both tiers there are four (4) industry specific sub-categories, namely, mining, oil and gas (exploration or reserves), industrial, technology or life sciences and real estate or investment. › There is little distinction made between foreign and domestic companies in terms of initial listing requirements and there are no distinctions made between a primary and secondary listing.

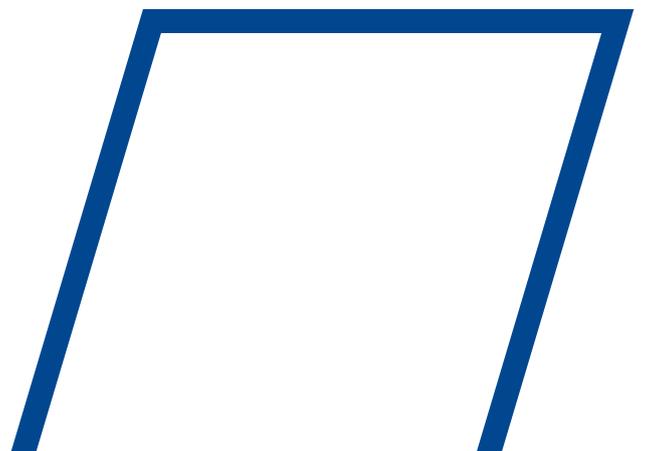
		Listing Criteria
Australian Securities Exchange (ASX)	ASX Listing (foreign company)	<ul style="list-style-type: none"> › A foreign company applying for a primary listing on the ASX must satisfy the financial requirements of either the profits test or the assets test; › Profits test: The applicant foreign company must have both: <ul style="list-style-type: none"> › Aggregated operating profit for the last three (3) full financial years of at least US\$943 040.0 (A\$1.0 million); › Consolidated operating profit of more than US\$377 216.0 (A\$400 000) for the twelve (12) months preceding the date no more than two (2) months before the date the company applies for admission; › In addition, a statement is required from the directors confirming that nothing has come to their attention to suggest that the company is not continuing to earn profits from continuing operations up to the date of the listing application. › Assets test : <ul style="list-style-type: none"> › Net tangible assets of at least US\$2.8 million (A\$3.0 million), after deducting the costs of fund raising; OR › A market capitalisation of at least US\$9.4 million (A\$10 million); › Working capital of at least US\$ 1.4 million (A\$1.5 million) (including budgeted revenue for the first full financial year after listing). Mining exploration companies – working capital amount is after allowing for the first full financial year’s budgeted administration costs and costs of acquiring plant, equipment and mining tenements; › In addition, less than half the company’s total tangible assets, after deducting the costs of raising any funds, must be cash/in a form readily convertible to cash; or › (When this cannot be satisfied) the company must have commitments consistent with its business objectives to spend at least half of its cash and assets that are readily convertible to cash.
	ASX Foreign Exempt Listing	<ul style="list-style-type: none"> › Applicant foreign company’s home exchange must be a member of the World Federation of Stock Exchanges; › To qualify for an ASX Foreign Exempt Listing as a secondary listing on the ASX, the company must provide evidence with regards to either of the following: <ul style="list-style-type: none"> › The applicant foreign company’s operating profit (before income tax and derived from its ordinary activities) for each of the last three (3) full financial years was at least US\$ 188.6 million (A\$200.0 million); OR › The applicant foreign company’s net tangible assets are at least US\$ 1.9 billion (A\$2.0 billion); › A foreign company that lists as an ASX Foreign Exempt Listing will not be required to satisfy most of the requirements for a primary ASX listing;
JSE Limited (JSE)	Main Board	<ul style="list-style-type: none"> › The applicant foreign company must have a subscribed capital (including reserves but excluding minority interests and revaluations of assets and intangible assets that are not supported by a valuation prepared by a recognised independent professional) of US\$4.7 million (R50.0 million). › The applicant foreign company must have a satisfactory audited profit history for the preceding three (3) financial years, the last of which reported an audited profit of at least US\$1.4 million (R15.0 million) before taxation and after headline earnings adjustments. › Mineral Companies that do not meet the audit profit history criteria above, may be admitted to listing on the Main Board provided the applicant issuer can demonstrate to the satisfaction of the JSE that it’s management has satisfactory experience in Mining and/or Exploration and: <ul style="list-style-type: none"> › The applicant Mineral Company is carrying on an independent business which is supported by its historic revenue earnings history and which gives it control (fifty (50)% plus one (1) of the voting shares) over the majority of its assets and must have done so for the preceding three (3) financial years; OR › It must have a reasonable spread of direct interests in the majority of its assets and the right to actively participate in the management of such assets, whether by voting or through other rights which give it influence in the decisions relating to the assets for the preceding three (3) financial years; OR › It has a reasonable spread of direct interests in mineral assets and has rights to actively participate in the management of those assets, whether by voting or through other rights which give it influence in decisions relating to such assets, provided it is in possession of the necessary legal title or ownership rights to explore or mine or explore and mine the relevant minerals. › All applicant Mineral Companies with substantial (defined as twenty five (25)% in Section 12: Mineral Companies) mineral assets must demonstrate that they are in possession of the necessary legal title or ownership rights to explore, mine or explore and min the relevant minerals.

Listing Criteria	
London Stock Exchange	<p>Main Market</p> <ul style="list-style-type: none"> › There are two types of listing: <ul style="list-style-type: none"> › Standard – applicant issuers must meet the European Union minimum standards; › Premium – applicant issuers are required to meet compliance and disclosure standards that are more stringent than the European Union minimum standards › The expected aggregate market value of all securities to be listed must be at least US\$1.2 million (UK£700 000); › The applicant issuer must have sufficient working capital for the group’s requirements for at least twelve (12) months from the date on which the prospectus is issued; › Premium listing: <ul style="list-style-type: none"> › Three (3) years of audited historical financial information with no modification to the audit reports; › The historical financial information must represent at least seventy five (75)% of the applicant issuer’s business for the full three(3)-year period ; › The applicant issuer must control the majority of its assets and must have done so for the past three (3) years (modification for mineral companies); › The group must have sufficient working capital for at least twelve (12) months from the date of the prospectus; and › The applicant issuer must not be managed by a person outside of the group.
	<p>AIM</p> <ul style="list-style-type: none"> › A company must be “appropriate” to qualify for admission to AIM – applicant issuers must have sufficient working capital for at least twelve (12) months from the date of admission of their shares to AIM. › No minimum size or market capitalisation requirements. › No on-going financial requirements for a foreign company subsequent to listing. › No requirements to demonstrate a particular length of trading history, time in operation or track record. › No ownership requirements relating to large stockholdings or holders of a particular nationality. › An AIM company must appoint and retain an AIM broker at all times – responsible for facilitating dealings in the company’s shares. › Related parties and applicable employees of an applicant issuer will be “locked-in” and may not dispose of their securities for one (1) year from the date of admission of the company to AIM if the main activity of the applicant is a business which has not been independent and earning revenue for at least two (2) years; › Oil, gas and natural resources companies: must include an independently produced report by a competent person in respect of the assets and liabilities of the company in their Admission Document;
Toronto Stock Exchange	<p>TSX</p> <ul style="list-style-type: none"> › Two (2) alternative listing standards according to an applicant issuer’s stage of development: exempt and non-exempt. › Exempt: <ul style="list-style-type: none"> › Company has over US\$7.0 (C\$7.5 million) in assets; › Has pre-tax profitability from ongoing operations in the most recent fiscal year (mining and oil and gas companies); › Earnings from ongoing operations of at least US\$281 100 (C\$300 000) before taxes and extraordinary items in the most recent fiscal year (industrial companies); › A pre-tax cash-flow of US\$655 900 (C\$700 000) in the fiscal year immediately preceding the filing; › Has an average pre-tax cash flow of US\$468 500 (C\$500 000) for the two (2) fiscal years immediately preceding the filing; › Proven and provable reserves to provide a mine life of at least three (3) years, calculated by an independent qualified person (mining); and › Adequate working capital to carry on the business and an appropriate capital structure. › Non-exempt²: <ul style="list-style-type: none"> › Required to meet “special reporting rules” and a series of industry-specific requirements as follows: <ol style="list-style-type: none"> 1. Industrial (general) companies <ol style="list-style-type: none"> a) Profitable companies <ul style="list-style-type: none"> › Tangible assets of US\$1.9 million (C\$2.0 million); › Earnings from on-going operations of at least US\$187 400 (C\$200 000) before taxes and extraordinary items (most recent fiscal year); › Pre-tax cash flow of US\$468 500 (C\$500 000) (most recent fiscal year); › Adequate working capital; and › An appropriate capital structure.

Listing Criteria (continue)	
JSE Limited (JSE)	Main Board
	<ul style="list-style-type: none"> › A foreign company seeking a secondary listing must also: <ul style="list-style-type: none"> » Confirm that it has a primary listing on another exchange that is a member of the World Federation of Exchanges or that it has a subscribed capital of at least US\$47.0 million (R500.0 million); » Confirm that the primary listing is on a board or exchange at least equivalent to that for which the application is being made on the JSE; and » Not to have traded in its securities on the JSE in respect of which a secondary listing is sought of more than fifty (50)% of both the total volume and total value traded in those securities on all markets in which it is listed over the preceding twelve (12) months. › Competent Persons Report for mineral companies.

“The ASX is particularly attractive to early-stage companies. For example, the ability to list under the assets test (described [above]) provides a viable avenue for resource exploration and other early-stage companies to access capital markets by listing on the exchange.”

2014 Cross-border Listings Handbook



Listing Criteria (continue)

b) Companies forecasting profitability:

- › Net tangible assets of US\$ 7.0 million (C\$7.5 million);
- › Earnings from ongoing operations for the current OR next fiscal year of at least US\$187 400 (C\$200 000) before taxes and extraordinary items;
- › A pre-tax cash flow for the current OR next fiscal year of at least US\$468 500 (C\$500 000);
- › Appropriate working capital; and
- › An appropriate capital structure.

c) Technology companies :

- › A minimum of US\$9.4 million (C\$10.0 million) in the treasury raised via an IPO;
- › Adequate funds for all planned expenditures and expenses for one (1) year;
- › Products and services at an advanced stage of development or commercialisation and the required management expertise and resources to develop the business; and
- › Minimum proposed market value of US\$46.8 million (C\$50.0 million).

d) Research and Development companies:

- › Minimum of US\$11.2 million (C\$12.0 million) in treasury raised via an IPO;
- › Adequate funds for all expenditures and expenses for two (2) years,
- › Minimum two (2)-year operating history; and
- › Technical expertise and resources to advance the company's research and development program.

2. Mining companies

a) Producing mining companies

- › Mine life of at least three (3) years as calculated by an independent qualified person;
- › Be in production or have made a production decision on the qualifying project or mine;
- › Sufficient funds to bring the mine into commercial production;
- › Adequate working capital; and
- › Net tangible assets of US\$3.7 million (C\$4.0 million).
- › Industrial mineral companies (those with properties containing minerals which are not readily marketable) not currently generating revenues from production will normally also be required to submit commercial contracts to the TSX.

b) Mining exploration and development-stage companies:

- › An advanced property¹ detailed in a report prepared by an independent qualified person;
- › A planned work programme of Exploration and/or development, as recommended by an independent qualified person, of at least US\$655 900 (C\$700 000);
- › Sufficient funds to completed the planned programme of Exploration and/or development;
- › Working capital of at least US\$1.9 million (C\$2.0 million); and
- › Net tangible assets of US\$2.8 million (C\$3.0 million).
- › A company must hold or have a right to earn and maintain at least a fifty (50) % interest in the property/ies that will be used to fulfil the above requirements ("Qualifying Property").

3. Oil and Gas Companies

a) Oil & gas development-stage companies:

- › Contingent resources of US\$468 500 (C\$500.0 million);
- › A clearly defined development plan;
- › An up-to-date technical report prepared by an independent technical consultant;
- › Adequate funds to execute the development plan OR bring the property into commercial production;
- › Eighteen (18) month projection of sources and uses of funds, prepared by management;
- › An appropriate capital structure; and
- › A minimum market value of securities of US\$187.4 million (C\$200.0 million).

b) Oil & gas producing companies:

- › Proved developed reserves of US\$2.8 million (C\$3.0 million);
- › A clearly defined program to increase reserves;
- › An up-to-date technical report;
- › Adequate funds to execute the program;
- › Eighteen (18) month projection of sources and uses of funds; and
- › An appropriate capital structure.

Listing Criteria (continue)	
JSE Limited (JSE)	Alternative Exchange
	<ul style="list-style-type: none"> › The applicant must have a subscribed capital (including reserves but excluding minority interests and revaluations of assets and intangible assets that are not supported by a valuation prepared by a recognised independent professional) of US\$188 068 (R2.0 million). › The applicant must have control (fifty (50)% plus one (1) of the voting shares) over the majority of its assets; OR › It must have a reasonable spread of direct interest in the majority of its assets and the right to actively participate in the management of such assets, whether by voting or through other rights which give it influence in the decisions relating to the assets; OR › It must have a reasonable spread of direct interest in the majority of its assets and the right to actively participate in the management of such assets, whether by voting or through other rights which give it influence in the decisions relating to the assets; OR › The JSE may approve an application for a listing on the AltX even if the applicant Mineral Company does not meet the control criteria detailed above if the applicant Mineral Company can demonstrate that it is in possession of the necessary legal title or ownership rights to explore, mine or explore and mine the relevant minerals; › All applicant Mineral Companies with substantial (defined as twenty five (25)% in Section 12: Mineral Companies) mineral assets must demonstrate that they are in possession of the necessary legal title or ownership rights to explore, mine or explore and min the relevant minerals. › The applicant must provide audited historical financial information for the preceding three (3) financial years OR the applicant must produce a profit forecast for the remainder of the financial year during which it will list and for one (1) full financial year thereafter; › A foreign company seeking a secondary listing must also: <ul style="list-style-type: none"> › Confirm that it has a primary listing on another exchange that is a member of the World Federation of Exchanges or that it has a subscribed capital of at least US\$47.0 million (R500.0 million); › Confirm that the primary listing is on a board or exchange at least equivalent to that for which the application is being made on the JSE; and › Not to have traded in its securities on the JSE in respect of which a secondary listing is sought of more than fifty (50)% of both the total volume and total value traded in those securities on all markets in which it is listed over the preceding twelve (12) months; › Competent Persons Report for mineral companies.

“In November 2013, the aggregate market capitalisation of companies admitted to trading on AIM was [US\$ one hundred and nineteen billion (US\$119.0 billion) (UK£ seventy three point three billion (UK£73.3 billion)).] This represents an increase of twenty two (22)% since November 2012...”

2014 Cross-border Listings Handbook

Listing Criteria (continue)

- › Two (2) alternative listing standards according to an issuer's stage of development:
- › **Tier 1:**
 - › An applicant issuer must have adequate working capital and financial resources to carry out its stated work program or execute its business plan for eighteen (18) months following the listing; and
 - › US\$187 400 (C\$200 000) in unallocated funds.
- 1. Mining:**
 - › US\$1.9 million (C\$2.0 million) in net tangible assets;
 - › A material interest in a Tier 1 property;
 - › A work program with an initial phase of no less than US\$468 500 (C\$500 000), as recommended in a geological report; and
 - › Satisfaction of other Tier 1 property requirements
- 2. Oil & Gas (exploration or producing):**
 - › US\$2.8 million (C\$3.0 million) in reserves, of which a minimum of US\$937 000 (C\$1.0 million) must be proved developed reserves and the balance probable reserves;
 - › Satisfactory work program of US\$468 500 (C\$500 000) which can reasonably be expected to increase reserves as recommended in a geological report; and
 - › A geological report recommending completion of the work program.
 - › An oil and gas company focusing on production must have US\$1.9 million (C\$2.0 million) in proved developed reserves and a geological report recommending completion of the work program.
- 3. Industrial, technology or life sciences:**
 - › US\$4.7 million (C\$5.0 million) in net tangible assets or US\$4.7 million (C\$5.0 million) in revenue;
 - › A significant interest in the business or the primary assets used to carry on the business;
 - › A history of operations or validation of the business; and
 - › If no revenue, a two (2) year management plan demonstrating reasonable likelihood of revenue within twenty four (24) months.
- 4. Real estate or investment:**
 - › A real estate company must have US\$4.7 million (C\$5.0 million) in net tangible assets and a significant interest in a real property; and
 - › An investment company must have US\$9.4 million (C\$10.0 million) in net tangible assets and a disclosed investment policy.
- › **Tier 2**
 - › An applicant issuer must have adequate working capital and financial resources to carry out its stated work program or execute its business plan for twelve (12) months following the listing; and
 - › US\$93 700 (C\$100 000) in unallocated funds.
- 1. Mining:**
 - › A significant interest in a Qualifying Property or a right to earn a significant interest in a Qualifying Property;
 - › Evidence of at least US\$ 93 700 (C\$100 000) of approved expenditures by the applicant issuer on the Qualifying Property within the last thirty six (36) months before listing;
 - › A work program with an initial phase of at least US\$187 400 (C\$200 000); and
 - › A geological report recommending completion of the work program.
- 2. Oil & Gas (focusing on exploration):**
 - › Either an unproven property with prospects or a joint venture interest and has raised US\$4.7 million (C\$5.0 million) via an IPO; and
 - › A geological report recommending completion of the work program.
- 3. Oil & Gas (focusing on reserves):**
 - › Either US\$468 500 (C\$500 000) in proved developed producing reserves or US\$702 750 (C\$750 000) in proved plus probable reserves;
 - › A work program amounting to at least US\$281 100 (C\$300 000) if proved developed producing reserves have a value of less than US\$468 500 (C\$500 000) as recommended in a geological report; and
 - › A geological report recommending completion of the work program.
- 4. Industrial, technology or life sciences:**
 - › US\$ 702 750 (C\$750 000) in tangible assets, US\$468 500 (C\$500 000) in revenue or US\$1.9 million (C\$2.0 million) in arm's length financing;
 - › A significant interest in the business or the primary assets used to carry on the business;
 - › A history of operations or validation of the business; and
 - › If no revenue, a two (2) year management plan demonstrating reasonable likelihood of revenue within twenty four (24) months.
- 5. Real estate or investment (real estate):**
 - › A significant interest in real property;
 - › Either US\$1.9 million (C\$2.0 million) in net tangible assets or US\$2.8 million (C\$3.0 million) in arm's length financing.
- 6. Real estate or investment (Investment):**
 - › A disclosed investment policy;
 - › Fifty ((50)% of available funds allocated to at least two (2) specific investments; and
 - › Either US\$1.9 million (C\$2.0 million) in net tangible assets or US\$2.8 million (C\$3.0 million) in arm's length financing.

		Shareholder spread	Corporate Governance:
Australian Securities Exchange (ASX)	ASX Listing (foreign company)	<ul style="list-style-type: none"> › At least: <ul style="list-style-type: none"> » Four hundred (400) shareholders each holding shares with a value of at least US\$ 1 886.06 (A\$2 000) (excluding restricted securities)*; » Three hundred and fifty (350) shareholders each holding shares with a value of at least US\$1 886.06 (A\$2 000) (excluding restricted securities)* if non-related party shareholders hold at least twenty five (25)% of the total number of shares; » Three hundred (300) shareholders each holding shares with a value of at least US\$1 886.06 (A\$2 000) (excluding restricted securities)* if non-related party shareholders hold at least fifty (50)% of the total number of shares; › Frequent requirement for foreign companies seeking a ASX listing – three hundred (300) Australian-resident security holders, each holding securities with a value of at least US\$1 886.06 (A\$2 000). 	<ul style="list-style-type: none"> › Compliance with the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council.
	ASX Foreign Exempt Listing	<ul style="list-style-type: none"> › At least: <ul style="list-style-type: none"> » One thousand (1 000) shareholders each holding shares will a value of at least US\$471.552 (A\$500). 	<ul style="list-style-type: none"> › No specific corporate governance requirements.
JSE Limited (JSE)	Main Board	<ul style="list-style-type: none"> › At least: <ul style="list-style-type: none"> » Twenty (20)% of its equity securities held by the public. 	<ul style="list-style-type: none"> › No specific corporate governance requirements for secondary listings.
	Alternative Exchange	<ul style="list-style-type: none"> › At least: <ul style="list-style-type: none"> » Ten (10)% of its equity securities held by the public. 	<ul style="list-style-type: none"> › No specific corporate governance requirements for secondary listings.

		Shareholder spread	Corporate Governance:
London Stock Exchange	Main Market	<ul style="list-style-type: none"> › At least › Twenty five (25)% of the class of shares to be listed must be distributed to the public in one or more EEA states (account may be taken of shares in non-EEA states if the shares are listed in those states). 	<ul style="list-style-type: none"> › Standard listing: the company must include a corporate governance statement in its directors' report detailing: <ul style="list-style-type: none"> › The corporate governance code to which the company is subject; › The corporate governance code which the company may have voluntarily decided to apply; and › All relevant information about the corporate governance practices applied beyond the requirements under national law. › Premium listing: the company must comply with the UK Corporate Governance Code or explain why it has not done so. Pre-emption rights must also be offered to existing shareholders.
	AIM	<ul style="list-style-type: none"> › N/A 	<ul style="list-style-type: none"> › Applicant companies must declare the extent of their compliance with their country of incorporation's corporate governance regime.
Toronto Stock Exchange	TSX	<ul style="list-style-type: none"> › At least <ul style="list-style-type: none"> › Three hundred (300) holders of one hundred (100) shares or more; and › At least one (1.0) million freely tradable shares; and › Aggregate market value of US\$ 3.7 million (C\$4 million). › Technology companies in the Industrial category: › Minimum public distribution requirements of US\$9.4 million (C\$10.0 million) freely tradable and held by the public. 	<ul style="list-style-type: none"> › Apart from the general requirement to disclose corporate governance practices, there are few proscriptive rules in Canada with respect to Corporate Governance.
	TSX-V	<ul style="list-style-type: none"> › Tier 1: <ul style="list-style-type: none"> › Public float of one (1.0) million shares; › Two hundred and fifty (250) public shareholders each holding a board lot and having no resale restrictions on their shares; and › Twenty (20)% of issued and outstanding shares in the hands of public shareholders. › Tier 2: <ul style="list-style-type: none"> › Public float of five hundred thousand (500 000) shares; › Two hundred (200) public shareholders each holding a board lot and having no resale restrictions on their shares; and › Twenty (20)% of issued and outstanding shares in the hands of public shareholders. 	<ul style="list-style-type: none"> › Apart from the general requirement to disclose corporate governance practices, there are few proscriptive rules in Canada with respect to Corporate Governance.



		Sponsor, broker and advisor	Minimum issue price:
Australian Securities Exchange (ASX)	ASX Listing (foreign company)	<ul style="list-style-type: none"> › No requirement for a new listing; › No requirement on an on-going basis. 	› A\$0.20
	ASX Foreign Exempt Listing	<ul style="list-style-type: none"> › No requirement for a new listing; › No requirement on an on-going basis. 	› A\$0.20
JSE Limited (JSE)	Main Board	› An applicant issuer must appoint and maintain a sponsor.	› N/A
	Alternative Exchange	› An applicant issuer must appoint and maintain a sponsor (designated advisor not required).	› N/A
Financial information			
Australian Securities Exchange (ASX)	ASX Listing (foreign company)	<ul style="list-style-type: none"> › Three (3) years audited financial statements prepared in accordance with: <ul style="list-style-type: none"> › Australian Accounting Standards; › IFRS; › Canadian GAAP; › Hong Kong GAAP; › New Zealand GAAP; › Singapore GAAP; › United Kingdom GAAP; and › USA GAAP; › Half year results if the last full financial year ended more than eight (8) months before the company applied for admission; › If the company is applying for a listing in terms of the profits test, the audit reports must not be qualified in any way in respect of going concern or its ability to satisfy the profit levels required › Pro forma historical information for the same period; and › Forecast financial information, if desired. 	
	ASX Foreign Exempt Listing	› Provide ASX with a copy of its last annual report and any subsequent interim report.	

		Sponsor, broker and advisor	Minimum issue price:
London Stock Exchange	Main Market	<ul style="list-style-type: none"> › All companies applying for a premium listing must appoint a UK Financial Services Authority approved sponsor. › Companies applying for a standard listing are not required to appoint a sponsor. 	› N/A
	AIM	› An applicant company must appoint and retain a nominated advisor (NOMAD).	› N/A
Toronto Stock Exchange	TSX	› All TSX non-exempt applicant issuers are required to appoint a sponsor.	› N/A
	TSX-V	› Nearly all TSX Venture applicants must be sponsored by a participating organisation.	› C\$0.10
Financial information			
London Stock Exchange	Main Market	<ul style="list-style-type: none"> › Three (3) years audited financial statements prepared in accordance with: <ul style="list-style-type: none"> › Companies incorporated in a EEA member state, in accordance with IFRS; and › Companies incorporated outside the EEA, in accordance with IFRS, US GAAP, Canadian GAAP, Australian IFRS or Japanese GAAP. 	
	AIM	<ul style="list-style-type: none"> › Three (3) years audited financial statements prepared in accordance with: <ul style="list-style-type: none"> › Companies incorporated in a EEA member state, in accordance with IAS; and › Companies incorporated outside the EEA, in accordance with IAS, US GAAP, Canadian GAAP, Chinese GAAP, South Korean GAAP or Japanese GAAP. 	



		Financial information (continue)	
JSE Limited (JSE)	Main Board	<ul style="list-style-type: none"> › Three (3) years of financial information prepared in accordance with: <ul style="list-style-type: none"> › IFRS; › IFRS as adopted by the European Union; › United Kingdom GAAP; › United States GAAP; › Australian GAAP; and › Canadian GAAP. › Headline earnings per share and diluted headline earnings per share together with an itemised reconciliation between headline earnings and the earnings used in the calculation must be disclosed. › The applicant foreign issuer must, via its sponsor, obtain a formal ruling from the JSE on the exact presentation of the financial information presented in the pre-listing statement. › Pro forma financial information, if required which must be signed off by a South African registered reporting accountant. › Forecast financial information, if desired. 	
	Alternative Exchange	<ul style="list-style-type: none"> › Financial information (three (3) years of historical financial information or profit forecast, if three (3) years of historical financial information is not available) prepared in accordance with: <ul style="list-style-type: none"> › IFRS; › IFRS as adopted by the European Union; › United Kingdom GAAP; › United States GAAP; › Australian GAAP; and › Canadian GAAP. › Headline earnings per share and diluted headline earnings per share together with an itemised reconciliation between headline earnings and the earnings used in the calculation must be disclosed. › The applicant issuer must, via its sponsor, obtain a formal ruling from the JSE on the exact presentation of the financial information presented in the pre-listing statement. › Pro forma financial information, if required which must be signed off by a South African registered reporting accountant; › Forecast financial information, if desired or if three (3) years of historical financial information is not required. 	
		Trading:	Continuing obligations:
Australian Securities Exchange (ASX)	ASX Listing (foreign company)	<ul style="list-style-type: none"> › Electronic trading through Clearing House Electronic Sub register System. 	<ul style="list-style-type: none"> › There are a number of on-going financial requirements; › Compliance with all the ASX listing rules is required;
	ASX Foreign Exempt Listing	<ul style="list-style-type: none"> › Electronic trading through Clearing House Electronic Sub register System. 	<ul style="list-style-type: none"> › No specific on-going financial requirements are applicable to companies listed as ASX Foreign Exempt Listings; › Listings rules of company's overseas home stock exchange must be complied with; › All information provided to the home exchange must also be provided to the ASX; › Comply with certain limited ASX listing rules;
JSE Limited (JSE)	Main Board	<ul style="list-style-type: none"> › Certificated securities – maintain a transfer office or a receiving and certification office. › Dematerialised securities – must be approved by Strate Limited and comply with the rules of the Central Securities Depository. 	<ul style="list-style-type: none"> › For a company that has a secondary listing on the JSE, the JSE will allow the disclosure requirements of the exchange where it has a primary listing to take precedence subject to certain specific exceptions.
	Alternative Exchange	<ul style="list-style-type: none"> › Certificated securities – maintain a transfer office or a receiving and certification office. › Dematerialised securities – must be approved by Strate Limited and comply with the rules of the Central Securities Depository. 	<ul style="list-style-type: none"> › For a company that has a secondary listing on the JSE, the JSE will allow the disclosure requirements of the exchange where it has a primary listing to take precedence subject to certain specific exceptions.

		Financial information (continue)	
Toronto Stock Exchange	TSX	<ul style="list-style-type: none"> › Audited financial statements for the most recently completed financial year prepared in accordance with IFRS accounting standards, as applicable in Canada. 	
	TSX-V	<ul style="list-style-type: none"> › Financial statements prepared in accordance with Canadian IFRS (operating history is not required). 	
		Trading:	Continuing obligations:
Main Market	Main Market	<ul style="list-style-type: none"> › Listed shares must be capable of electronic settlement under their terms and the company's constitution. London listed shares are normally settled through CREST. 	<ul style="list-style-type: none"> › Companies with premium and standard listings are subject to continuous disclosure requirements designed to prevent the creation of a false market in the company's securities.
	AIM	<ul style="list-style-type: none"> › Companies incorporated in jurisdictions other than the United Kingdom, the Republic of Ireland, Guernsey and the Isle of Man usually establish a depository arrangement with a UK bank which will issue "depository interests" representing the company's underlying shares as depository interests are eligible for settlement within the CREST electronic settlement system. 	<ul style="list-style-type: none"> › There are certain specific continuing obligations and periodic reporting requirements.
	TSX	<ul style="list-style-type: none"> › TSX listed issuers are not required to have their securities settled with a particular clearing system; › However, they must maintain transfer registration facilities in accordance with the TSX requirements. 	<ul style="list-style-type: none"> › Foreign companies who are already public companies in certain recognised jurisdictions and meet certain specified conditions may be exempted from certain continuing disclosure obligations.
	TSX-V	<ul style="list-style-type: none"> › Companies listed on the TSX-V must appoint and maintain a transfer agent and registrar with a principle office in Vancouver, British Columbia, Calgary, Alberta, Toronto, Ontario, Montreal, Quebec or Halifax. 	<ul style="list-style-type: none"> › There are certain specific continuing obligations and periodic reporting requirements.

1 A property will usually be considered to be sufficiently advanced if continuity of mineralization is demonstrated in three (3) dimensions at economically interesting grades;
 2 Any non-exempt TSX listing applicant issuer with a market capitalisation under US\$93.7 million (C\$100 million) immediately after completion of the IPO is subject to the TSX escrow policy.

* Shares held in "escrow" (cannot be sold or otherwise dealt with by holders for a period of up to two (2) years after listing).

Botswana

Mega Trends 2014 Quarter 1

Population

- › 2,155,784 (July 2014 est.); Age 15 - 64: 62.6%

Population growth rate (%)

- › 1.28% (2014 est.)

Life expectancy at birth

- › Total population: 54.06 years; male: 55.75 years; female: 52.32 years (2014 est.)

HIV/AIDS

- › Adult prevalence rate: 23.0%; People living with HIV/AIDS: 340,000 (2012 est.)

Adult literacy rate (age 15 and over can read and write)

- › Total population: 85.1%; male: 84.6%; female: 85.6% (2011 est.)

Urbanisation

- › Urban population: 62.3% of total population (2012); Urban population growth: 1.9% (2012)

Population below national poverty line

- › 20.7% (2009 est.)

Unemployment rate

- › 17.5% (2012 est.)

Employment (% of total)

- › Agriculture: 29.9%; Industry: 15.2%; Services: 54.9% (2006 est.)

Labour participation rate (% of total population ages 15+)

- › 76.7% (2012)

Business languages

- › English, Setswana, Kalanga

Telephone & Internet users

- › Main lines in use: 160,488; Mobile cellular: 3.08 million; Internet users: 247,915 (2012)

Sources: CIA World Factbook, World Bank, Trading Economics, UNESCO, ITU, UNDP, UNAIDS, NKC Research





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01 | Overview of Botswana as a mining destination

Introduction

Botswana is the world's leading diamond producer in terms of quality and grade of its diamonds. Botswana also has significant copper, nickel, cobalt, gold, soda ash and coal deposits which are currently being exploited and developed.

The Botswana government is endeavouring to diversify the economy which is still heavily dependent on the diamond mining sector. Diamonds constituted eight four point two (84.2)% of Botswana's main exports during 2013 and this level of diamond exports is forecast to continue in 2014 and 2015. At the forefront of possible alternatives to diamonds is Botswana's vast coal reserves.

Botswana's economic policy is mapped out by the country's seven (7) year National Development Plan and the long-term policy Vision 2016 which promotes diversification of the economy while maintaining macroeconomic stability through running a balanced budget over the medium term.

An exchange rate of US\$1 = BWP8.69414 on 30 June 2014 has been used throughout this section.

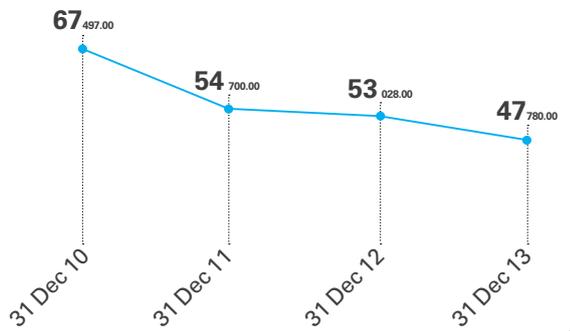
"Botswana is the world's leading diamond producer in terms of quality and grade of its diamonds. Botswana also has significant copper, nickel, cobalt, gold, soda ash and coal deposits which are currently being exploited and developed. The Botswana government is endeavouring to diversify the economy which is still heavily dependent on the diamond mining sector."

KPMG

Total market capitalisation of the BSE

The chart below sets out the total market capitalisation of the BSE, in US\$ millions, as at 31 December 2010, 2011, 2012, 2013 (based on the annual financial data provided by the ASEA):

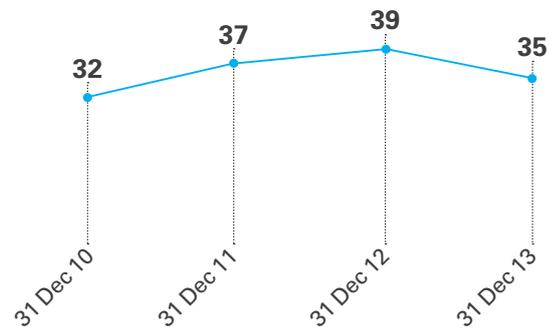
Total market capitalisation of the BSE as at 31 December 2010, 2011, 2012 and 2013 (in US\$ millions)



The total market capitalisation of the BSE has declined by approximately twenty nine point two (29.2)% between 31 December 2010 and 31 December 2014. This is the combined result of the volatile exchange rate, which declined by approximately twenty three (23)% during the period under review, and the slower growth experienced by the Mining Sector.

The chart below sets out the total number of issuers on the BSE as at 31 December 2010, 2011, 2012 and 2013 (based on the annual financial data provided by the ASEA):

Total number of issuers on the BSE as at 31 December 2010, 2011, 2012 and 2013

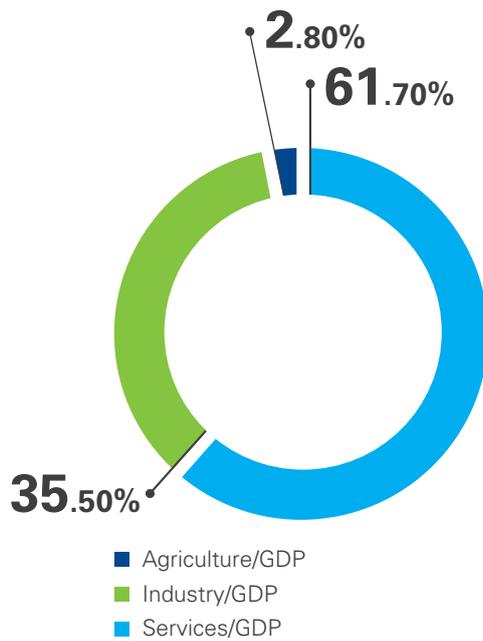


The total number of issuers on the BSE has increased by approximately nine point four (9.4)% between 31 December 2010 and 31 December 2013. There have been two (2) IPO's on the BSE during the period under review, namely, Choppies Enterprises Limited, listed in the Consumer Services sector, on 26 January 2012 which IPO raised US\$ six point eight million (US\$6.8 million) and Shumba Coal Limited, a mineral exploration company, on 8 April 2013 which IPO raised US\$ twenty point seven million (US\$20.7 million).

Equity market capitalisation of the BSE

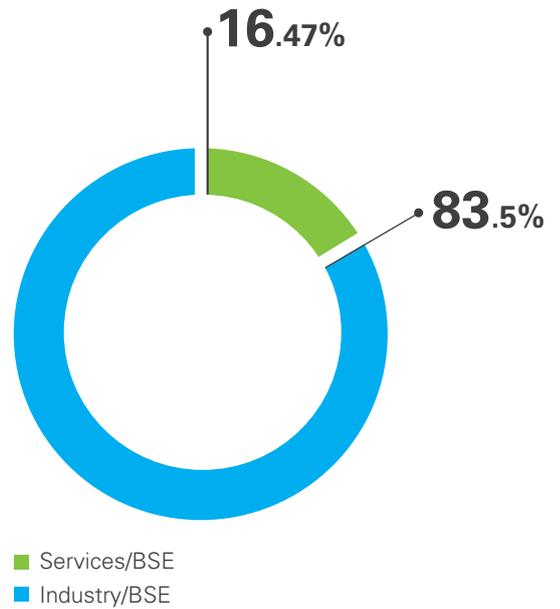
Set out below is the economic structure as a percentage of GDP (2013 estimate) based on research by NKC Independent Economists:

Economic structure as a percentage of GDP



Set out below are the BSE industry sectors as a percentage of the total equity market capitalisation grouped in the same categories as the economic structure as a percentage of GDP:

BSE industry sectors as a percentage of the total equity market capitalisation



Services comprises of the following industry sectors: financials, consumer services, consumer goods, utilities and other - conglomerates;

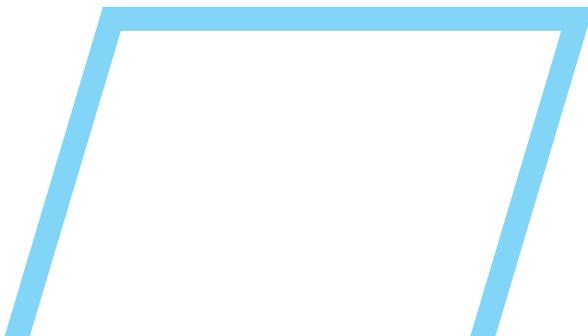
Industry comprises of the following industry sectors: basic materials (eighty three point five (83.5)%) and industrials. There are no forestry, tobacco or farming, fish and plantations issuers listed on the BSE.

As illustrated by the diagrams above, the BSE industry sectors as a percentage of the total equity market capitalisation do not correlate to the economic structure of Botswana as a percentage of GDP. Industry contributes approximately thirty five point five (35.5)% to the economic structure as a percentage of GDP compared to the significantly larger eighty three point five (83.5)% contribution by

the industry sector issuers to the total equity market capitalisation of the BSE.

The services sector, which contributes sixty one point seven (61.7)% to the GDP, represents only sixteen point five (16.5)% of the industry sector composition of the BSE. The financial sector contributes twelve point eight (12.8)% and travel and leisure only zero point three (0.3)%, respectively, to the services sector.

The misalliance between the major contributors to the GDP and the sector composition of the BSE has the result that foreign investors seeking to invest in certain significant sectors of the Botswana economy, such as the financial sector and tourism, cannot do so through investing in the BSE.

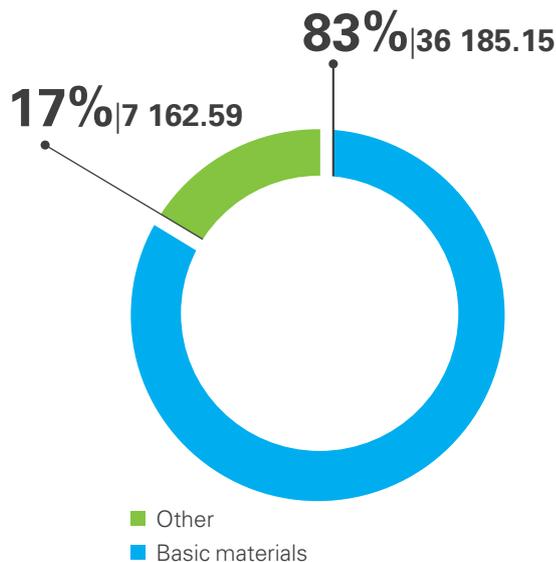


Equity market capitalisation of the Mining Sector of the BSE

As at June 2014, the equity market capitalisation of the BSE amounted to approximately US\$43 247.7 million (BWP376 871.3 million) of which US\$36 185.1 million, in respect of nine (9) equity issuers, relates to the Mining Sector. Of the nine (9) Mining Sector issuers listed on the BSE, two (2) are foreign companies and are listed on the Main Board and the other seven (7) are local companies and are listed on the BSE VCM. All but one (1) of the issuers listed in the Mining Sector of the BSE have a primary listing on another stock exchange. A diagrammatic overview of the split of the equity market capitalisation of the BSE between the Mining Sector and the other sectors at June 2014 is set out below:

Anglo American Plc, which has a primary listing on the LSE, is the only Mining Sector issuer with an equity market capitalisation of over US\$ one billion (US\$1.0 billion). The second largest Mining Sector issuer is Lucara Diamond Corporation, which has a primary listing on the TSX, with an equity market capitalisation of US\$ seven hundred and twenty eight point nine million (US\$728.9 million), followed by Galane Gold Limited, which has a primary listing on the TSX, with an equity market capitalisation of US\$ forty point nine million (US\$40.9 million). There are no industrial metals and mining companies or oil and gas companies currently listed on the BSE.

Equity market capitalisation attributable to each of the Mining Sector and the other sectors (in US\$ millions)

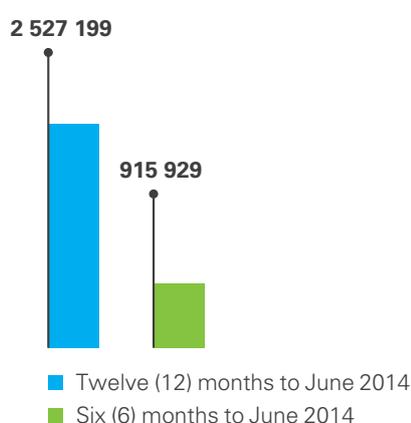


Volumes of equity shares traded by Mining Sector issuers

The volumes of the Mining Sector issuers' equity shares traded on the BSE for the twelve (12) months to 20 June 2014 and for the six (6) months to 20 June 2014 are set out below:

(approximately three (3)% of the cumulative issued shares at 20 June 2014).

Volume of equity shares traded by Mining Sector issuers (in millions)



During the twelve (12) months to 20 June 2014, seven hundred and sixty one point seven million (761.7 million) shares traded on the BSE out of a total of twenty four thousand three hundred and fifteen point nine million (24 315.9 million) issued shares

Of the total equity shares traded, two point five million (2.5 million) related to Mining Sector issuers which equates to zero point three (0.3)% of the total equity shares traded. No shares in Anglo American Plc or Galane Gold Limited traded on the BSE during this period.

During the six (6) months to 20 June 2014, two hundred and ninety five point two million (295.2 million) shares traded on the BSE out of a total of twenty four thousand three hundred and fifteen point nine million (24 315.9 million) issued shares (approximately one (1)% of the cumulative issued shares at 20 June 2014). Of the total equity shares traded, zero point nine (0.9) million related to Mining Sector issuers which equates to zero point three (0.3)% of the total equity shares traded. No shares in Anglo American Plc or Galane Gold Limited traded on the BSE during this period.

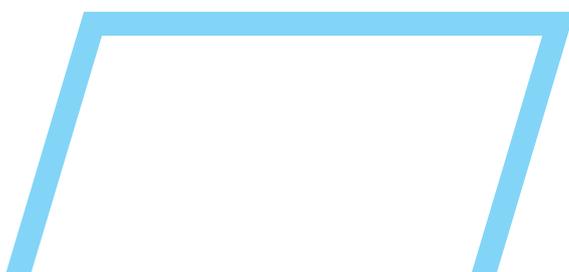
The trade in the Mining Sector shares that did take place during the two (2) periods under review related to local companies listed on the BSE VCM.

The trading equity statistics for the BSE for the years ended 31 December 2013, 2012, 2011 and 2010, as extracted from the ASEA Yearbook 2014, are set out below:

Trading equity statistics for the BSE for the years ended **31 December 2013, 2012, 2011 and 2010**

Indicators	2013	2012	2011	2010
Total value traded US\$	265 580 004	135 596 598	133 968 231	149 516 874
Total volume traded	701 451 879	465 790 767	458 706 950	308 662 256
Total number of transactions	1 380 789	7 465	5 045	4 978
Number of traded companies	34	38	37	30

The split of foreign versus local investors of the total value traded on the BSE for the year ended 31 December 2013, as extracted from the ASEA Yearbook 2014, is thirty three (33)% foreign investors and sixty seven (67)% local investors.



Attractiveness as a mining destination

The World Investment Report, 2014 stated that Botswana received US\$ one hundred and eighty eight million (US\$188.0 million) of FDI during 2013, an increase of approximately twenty eight (28)% from the prior year.

There were no cross-border merger and acquisition transactions involving Botswana companies during 2013. The value of world as source funded Greenfield Investment projects in Botswana in 2013 was US\$ one hundred and three million (US\$103.0 million).

World Bank Ease of Doing Business Index

Botswana was ranked 74th (56th – 2013) out of one hundred and eighty nine (189) countries in the World Bank Ease of Doing Business Index as at June 2014. The 1st ranked country (with the lowest scores for each of the ten (10) topics) in the World Bank Ease of Doing Business Index is deemed to have the regulatory environment that is the most conducive, and the 189th ranked country (with the highest scores for each of the ten (10) topics) is deemed to have the regulatory environment that is the least conducive, to the starting and operation of a local firm in that country.

Botswana ranked as the 12th most attractive country for investment in Africa in terms of the RMB Global Markets Research Where to Invest in Africa Report 2014/2015. The RMB Global Markets Research Where to Invest in Africa Report 2014/2015 assigns investment attractiveness scores to each of the fifty three (53) countries in the survey through a multiplicative combination of market size (GDP), economic growth (GDP growth forecasts over the next five (5) years) and an operating environment index.

Botswana experienced a drop of eighteen (18) places in its ranking in the Ease of Doing Business Index in 2014 due to Botswana's significantly higher scores in the areas of starting a business, dealing with construction permits, getting electricity, protecting minority investors, paying taxes, trading across borders and resolving insolvency. The only two (2) areas in which Botswana's scores reduced were getting credit and enforcing contracts. It should be noted, however, that Botswana still attained low scores (albeit in some instances a higher score than in the prior period) in the areas of paying taxes, getting credit, enforcing contracts and resolving insolvency.

“The year 2013 stands out as the year in which the BSE registered the highest turnover since its inception in 1989. The amount of turnover in 2013 is almost double the turnover recorded on the BSE in 2008 (highest up to 2013) and is 2.6 times the turnover in 2012. The volume of shares traded in 2013 was 1.7 times the volume in 2012. The year 2013 can also be described as a year in which the stability of turnover continued to improve, albeit marginally.”

Frazer Institute Survey of mining companies 2013's Policy Perception Index

Botswana ranked 25th out of one hundred and twelve (112) jurisdictions, the highest in Africa, in the Frazer Institute Survey of mining companies 2013's Policy Perception Index.

The Policy Perception Index measures the overall policy attractiveness of a jurisdiction.

Botswana's scores in respect of the various policy factors considered in the Policy Perception Index were as follows:

	Encourages investment	Not a deterrent to investment	Mild deterrent	Strong deterrent	Would not pursue investment due to this factor
Mineral potential, assuming current regulation/land use restrictions	38%	47%	15%	0%	0%
Mineral potential, assuming policies based on "best practice"	50%	35%	15%	0%	0%
Uncertainty concerning the administration, interpretation and enforcement of existing regulations	41%	49%	11%	0%	0%
Uncertainty concerning environmental regulations	28%	53%	19%	0%	0%
Regulatory duplication and inconsistencies	22%	60%	19%	0%	0%
Legal system (legal processes that are fair, transparent, non-corrupt, timely and efficiently administered)	24%	57%	16%	0%	3%
Taxation regime (including personal, corporate, payroll, capital and other taxes and complexity of tax compliance)	23%	57%	20%	0%	0%
Uncertainty concerning disputed land claims	20%	69%	9%	3%	0%
Uncertainty over which areas will be protected as wilderness, parks or archaeological sites	17%	74%	9%	0%	0%
Quality of infrastructure (includes access to roads and power availability)	20%	37%	34%	9%	0%
Socioeconomic agreements/ community development conditions	21%	65%	12%	3%	0%
Trade barriers – tariff and non-tariff barriers, restrictions on profit repatriation, currency restrictions, etc.	28%	53%	19%	0%	0%
Political stability	46%	40%	14%	0%	0%
Labour regulations, employment agreements and labour militancy/work disruptions	21%	64%	15%	0%	0%
Quality of geological database (includes quality and scale of maps, ease of access to information, etc.)	21%	50%	24%	6%	0%
Security situation (includes physical security due to the threat of attack by terrorists, criminals, guerrilla groups, etc.)	39%	58%	3%	0%	0%
Availability of labour and skills	3%	49%	36%	12%	0%

While Botswana achieved a high score in most areas, it should be noted that Botswana's ranking dropped from 17th of ninety six (96) jurisdictions in 2012. The deterioration in Botswana's ranking is a result of lower ratings in nearly all policy factors compared to the prior year, particularly, regulatory duplication and inconsistencies, uncertainty concerning the

ResourceStocks world risk survey

Botswana came 4th place in the 2013 ResourceStocks Magazine world risk survey which covers the following areas: financial risk, sovereign risk, land access, green tape, land claims, red tape,

Corruption Perceptions Index

According to the 2014 Corruption Perceptions Index prepared by Transparency International, Botswana ranks 31st (together with Cyprus, Portugal and Puerto Rico) out of one hundred and seventy five (175) jurisdictions and is the least corrupt country in Africa.

Credit rating

Botswana currently has an A2 credit rating from Moody's and an A- credit rating from Standard & Poor.

RisCura 2014 Bright Africa Report: A guide to equity investing on the continent

The Riscura 2014 Bright Africa Report rates each stock exchange in terms of the completeness of data, number of companies listed, value traded, World Federation of Exchanges membership, regulation, financing through the stock exchange, openness to foreign ownership, ease of capital inflows/outflows and efficiency of the operation framework. The quality of the BSE is rated as an F (where A is the highest quality and G is the lowest).

administration, interpretation or enforcement of existing regulations, taxation regime and uncertainty concerning disputed land claims.

In addition, Botswana scored notably lower ratings with regards to the quality of its geological database, infrastructure, trade barriers and availability of labour/skills.

social risk, infrastructure, civil unrest, natural disasters and labour relations. Botswana's highest perceived risk areas are infrastructure followed by financial risk.

Botswana's score was 63/100 (where 0 is very corrupt and 100 is very clean). Botswana ranked 30th out of one hundred and seventy seven (177) jurisdictions in the 2013 Corruption Perceptions Index with a score of 64/100.

The Explicit Costs of "round trip" trading (buying and then selling) on the BSE was measured at approximately two point one (2.1)% with the JSE being the lowest at approximately zero point eight (0.8)% and Zimbabwe being the highest at approximately three point one (3.1)% of value traded.

Mining authority

Companies listed in the Mining Sector of the BSE must comply with the BSE Listings Requirements as interpreted, administered and enforced by the BSE.

In addition, Mineral Companies need to comply with the specific requirements relating to the exploitation of mineral resources as determined by the Botswana government.

All mineral rights in Botswana are vested in the state. The Botswana government has the right to acquire a minority interest (generally up to fifteen (15)%) in new mines on commercial terms with the Botswana government paying its pro-rata share of costs incurred.

The Botswana MMEWR is responsible for coordinating development and operation activities in the energy, water and minerals sector. The Botswana MMEWR is further responsible for ensuring, in the public interest, that the mineral resources of Botswana are investigated and exploited in the most efficient, beneficial and timely manner.

Specific programmes and projects to fulfil these responsibilities are carried out by the Botswana MMEWR's departments including, *inter alia*, the department of Geological Survey, the Department of Mines, divisions of the Mineral and Energy Affairs Divisions and the Diamond Hub.

The applicable legislation for mining and exploration companies are the Mines and Minerals Act, Explosives Act, Mines, Quarries, Works and Machinery Act, Mines Quarries, Works and Machinery Act Regulations, Precious and Semi-Precious Stones (Protection) Act, Diamond Cutting Act, Petroleum (Exploration and Production) Act, Unwrought Precious Metals Act and the Export and Import of rough diamonds regulations.

All Mineral Exploration and mining activities are regulated by the Geological Surveys Department and the Department of mines respectively.

Types of licences

Botswana currently has four (4) types of mining licences.

A prospecting licence is valid for a period of three (3) years and may be renewed twice for a period of two (2) years each. The prospecting area is reduced by half, or such lower proportion as the Botswana MMEWR may agree to, at the end of each renewal period.

A retention licence may be applied for by the holder of a prospecting licence once a feasibility study in respect of the deposit has been carried out and such study has established that the deposit cannot be mined on a profitable basis at the time of the application. A retention licence is valid for a period of three (3) years and is only renewable once. During

the renewal period, third parties can be authorised upon request to have access to the area for the purpose of collecting samples and data required for the purpose of applying for a mining licence.

A mining license may be applied for by the holder of a prospecting licence, retention licence or a waiver. A mining license is available for such period, not exceeding twenty five (25) years, as is considered reasonable to carry out the mining programme. On expiry, the holder of a mining license is entitled to a renewal of the license for a further period of up to twenty five (25) years.

Mineral permits are available for scale mining operations over an area not exceeding zero point five (0.5) km² per permit.

Fiscal regime

Summary of the fiscal regime for mining in Botswana	
Mineral Royalty Rates	<ul style="list-style-type: none"> › A percentage of the gross market value of mineral sales at the "mine gate", calculated as follows: <ul style="list-style-type: none"> » Ten (10)% for precious stones; » Five (5)% for precious metals; and » Three (3)% for other metals.
Variable Income Tax Rate	<ul style="list-style-type: none"> › In respect of non-diamond minerals and in the absence of a specific agreement: <ul style="list-style-type: none"> » The higher of the standard company rate (twenty two (22)%) or the tax rate derived from the following formula: Annual tax rate = 70 - 1500/x, where x(%) = taxable income/gross income. › The diamond tax regime is always negotiated.
Capital allowances	› One hundred (100)% depreciation of capital expenditures.
Dividend Withholding Tax	› Seven point five (7.5)% on distribution to residents and non-resident shareholders unless varied under a Double Tax Agreement.
Allowable losses	› Unlimited carry forward of tax losses
VAT	› Twelve (12)% applies to all but zero-rated items, which includes exports of minerals. VAT refunds are available upon re-export of items within six (6) months of being temporarily imported into the country.
Taxation for downstream procession (cutting, polishing and refining of minerals)	› Fifteen (15)% manufacturing tax rate has been awarded to cutting and polishing operations. Other downstream activities would be taxed at the standard rate of twenty two (22)%.

Corporate Governance

The BSE has developed The BSE Code of Best Practice on Corporate Governance ("BSE Code") which is divided into various principles. The Code of Best Practice on Corporate Governance of the Institute of Chartered Accountants of Sri Lanka and the South African King II Report, 2002 were utilised for purposes of the development of the BSE Code.

The directors should disclose in the Annual Report the extent to which the company has adhered to the BSE Code and, where there has been non-compliance with the BSE Code, reasons should be provided.

The principles of the BSE Code also indicate which further issues (industry, structure and development, prospects for the future, risks and concerns, industrial relations etc.) should be discussed.

The BSE Code deals with the following aspects:

A. Directors

The company must have an effective board which meets regularly to discuss a formal schedule of matters including, *inter alia*:

- › Review/formulate and monitor implementation of a business strategy;
- › Ensure that the chief executive office and management team are competent and adopt an effective chief executive officer and senior management succession strategy;
- › Secure effective information, control and audit systems;

- › Ensure compliance with legal/ethical standards;
- › Ensure prevention and management of risks; and
- › Fulfil such other board functions as are vital, given the scale, nature and complexity of the business concerned.

The principle regarding the directors provides guidance to ensure that:

- › There should be an agreed procedure in terms of which any director is entitled to seek independent professional advice on any matter concerning the company, if necessary, at the company's expense;
- › All directors should have access to the advice and services of the company secretary;
- › All directors should bring independent judgment to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct;
- › Every director should dedicate adequate time and effort to matters of the board; and
- › Every director should receive appropriate induction on the first occasion that he or she is appointed to the board of a listed company and subsequently as necessary.

The principle further regulates the following:

- › Appointment of the chief executive officer and chairman;
- › The chairman's role;
- › Board balance;
- › Appointments to the board;
- › Appraisal of board performance; and
- › Appraisal of chief executive officer.

B. Director's Remuneration

The board should establish a formal and transparent policy for executive remuneration after receiving input and advice from the remuneration committees. In terms of the Constitutional Documents the shareholders of the company should determine the remuneration for the non-executive members.

This subsection also provides guidance with regards to share options and director's transactions and the disclosure of remuneration in the Annual Report of the company.

C. Relations with shareholders should be supported by constructive use of the annual general meeting (use thereof to communicate with investors and the obligation of companies to circulate with every notice of general meeting, a summary of the procedures governing voting at general meetings.

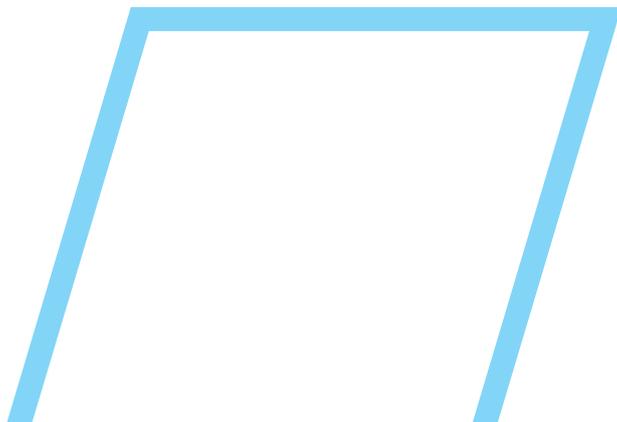
D. A sound system of internal control should be maintained to safeguard the shareholders' investments and the company's assets and further obligations are discussed. The roles of the audit committee and auditors are discussed in this principle:

Accountability and audit financial reporting through a balanced and understandable assessment of the company's position and prospects by the board. This principle further sets out disclosure requirements, namely, which declarations the directors' report (forming part of the Annual Report) should contain and provides for the inclusion of the following declarations:

- › The company was not engaged in activities that contravene laws and regulations;
- › Internal control covering financial, operational and compliance controls and risk management were reviewed; and
- › Conflicts of interest were managed to ensure that directors declared all material interests in contracts involving the company and refrained from voting on matters in which they materially interested.

Minimum information that should be included in the financial statements includes the disclosure requirements of Part 1 of the Second Schedule of Companies Act (Cap. 42:01).

A financial statement checklist was derived from the BSE Listings Requirements for purposes of guiding listed companies in the preparation of their financial statements. Listed companies are advised to submit the checklist to their auditors at the time of audit, so that the auditor can use it to check the adequacy of disclosure of the requisite information. The checklist must be signed by the auditor and submitted to the BSE together with the audited financial accounts.



02 | Principal listing requirements and procedures

The information below is based on the draft BSE Listing Requirements which are expected to become effective in the future. For a copy of the currently effective BSE Listings Requirements, please contact KPMG.

The BSE Listings Requirements apply to Mineral Companies and, in certain circumstances, to non-Mineral Companies with substantial mineral assets, subject to the additional requirements and concessions set out in Chapter 8: Mineral Companies.

The BSE has adopted the SAMCODE as adopted and amended from time to time by the Southern African Institute of Mining and Metallurgy and the Geological Society of South Africa. However, Codes for the reporting of exploration results, Mineral Resources and Mineral Reserves and mineral asset valuations relied upon by other World Federation of Exchanges stock exchanges such as the TSX, LSE and ASX, will be acceptable to the BSE.

Criteria for listing

The BSE may admit the securities of an applicant issuer to listing on either the Main Board or the Botswana VCB provided the applicant issuer can demonstrate to the satisfaction of the BSE that its

management has satisfactory experience in Mining and/or Exploration depending on its business and the applicant issuer complies with the applicable BSE Listings Requirements.

Producing Mining Companies

A producing Mining Company that meets the criteria set out below, may apply to list on the BSE:

- › Proven and probable reserves to provide a mine life of at least five (5) years from the date of listing, as calculated by an independent qualified person;
- › Evidence, satisfactory to the BSE, indicating a reasonable likelihood of future profitability supported by a feasibility study or documented historical production and financial performance.

Commercial contracts supporting forecast revenues must be submitted;

- › Either be in production or have made a production decision on the qualifying mine or project;
- › Sufficient funds to bring the mine into commercial production, adequate working capital to fund all budgeted capital expenditures and carry on the business; and
- › Net tangible assets of US\$3.5 million (BWP30.0 million).

Exploration Companies

An Exploration Company that meets the criteria set out below, may apply to list on the BSE:

- › Has properties which have been subject to Exploration with results indicating that the property contains commercially exploitable resources as detailed in a report prepared by an independent qualified person;
- › Has a planned work programme for further exploration and/or development of at least US\$805 140.0 (BWP7.0 million);

- › Sufficient funds to complete the planned programme of Exploration and/or development on the company's properties, to meet estimated general and administrative costs, anticipated property payments and capital expenditures; and
- › Net tangible assets of US\$2.9 million (BWP25.0 million).

Botswana CPR

A BSE Disclosure Document prepared by a Mineral Company or a non-Mineral Company in respect of substantial mineral assets must include a Botswana

CPR complying with the SAMCODE standards and the BSE Listings Requirements.

The following information must be included in the Botswana CPR:

- › Have an effective date (being the date at which the contents of the Botswana CPR are valid) less than six (6) months prior to the date of publication of the BSE Disclosure Document;
- › Be updated prior to publication of the BSE Disclosure Document if further material data becomes available after the effective date;
- › State in the margin the particular section of the BSE Listings Requirements and the SAMCODE that have been complied with. The form set out in Appendix 8A of the BSE Listings Requirements must also be complied with;
- › Contain a statement detailing the following:
 - › Exploration expenditure incurred to date by the applicant issuer and by other parties, where available;
 - › Planned Exploration expenditure that has been committed, but not yet incurred, by the applicant issuer concerned; and
 - › Planned Exploration expenditure that has not been committed to by the applicant issuer but which is expected to be incurred sometime in the future, in sufficient detail to fairly present future expenditure.
- › Contain a valuation section which must be completed and signed off by a competent valuator in terms of and in compliance with the appropriate Code as per SAMCODE standards;
- › Be published in full on the applicant issuer's website subsequent to BSE approval;
- › Be included in the relevant BSE Disclosure Document in full. An abridged version of the BSE Disclosure Document may be published in the press, subject to approval by the BSE.
- › The abridged version should be a concise summary of the BSE CPR and must cover, at a minimum, where applicable:
 - › Purpose;
 - › Project outline;
 - › Location map indicating area of interest;
 - › Legal aspects and tenure, including any disputes, risks or impediments;
 - › Geological setting description;
 - › Exploration programme and budget;
 - › Brief description of events that may positively or negatively impact the project;
 - › Brief description of the key environmental issues;
 - › Mineral Resource and Mineral Reserve Statement;
 - › Reference to risk paragraph in the full Botswana CPR;
 - › Statement by the BSE Competent Person that the summary is a true reflection of the full Botswana CPR; and
 - › Summary valuation trade.

“An “exemplary policy”: the government of Botswana road show to make sure that all involved give their feedback and clarity on the future mining legislation changes [is provided].”

03 | Listing process

Over and above the usual process for a listing on the Main Board of the BSE, Mineral Companies must submit their Botswana CPR to the BSE for approval in accordance with the following timetable:

Day (D)	Action required
D	<ul style="list-style-type: none"> › Notify the BSE that a Botswana CPR will be submitted for approval. The notification must include: <ul style="list-style-type: none"> » The name of the applicant issuer; » The type of commodity that is involved; » The name of the BSE Competent Person and/or competent valuator; » The date of which the Botswana CPR will be submitted; and » A short description of the transaction/ reasons for the Botswana CPR.
D + 10	<ul style="list-style-type: none"> › Signed Botswana CPR to be submitted to the BSE before 10:00 am. The application must be accompanied by a compliance checklist, cross referencing every paragraph in Chapter 8: Mineral Companies of the BSE Listings Requirements, together with the applicable sections as per SAMCODE, to the relevant part of the Botswana CPR.
D + 20	<ul style="list-style-type: none"> › The BSE will make available the Botswana Readers Panel comments to the applicant issuer, which comments will be binding.

04 | BSE Disclosure Documents

An application for a listing of securities by a Mineral Company on the Main Board must be accompanied by the relevant BSE Disclosure Documents which must comply with the relevant BSE Listings Requirements applicable to BSE Disclosure Documents for all listed companies as well as including the following additional information:

- › A Botswana CPR; and
- › Confirmation by the applicant issuer that it, or its group, is in possession of the necessary legal title or ownership rights to explore, mine or explore and mine the relevant minerals.

Announcements

In addition to the other requirements under the BSE Listings Requirements, announcements by Mineral Companies and by non-Mineral Companies in respect of substantial mineral assets must comply with the SAMCODE standards insofar as they relate or refer to Exploration results, Mineral Resources and Mineral Reserves and valuations of mineral assets.

Announcements must state the name of the BSE Competent Person/competent valuator and that the BSE Competent Person/competent valuator has approved the information, in writing, in advance of publication.

The BSE may request the detailed information supporting the announced information and submit it for review by the Botswana Readers Panel, at the cost of the applicant issuer concerned, to assess compliance with the SAMCODE standards. The approval mechanism in the instance is the same as for a BSE Disclosure Document. Any non-compliance with the SAMCODE standards may result in a restatement and consequent re-publication of the information concerned.

05 | Continuing obligations of a financial nature

Issuer with a secondary listing on the BSE and a primary listing on another stock exchange, may comply with the continuing obligations of the primary stock exchange provided the rights of any Botswana shareholders are not compromised. In addition to the continuing obligations for issuers set out in the BSE Listings Requirements, Mineral Companies must comply with the following additional continuous disclosure requirements when submitting quarterly financial statements:

- › Details of the mining production and development activities of the issuer or the group relating to Mining and related operations must be disclosed, together with a summary of the expenditure incurred on those activities. If there has been no production or development activity, a negative statement to that effect must be made.
- › A summary of the Exploration activities (including geophysical surveys) of the entity or group must be disclosed and a summary of the expenditure incurred on those activities. If there has been no Exploration activity, a negative statement to that effect must be made.
- › The mineral exploration and development entity, or entity which has or whose subsidiary has acquired an interest in a mining tenement that is material to the entity, must include the following items in its quarterly report:
 - › The location of mining tenements held;
 - › The location of mining tenements disposed during the quarter; and
 - › Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter.
- › All Mineral Companies should submit quarterly financial statements in the format as set out in Appendix 8B. Financial information provided should comply with IFRS for companies with a primary listing on the BSE. Companies with a secondary listing on the BSE should comply with accounting standards in use by their primary exchange.
- › All reports must also comply with SAMCODE if they include a statement relating to any of the following:
 - › Exploration results; and
 - › Mineral resources or ore reserves.

Disclosure standards for companies engaged in mineral exploration, development and production

Introduction

- › The disclosure of results of Exploration and development activity on mineral properties must comply with the requirements of the BSE Listings Requirements and all other applicable policies and rules of other local and international mining associations and codes which have jurisdiction over the issuer, in particular, the requirements of SAMCODE.
- › The disclosure standards set out below apply to information provided by the issuer to investors, regulators and/or the media with regards to its properties but do not apply to BSE Disclosure Document or listing applications or technical reports.
- › Any information published by or on behalf of the issuer must comply with these standards.
- › Disclosure concerning mineral properties should identify the “qualified person” as defined in SAMCODE who is responsible for the work conducted on the property and such person shall have read and approved the technical disclosure.

News releases

- › The prescribed disclosure for news releases may be provided by reference to previous news releases or other documents provided they are readily obtainable from the company by fax, mail or on a web site.

Continuous disclosure documents

- › Disclosure in documents such as annual and quarterly reports must be as complete as possible in compliance with these disclosure standards and SAMCODE.
- › Periodic reports must provide summary information on activities on all material properties.
- › If work is discontinued on a property/ies about which the issuer has made prior disclosure, information as to any undisclosed results and reasons for the cessation of work must be provided even if such properties are no longer material to the issuer.

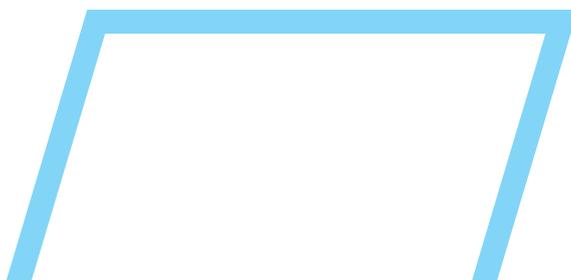
Website

- › Issuers that maintain corporate web sites must provide the address of the web site on all corporate disclosure materials and any such disclosures should also be posted on the web site

immediately after it has been otherwise published until such information has been superseded by further disclosure or work on that property has been discontinued.

Exploration results – General requirements

- › When disclosing the results of Exploration activities on its properties, an issuer must state the source of the information when it was obtained from an external source. The name/s of the qualified person/s responsible for the design and conduct of the Exploration program must be provided as well as such person/s relationship to the company.
- › A general description of the geological environment must be disclosed including any known potential for problems.
- › If the issuer discloses partial results then the balance of the results must be disclosed in a timely manner.
- › Information should be provided in table form for ease of understanding where possible. Maps, plans or sections should be published as appropriate to the information and the state of development of the property.
- › Early exploration activity designed to yield information as to the possible existence and location of minerals of value must be clearly described as preliminary in nature. The following information must be included:
 - › A description of the type of survey or the sampling methods and spacing intervals;
 - › The party who undertook the program; and
 - › The relationship of such parties to the issuer.
- › Analytical results should be reported in a timely and responsible manner. In respect of high grade findings, the qualified person must provide disclosure as to the comparability of the results with past results or, if there are no past results, with expected results based on geology.
- › Visual estimates of quality or grade of mineralization should not be reported. Observations of mineralization from outcrop, trench or drill samples should be reported only when analytical results will not be readily available and the presence of the mineralization is deemed to be material by the qualified person responsible for the project. Such disclosures must not be misleading and it must be clear that the information cannot be interpreted with the same confidence as assay results.
- › Similarly, results of exploration for polymetallic property must not be reported in “metal equivalents” prior to disclosing resources or reserves, and then only in limited circumstances as set out in SAMCODE.
- › If the property is one of the issuer’s material properties, the issuer must disclose the following:
 - › Independent sampling or audit programs that have or will be undertaken including:
 - Who is undertaking the sampling or program;
 - Such parties qualifications;
 - › Data verification programs that have been undertaken, including:
 - Sampling methods, Location and number of samples; and
 - Comparisons with the company’s own results.
- › Recommended programs for further exploration should be described, including proposed methods, time frame and cost. The issuer should state whether it intends to carry out the program(s) and whether it has the funds available to do so.



“Botswana remains the best-rated country on the continent, drawing on strong economic fundamentals and good management of its abundant natural resources.”

KPMG and NKC Botswana Snapshot 2014
Quarter 1

Exploration results – Advanced results

- › Information released in respect of advanced results must include a description of the work undertaken and all relevant details as to the methods used and who conducted the program.
 - Location and number of samples; and
 - Comparisons with the company’s own results.
- › Disclosure should not be made selectively, users of the information must be given as complete a picture as possible as to the nature of the prospect.
 - » Information should be reported consistently throughout the life of the exploration program.
 - » Exploration results – Assay results
 - » The name and accreditation of the analytical laboratories which assayed the material sampled must be disclosed together with their relationship to the company, if any.
 - » Assay results must include disclosure of the analytical method/s used. If these are not standard procedures for the prospective minerals on the property, this should be disclosed in detail, including a discussion of the reasons for their use.
 - » Complete disclosure of check assay results is not required. It is, however, a requirement that the company disclose the nature of the check assay program and whether the results are confirmatory.
- › Grades reported should conform to industry best practices.
- › If the property is one of the issuer’s material properties, the issuer must disclose the following:
 - » Independent sampling or audit programs that have or will be undertaken including:
 - Who is undertaking the sampling or program;
 - Such parties qualifications;
 - » Data verification programs that have been undertaken, including:
 - Sampling methods,

Resources and Reserves - Definitions

- › The use of the terms “resources” and “reserves” must conform to the definitions contained in SAMCODE. These include the sub-categories of measured, indicated and inferred for resources, and proven and probable for reserves. The terms “in situ” resources or “geological” reserves must not be used in public disclosure.
- › If the location of the property is in another jurisdiction which has definitions of resources and reserves recognised by the BSE, such definitions may be used provided an exemption to SAMCODE, if necessary, has been obtained from the BSE and the definition used is identified.

Resources and Reserves – Use

- › All resource and reserve estimates disclosed must include the following details:
 - › The name of the qualified person who performed the calculation;
 - › Such persons relationship to the company; and
 - › Any independent verification of the data that has been performed.
- › Resources and reserves should be clearly distinguished.
- › Inferred resources must not be aggregated with measured and indicated resources nor with proven and probable reserves.
- › The key parameters of the analysis (such as operating and capital cost assumptions) must be provided when reserves are first reported.
- › All reported quantities of resources and reserves must be expressed in terms of tonnage and grade.
- › Polymetallic resources and reserves must not be expressed in terms of “metal equivalents” except in the limited circumstances as set out in SAMCODE and the CIM Standards on Mineral Resources and Reserves. The gross value or in situ value of resources and reserves should not be referred to.

Development

- › Properties which are at or near the development stage must be clearly identified. Current and planned production rates must be clearly distinguished. Operating capacities and production rates must be expressed in terms that are generally used in the mining industry and in a manner which is easily translated into gross revenues.
- › When the results of feasibility studies are disclosed, the purpose, scope and conclusion of the study must be specifically disclosed. The identity and qualifications of the firm or individuals that prepared the report must be provided as well as their relationship to the issuer.
- › Key parameters of the feasibility study must be disclosed.
- › Reports in respect of valuations of properties must include the following:
 - › The valuation method;
 - › All key assumptions;
 - › The purpose and scope of the valuation;
 - › The author/s of the valuation;
 - › The professional qualification/s of the author/s; and
 - › The author/s relationship with the issuer, if any.

Tenure and permitting

- › Upon acquisition of a material property, an issuer must disclose the basic tenets of the regulatory system of granting the rights for Exploration and exploitation of minerals in the jurisdiction where the property is located, including, a description of the permitting process, required environmental assessments and what progress has been made during the course of an exploration or development program.
- › Companies must disclose their proportionate ownership at successive stages of property development and any significant constraints or obligations including any adverse claims or disputes as to title or rights to the property.
- › Disclosure in respect of properties located in foreign jurisdictions must include any constraints on access to the property, including whether or not the company owns the surface rights to the property and what impact this may have on the company’s ability to explore and mine the property.

Production

- › Companies which publish their costs or anticipated cost of production, on a cost per unit basis, must clearly state what costs are included and what costs are excluded in the calculation. Listed entities are encouraged to use the reporting standards for gold mines published by the Gold Institute when relevant.
- › Production figures, including costs that are disclosed on the basis of equivalents of a particular mineral must include the amount of production of the secondary mineral and the value used for the conversion. Similar commodities must be used for such conversions.
- › A similar breakdown of by-product production should be provided when it is treated as a cost reduction rather than as additional revenue.
- › Companies which do not hold a 100% interest in the production from an operating mine must provide disclosure of their proportional interest in the operation.



Ghana

Mega Trends 2014 Quarter 2

Population

- › 25,758,108 (July 2014 est.); Age 15 - 64: 57.3%

Population growth rate (%)

- › 2.19% (2014 est.)

Life expectancy at birth

- › Total population: 65.75 years; male: 63.38 years; female: 68.19 years (2014 est.)

HIV/AIDS

- › Adult prevalence rate: 1.4%; People living with HIV/AIDS: 240,000 (2012 est.)

Adult literacy rate (age 15 and over can read and write)

- › Total population: 71.5%; male: 78.3%; female: 65.3% (2010)

Urbanisation

- › Urban population: 53.2% of total population (2013); Urban population growth: 3.3% (2013)

Population below national poverty line

- › 28.5% (2006 est.)

Unemployment rate

- › 3.6% (2012)

Employment (% of total)

- › Agriculture: 41.5%; Industry: 15.4%; Services: 43.1% (2010 est.)

Labour participation rate (% of total population ages 15+)

- › 69.2% (2012)

Business languages

- › English

Telephone & Internet users

- › Main lines in use: 270,422; Mobile cellular: 28.03 million; Internet users: 3.17 million (2013)

Sources: CIA World Factbook, World Bank, Trading Economics, UNESCO, ITU, UNAIDS, NKC Research





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01 | Overview of Ghana as a mining and oil and gas destination

Introduction to the GSE

The GSE was established in July 1989 as a private company limited by guarantee under the Ghana Act. In October 1990 the GSE became an authorised stock exchange in terms of the Stock Exchange Act of 1971 (Act 348). The GSE was officially launched on 11 January 1991 and became a public company limited by guarantee in April 1994. The GSE is a private sector initiative and is not funded by the Ghana Government.

The GSE currently operates two equity markets:

- › Official List of which there are currently two (2) classes, namely:
 - › First Official List; and
 - › Second Official List; and
- › Ghana Alternative Market which focusses on businesses with potential for growth.

Unless stated otherwise, an exchange rate of US\$1 = 3.0045 GH¢ on 30 June 2014 has been used throughout this section.

Introduction to mining in Ghana

Ghana is Africa's second largest gold producer and is also a major producer of bauxite, manganese and diamonds. There are also major occurrences of industrial minerals such as columbite-tantalum, limestone, clay, silica sand, kaolin, salt, etc. Currently, these industrial minerals are being exploited on a smaller and often artisanal scale. However, potential exist for the development of these minerals on a large scale.

"Ghana is Africa's second largest gold producer and is also a major producer of bauxite, manganese and diamonds."

KPMG

Introduction to the oil and gas industry in Ghana

The oil and gas industry in Ghana is made up of two (2) sub sectors, namely, the upstream and the downstream sub sector.

The petroleum upstream sub-sector consists of the following:

- › Activities which involve exploration, development and production of oil and gas from oil or gas fields;
- › Activities which consist of the transportation of oil and gas to the oil refinery or gas processing plant, referred to as midstream activities; and

- › Reduce the heavy burden of oil imports on Ghana's economy by accelerating the exploitation of local petroleum resources.

The petroleum downstream sub-sector aims to:

- › Rehabilitate and expand petroleum refining, storage, distribution and marketing infrastructure; and
- › Ensure fair distribution of petroleum products to all parts of the country.

Total market capitalisation of the GSE

The chart below sets out the total market capitalisation of the GSE as at 31 December 2010, 2011, 2012 (based on the annual financial data provided by the ASEA) and 2013 (based on the market capitalisation of GH¢61 158.29 million as at 31 December 2013 per the GSE converted to US\$ at the exchange rate on 31 December 2013 of US\$1 – 2.3525 GH¢):

Total market capitalisation of the GSE as at 31 December 2010, 2011, 2012 and 2013

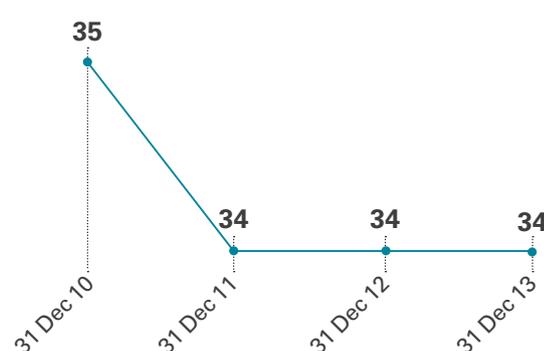


The total market capitalisation of the GSE has increased by approximately one hundred and fifteen point seven (115.7)% between 31 December 2010 and 31 December 2013. The US\$ exchange rate declined by seventy seven (77)% during this period.

According to the ASEA Yearbook 2014 the GSE attributes the increasing market capitalisation to increased investor awareness and good operating results by many of the issuers listed on the GSE.

The chart below sets out the total number of issuers on the GSE as at 31 December 2010, 2011, 2012 and 2013 (based on the annual financial data provided by the ASEA):

Total number of issuers on the GSE as at 31 December 2010, 2011, 2012 and 2013



Mega African Capital Limited, the first IPO on the GSE in seven (7) years listed in April 2014. The IPO raised approximately US\$ two million (2.0 million) and was fully subscribed.

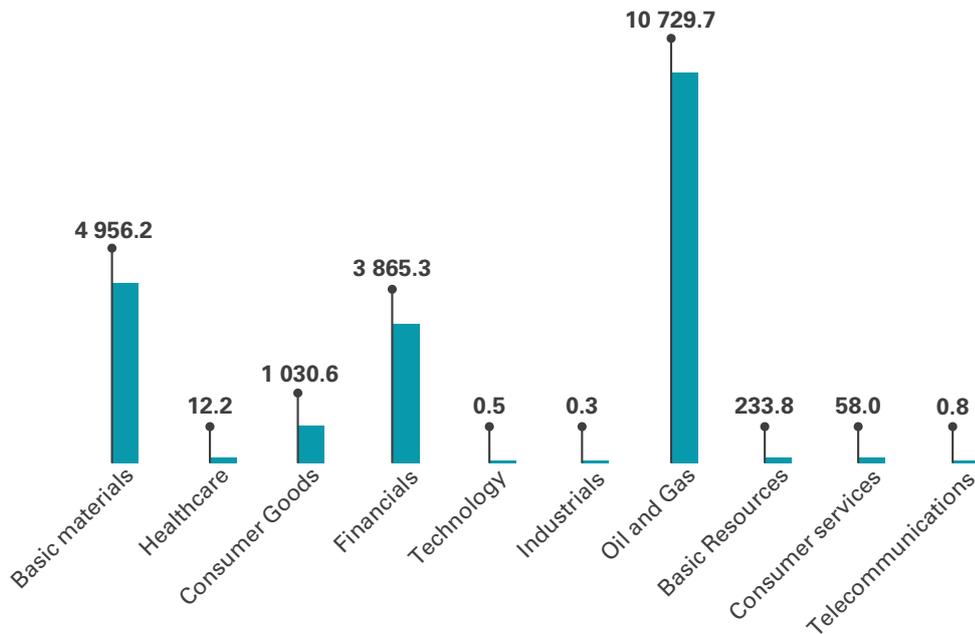
Equity market capitalisation of the GSE

At the date of this publication, there were thirty four (34) equity issuers listed on the GSE. The equity market capitalisation of the GSE at the date of this publication amounted to approximately US\$ twenty thousand eight hundred and eight seven point three million (US\$20 887.3 million) (GH¢ sixty three thousand seven hundred and fifty six point eight million (GH¢63 756.8 million)), of which US\$ eight thousand eight hundred and fifty point seven million (US\$8 850.7 million) related to domestic equity listed on the GSE and US\$ twelve thousand and thirty six point six million (US\$12 036.6 million) related to foreign equity listed on the GSE. There are three (3) equity

issuers on the GSE with equity market capitalisations of over US\$ one billion (US\$1.0 billion), namely, AngloGold Ashanti Limited, in the basic materials industry, with an equity market capitalisation of US\$ four point nine billion (US\$4.9) billion, Ecobank Transnational International, in the financial industry, with an equity market capitalisation of US\$ one point four billion (US\$1.4 billion) and Tullow Oil Plc, in the oil and gas industry, with an equity market capitalisation of US\$ ten point four billion (US\$10.4 billion).

The equity market capitalisation of the GSE by Industry, in US\$ millions, is set out below:

Equity Market Capitalisation of the GSE by industry (in US\$ millions)

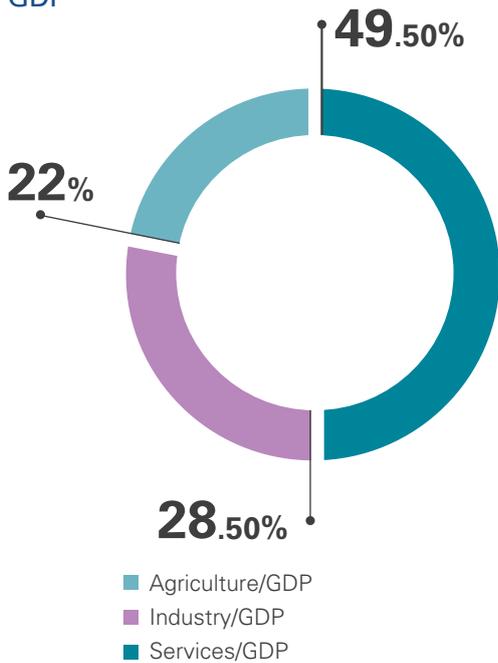


“The investment climate in Ghana is good, appropriate laws are in place, the communities are not hostile as long as the company respects the culture and traditions of the people.”

Fraser Institute Survey of Mining Companies 2013

Set out below is the economic structure as a percentage of GDP (2013 estimate) based on research by NKC Independent Economists:

Economic structure as a percentage of GDP



Services comprises of the following industry sectors: healthcare, consumer goods, financials, technology, consumer services and telecommunications.

Industry comprises of the following industry sectors: basic materials, industrials, oil and gas and basic resources.

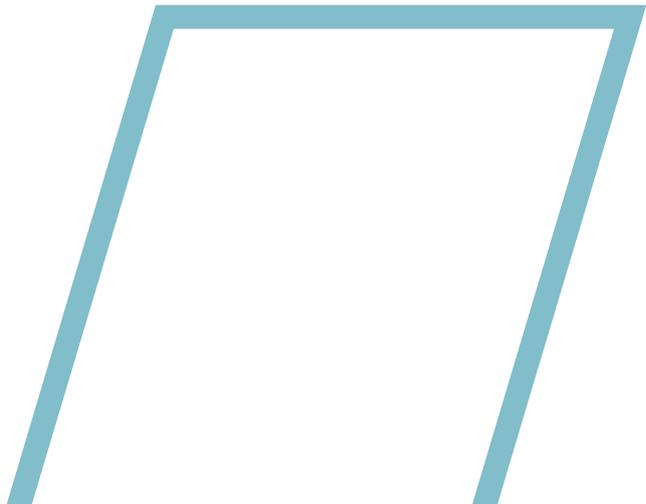
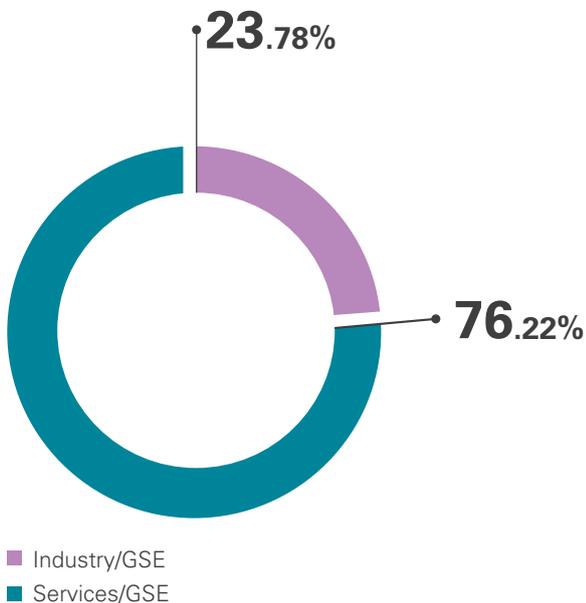
There are no forestry, tobacco or farming, fish and plantations issuers listed on the GSE.

As illustrated by the diagrams above, the GSE industry sectors as a percentage of the total equity market capitalisation do not correlate to the economic structure of Ghana as a percentage of GDP. While agriculture contributes approximately twenty two (22)% to the GDP, there are no equity issuers on the GSE that are in the agricultural industry sector. Industry contributes approximately twenty eight point five (28.5)% to the economic structure as a percentage of GDP compared to the significant seventy six point two (76.2)% contribution by the industry sector issuers to the total equity market capitalisation of the GSE. The services sector, which contributes forty nine point five (49.5)% to the GDP, constitutes only twenty three point eight (23.8)% of the industry sector composition of the GSE.

The misalliance between the major contributors to the GDP and the sector composition of the GSE has the result that foreign investors seeking to invest in certain significant sectors of the Ghana economy, such as agriculture, cannot do so through investing in the GSE.

Set out below are the GSE industry sectors as a percentage of the total equity market capitalisation grouped in the same categories as the economic structure as a percentage of GDP:

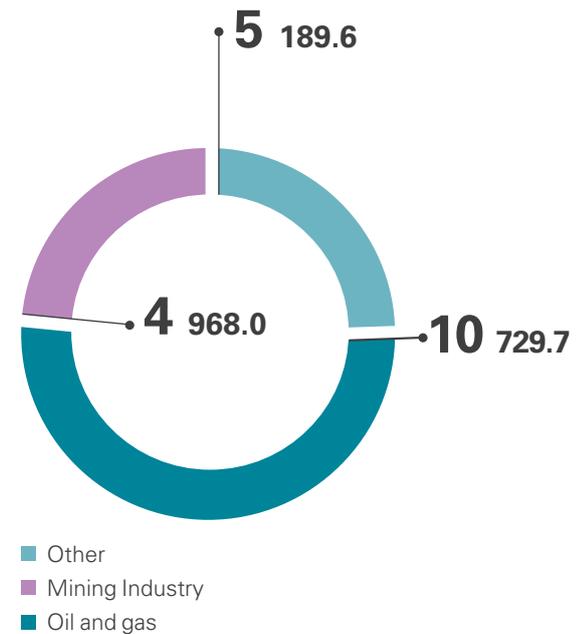
GSE industry sectors as a percentage of the total equity market capitalisation



Equity market capitalisation of the Mining Sector of the GSE

Of the total equity market capitalisation of the GSE amounting to approximately US\$ twenty thousand eight hundred and eighty seven point three million (US\$20 887.3 million) (GH¢ sixty two thousand seven hundred and fifty five point eight million (GH¢ 62 755.8 million)), US\$ fifteen thousand nine hundred and nineteen point three million (US\$15 919.3 million), in respect of seven (7) equity issuers, relates to the Mining Sector. Of the seven (7) Mining Sector issuers listed on the GSE, three (3) are foreign companies that are listed on the Official Market and the other four (4) are domestic companies listed on the Official Market. Three (3) of the Mining Sector issuers, with an equity market capitalisation of US\$ five thousand one hundred and eight nine point six million (US\$5 189.6 million) are mining companies and the other four (4), with an equity market capitalisation of US\$ ten thousand seven hundred and twenty nine point seven million (US\$10 729.7 million), are oil and gas companies. A diagrammatic overview of the split of the equity market capitalisation of the GSE between the Mining Sector (split between mining and oil and gas) and the other sectors is set out right:

Equity market capitalisation attributable to each of the mining and oil and gas sectors and the other sectors (combined) (in US\$ millions)

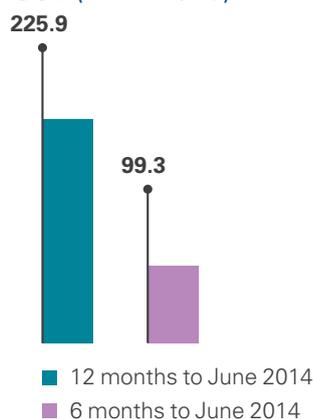


Tullow Oil Plc is has the largest equity market capitalisation of all of the issuers listed on the GSE. Tullow Oil Plc has a primary listing on the LSE and secondary listings on the GSE, the NYSE Euronext and the Over the Counter Bulletin Board. The mining company with the largest equity market capitalisation is AngloGold Ashanti Limited.

Volumes of equity shares traded

The volumes of the equity shares traded on the GSE for the twelve (12) months to 31 July 2014 and for the six (6) months to 31 July 2014 are set out below:

Volume of equity shares traded on the GSE (in millions)



During the twelve (12) months to 30 June 2014, two hundred and twenty five point nine million (225.9 million) shares traded on the GSE out of a total of twenty four million six hundred and sixty seven point zero million (24 667.0 million) issued shares (approximately zero point nine (0.9)% of the cumulative issued shares on 30 June 2014).

During the six (6) months to 30 June 2014, ninety nine point three million (99.3 million) shares traded on the GSE out of a total of twenty four million six hundred and sixty seven point zero million (24 667.0 million) issued shares (approximately zero point four (0.4)% of the cumulative issued shares on 30 June 2014).

Trading equity statistics for the GSE for the years ended **31 December 2013, 2012, 2011 and 2010**

Indicators	2013	2012	2011	2010
Total value traded US\$	211 176 236	54 360 000	269 010 000	102 920 000
Total volume traded	313 024 312	218 000 000	252 870 000	224 770 000
Total number of transactions	34 152	24 289	31 671	30 709
Number of traded companies	34	34	34	34

The split of foreign versus local investors of the total value traded on the GSE for the year ended 31 December 2013, as extracted from the ASEA Yearbook 2014, is forty nine point seven (49.7)% foreign investors and fifty point three (50.3)% local investors.

Attractiveness as a foreign listing destination

The principle advantages of listing on the GSE are as follows:

- › Ghana has a stable, multi-party government;
- › Ghana has demonstrated commitment to market liberalisation;
- › There are on-going privatisations in key economic sectors in Ghana;
- › The official language of Ghana is English;
- › The GSE is one of the best performing stock markets in Sub-Saharan Africa;
- › In terms of the Foreign Exchange Act, 2006 (Act 723) non-resident investors can invest in the GSE with no limits or prior exchange control approval;
- › The original capital investment plus all capital gains and related earnings can be unconditionally repatriated;
- › All investors, resident and non-resident, are subject to an eight (8)% withholding tax on dividend income. Capital gains on listed securities are, however, exempt from tax;
- › Foreign and local investors may benefit from a number of investment incentives that promote new enterprises and support existing ones in Ghana, including tax holidays, tax rebates and exemptions and capital allowances. Investors who operate under the Ghana Free Zones Act enjoy a range of additional incentives for investing in Ghana; and
- › Ghana ranked as the 3rd most attractive country for investment in Africa in terms of the RMB Global Markets Research Where to Invest in Africa Report 2014/2015. The RMB Global Markets Research Where to Invest in Africa Report 2014/2015 assigns investment attractiveness scores to each country in the survey through a multiplicative combination of market size (GDP), economic growth (GDP growth forecasts over the next five (5) years) and an operating environment index.

Attractiveness as a mining destination

The World Investment Report, 2014 stated that Ghana received US\$ three thousand two hundred and twenty six million (US\$3 226.0 million) of FDI during 2013, a decrease of approximately two (2)% from the prior year. The value of cross-border net sales merger and acquisition transactions involving Ghana companies amounted to US\$ fifteen million (US\$15.0 million).

The value of world as source funded Greenfield Investment FDI projects in Ghana in 2013 was US\$ two thousand seven hundred and eighty million (US\$2 780.0 million).

World Bank Ease of Doing Business Index

Ghana was ranked 70th (67th – 2013) out of one hundred and eighty nine (189) countries in the World Bank ease of doing business index as at June 2014. The 1st ranked country (with the lowest scores for each of the ten (10) topics) in the World Bank Ease of Doing Business Index is deemed to have the regulatory environment that is the most conducive, and the 189th ranked country (with the highest scores for each of the ten (10) topics) is deemed to have the regulatory environment that is the least conducive, to the starting and operation of a local firm in that country.

Ghana experienced a downward movement of three (3) places in its ranking in the Ease of Doing Business Index in 2014 due to Ghana's significantly higher scores in the areas of paying taxes, trading across borders, enforcing contracts and resolving insolvency. Ghana's lowest scores were attained in the areas of dealing with getting credit, registering property and protecting minority investors. Ghana achieved lower scores, in comparison with its 2013 scores, in the areas of starting a business, dealing with construction permits, getting electricity and registering property.

Frazer Institute Survey of Mining Companies 2013's Policy Perception Index

Ghana ranked 43rd out of one hundred and twelve (112) jurisdictions, the 3rd highest in Africa, in the Frazer Institute Survey of Mining Companies 2013's

Policy Perception Index. The Policy Perception Index measures the overall policy attractiveness of a jurisdiction.

Ghana's scores in respect of the various policy factors considered in the Policy Perception Index were as follows:

	Encourages investment	Not a deterrent to investment	Mild deterrent	Strong deterrent	Would not pursue investment due to this factor
Mineral potential, assuming current regulation/land use restrictions	20%	51%	29%	0%	0%
Mineral potential, assuming policies based on "best practice"	49%	37%	15%	0%	0%
Uncertainty concerning the administration, interpretation and enforcement of existing regulations	23%	49%	28%	0%	0%
Uncertainty concerning environmental regulations	24%	54%	20%	2%	0%
Regulatory duplication and inconsistencies	13%	60%	25%	2%	0%
Legal system (legal processes that are fair, transparent, non-corrupt, timely and efficiently administered)	13%	40%	44%	2%	2%
Taxation regime (including personal, corporate, payroll, capital and other taxes and complexity of tax compliance)	11%	57%	25%	7%	0%
Uncertainty concerning disputed land claims	11%	58%	24%	7%	0%
Uncertainty over which areas will be protected as wilderness, parks or archaeological sites	9%	69%	20%	2%	0%
Quality of infrastructure (includes access to roads and power availability)	9%	44%	38%	9%	0%
Socioeconomic agreements/ community development conditions	10%	46%	32%	12%	0%
Trade barriers – tariff and non-tariff barriers, restrictions on profit repatriation, currency restrictions, etc.	13%	55%	30%	3%	0%
Political stability	14%	55%	24%	7%	0%

	Encourages investment	Not a deterrent to investment	Mild deterrent	Strong deterrent	Would not pursue investment due to this factor
Labour regulations, employment agreements and labour militancy/work disruptions	10%	58%	33%	0%	0%
Quality of geological database (includes quality and scale of maps, ease of access to information, etc.)	10%	46%	37%	7%	0%
Security situation (includes physical security due to the threat of attack by terrorists, criminals, guerrilla groups, etc.)	20%	49%	27%	5%	0%
Availability of labour and skills	25%	35%	35%	5%	0%

Ghana's lowest ratings were in the areas of its legal system, socioeconomic agreements/community development conditions, quality of infrastructure, uncertainty concerning disputed land claims, quality of geological database and political stability.

ResourceStocks world risk survey

Ghana came 17th place in the 2013 ResourceStocks Magazine world risk survey which covers the following areas: financial risk, sovereign risk, land access, green tape, land claims, red tape, social

risk, infrastructure, civil unrest, natural disasters and labour relations.

Ghana's highest perceived risk areas are red tape, land access, sovereign risk and financial risk.

Corruption Perceptions Index

According to the 2014 Corruption Perceptions Index prepared by Transparency International, Ghana ranks 61st (together with Croatia) out of one hundred and seventy five (175) jurisdictions. Ghana's score was 48/100 (where 0 is very corrupt and 100 very clean).

Ghana ranked 63rd (together with Cuba and Saudi Arabia) out of one hundred and seventy seven (177) jurisdictions in the 2013 Corruption Perceptions Index with a score of 46/100.

Credit rating

Ghana currently has a B credit rating from Standard and Poor and a B credit rating from Fitch which puts Ghana in the highly speculative grade category.

RisCura 2014 Bright Africa Report: A guide to equity investing on the continent

The RisCura 2014 Bright Africa Report rates each stock exchange in terms of the completeness of data, number of companies listed, value traded, World Federation of Exchanges membership, regulation, financing through the stock exchange, openness to foreign ownership, ease of capital inflows/outflows and efficiency of the operation framework. The quality of the GSE is rated as an F (where A is the highest quality and G is the lowest).

The Explicit Costs of "round trip" trading (buying and then selling) on the GSE was measured at approximately three (3.0)% with the JSE being the lowest at approximately zero point eight (0.8)% and Zimbabwe being the highest at approximately three point one (3.1)% of value traded.



Listing authority

The GSE Listing Rules are created by the GSE pursuant to its regulations and with the approval of the Ghana SEC in accordance with its powers under the Securities Industry Law (PNDCL 333), 1993, as amended.

The functions of the Ghana SEC include the following:

- › Maintaining surveillance over the securities business to ensure orderly, fair and equitable dealings in securities;
- › Registering, licensing, authorising a stock exchange, investment advisors, securities dealers, etc.; and
- › Protecting the integrity of the securities market against any abuse arising from the practice of insider trading.

The GSE Listing Rules prescribe the requirements for obtaining and maintaining a listing of securities on the GSE, including the following:

- › The requirements to be met before securities are granted a listing on the GSE;
- › The continuing obligations which an issuer must comply with subsequent to a listing being granted on the GSE; and
- › The powers of the GSE with regards to the suspension and/or cancellation of a listing or the censure of an issuer of a listed security.

The GSE Listing Rules are not considered to be exhaustive and the GSE may impose additional requirements or special considerations if it deems this to be appropriate. The GSE may also waive or modify the GSE Listing Rules to suit the circumstances of a particular situation.

The GSE retains the discretion to accept or reject an application for listing, having particular regard to the general principles set out in the GSE Listing Rules.

Mining authority

Companies listed in the Mining Sector of the GSE must comply with the GSE Listing Rules.

The Ministry of Mines and Energy has overall responsibility for the mining industry as well as the oil and gas industry.

The Minerals Commission, a Ghana Government agency established under Article 269 of the 1992 Constitution and the Minerals Commission Act (Act 450), 1993, is the main promotional and regulatory body for the Mining Sector in Ghana.

The Minerals Commission regulates and manages the utilisation of Mineral Resources in Ghana, coordinates and implements policies relating to mining and ensures compliance with Ghana's mining and mineral laws and regulation through effective monitoring.

In terms of the Mining and Minerals Law (PNDC Law 153), 1986, all minerals in Ghana are vested in the president for and on behalf of and in trust for the people of Ghana. The Ghana Government owns ten (10)% free carried interest in all mining companies in Ghana.

“Countries at the bottom [of the Corruption Perceptions Index] need to adopt radical anti-corruption measures in favour of their people. Countries at the top of the index should make sure that they don't export corrupt practices to underdeveloped countries.”

Jose Ugaz, Chair, Transparency International

Types of mining licences

The Minerals Commission processes all applications for mineral rights in Ghana and recommends their grant or otherwise to the Minister. Several types of mining and prospecting licences exist, as follows:

- › A reconnaissance license is granted for up to twelve (12) months and may be renewed only once for a period not exceeding twelve (12) months upon application by the holder. The size of the area over which a reconnaissance license may be granted is limited to five thousand (5 000) contiguous blocks or one thousand and fifty (1 050) km². A reconnaissance license confers on the holder the right to search for a specific mineral or commodity within the licensed area by geochemical and photo geological surveys or other remote sensing techniques.
- › A prospecting license is granted for a maximum period of three (3) years over a maximum area of seven hundred and fifty (750) contiguous blocks or one hundred and fifty seven point five (157.5) km² and may be renewed, in respect of an area of one hundred and twenty five (125) contiguous blocks or twenty six point three (26.3) km², for a maximum of two (2) terms or for further periods of up to three (3) years each. The holder of a prospecting license has the exclusive right to search for specific minerals or commodities by conducting geological, geophysical and geochemical investigations to determine the extent and economic value of any deposit within the licensed area. Drilling, excavation or other sub-surface techniques are permitted under the prospecting license.
- › A mining lease is issued for up to thirty (30) years and is subject to renewal for a further thirty (30) year term. A mining lease is issued in respect of an area of three hundred (300) contiguous blocks or sixty three (63) km² for a single grant. A mining lease gives the holder the right to mine, win or extract specified minerals or commodities within the lease area.
- › A restricted license or lease for industrial minerals right governs the exploration and exploitation of industrial minerals and building materials. A restricted license may be granted in the same way as for other minerals in the form of a restricted reconnaissance license, a restricted prospecting license (for the same periods as for other minerals) or a restricted mining lease which is normally granted for a period not exceeding fifteen (15) years, renewable for a further fifteen (15) years.
- › A small scale mining license is granted to a person, a group of persons, a co-operative society or a company for a maximum period of five (5) years and may be renewed on expiry for a further period as determined by the Minister. A small scale mining license is granted for a maximum area of twenty five (25) acres (ten (10) hectares) and gives the holder the right to win, mine or produce minerals such as gold, diamonds, salt, kaolin, silica, sand, brown clay, rock aggregates and crushed rocks by an effective and efficient method which must observe good mining practices, health and safety rules and pay due regard to the protection of the environment during mining operations.

Oil and gas authority

Upstream oil and gas industry

The upstream oil and gas industry in Ghana is currently regulated by five (5) basic laws as follows:

- › The Petroleum (Exploration and Production) Act 1984 (PNDC Law 84);
- › The Ghana National Petroleum Corporation Act, 1983 (PNDC Law 64);
- › The Petroleum Income Tax Act, 1987 (PNDC Law 188);
- › The Petroleum Commission Act, 2011 (Act 821); and
- › The Petroleum Revenue Management Act, 2011 (Act 815).

The Petroleum (Exploration and Production) Act 1984 (PNDC Law 84) vests ownership for all petroleum resources in the Ghana Government and provides for the management of the exploration, development and production of oil and gas.

The state oil company, Ghana National Petroleum Corporation, was established in terms of the Ghana National Petroleum Corporation Act, 1983 (PNDC

Law 64) and is responsible for procurement, storage and bulk distribution of petroleum products to the oil marketing companies.

The Ghana National Petroleum Corporation is also authorised to enter into associations, by means of petroleum agreements, with contractors for the purpose of exploration, development and production of petroleum. Such petroleum agreements are for thirty (30) years, subject to renewal.

The Ghana National Petroleum Corporation also manages the ten (10)% carried interest held by the Ghana Government in the production of oil and gas in Ghana.

The Petroleum Commission was established in terms of the Petroleum Commission Act, 2011 (Act 821) and has the responsibility of regulating the health, safety and environmental standards in the upstream oil industry. The Petroleum Commission is also responsible for issuing licenses for petroleum activities and promoting the local content policy of the Ghana Government in the upstream oil industry.

Downstream oil and gas industry

The National Petroleum Authority is the statutory agency responsible for regulating, overseeing and monitoring the petroleum downstream industry in Ghana.

The National Petroleum Authority's primary functions are as follows:

- › Monitor and regulate the petroleum price in accordance with the prescribed pricing formula;

Types of petroleum licences

All upstream petroleum companies who intend to operate in Ghana are required to register with the Petroleum Commission and be issued with a permit (renewable annually) before commencement of operations.

Downstream petroleum companies who operate in Ghana need to obtain a license or permit to operate from the National Petroleum Authority. The main licenses are set out below:

- › NPA.N.009 Bulk Distributing Company License authorises a company to do business as a bulk distributor of refined petroleum products. In order to obtain a bulk distribution license the applicant company needs to provide the National Petroleum Authority with the following:
 - › A detailed business plan;
 - › A corporate environmental policy culminating in the grant and issue of an environmental permit by the Environmental Protection Agency;
 - › Proof that the applicant has a minimum equity capital of US\$ ten million (US\$10.0 million) (GH¢ thirty million (GH¢30.0 million));
 - › A minimum trade facility equivalent to US\$ sixty four point four million (US\$64.4 million) (GH¢ one hundred and ninety three point five million (GH¢193.5 million));
 - › A minimum of forty thousand (40 000) m³ of storage facilities; and
 - › Evidence of local partnership, namely, at least fifty (50)% of the shares to be held by Ghanaian citizens.
- › NPA.N.002B Liquefied Petroleum Gas (LPG) Marketing Company License which requires the applicant to meet the following requirements:
 - › A comprehensive five (5) year detailed business plan;
 - › A corporate environmental policy culminating in the grant and issue of an environmental permit by the Environmental Protection Agency;
 - › Evidence of at least seven (7) liquefied petroleum gas filling plants showing proof of ownership or lease / sales agreements for a minimum of five (5) years;
 - › Written evidence from reputable bank / s licensed by the Bank of Ghana indicating that it / they will provide funding of not less than US\$ six hundred and sixty five thousand six hundred and sixty eight point two (US\$665 668.2) (GH¢ two million (GH¢2.0 million)); and
- › Grant licenses to service providers and marketing companies; and
- › Protect consumers' interests and maintain the highest standards of petroleum products offered to them.
- › Evidence of local participation, namely, at least fifty (50)% of its shares to be held by Ghanaian citizens.
- › NPA.N.009B Bulk Liquefied Petroleum Gas Distributing Company License which has the following application requirements:
 - › A detailed business plan;
 - › A corporate environmental policy culminating in the grant and issue of an environmental permit by the Environmental Protection Agency;
 - › A minimum of six thousand (6 000) m³ of storage facilities;
 - › The depot must be located within a seven (7) km radius from the Oil Jetty;
 - › Modern automated loading gantries/racks with options for both bottom and top loading;
 - › Installation of the front-end of the Ghana Customs Network in the offices of the respective applicant and subsequent declaration of all petroleum imports and exports to customs through the Ghana Customs Management System / Ghana Customs Network prior to the delivery of their cargoes; and
 - › Proof of the following:
 - Title to land;
 - Permits from the relevant regulatory agencies; and
 - Evidence of local partnership, namely, at least fifty (50)% of its shares to be held by Ghanaian citizens.
- › NPA.N.019 Bulk Consumers Marketing License which has the following application requirements:
 - › A detailed business plan;
 - › A corporate environmental policy culminating in the grant and issue of an environmental permit by the Environmental Protection Agency;
 - › Evidence of an agreement / memorandum of understanding between the company and the bulk consumer/s to supply a minimum of one million (1.0 million) litres per month of white products specifying the areas/regions of operation;

- » Evidence of an agreement / memorandum of understanding between the company and an existing oil marketing company for the supply of petroleum products;
- » Evidence of a minimum sum total storage depot with a capacity of one hundred and twenty thousand (120 000) litres distributed in a least four (4) different geographical areas of operation. Each licensed storage depot should have a minimum capacity of twenty seven thousand (27 000) litres.; and
- » Evidence of National Petroleum Authority approved bulk road vehicles to be used in distributing the products.

Fiscal regime

Summary of the fiscal regime for mining in Botswana	
Mineral royalty rates	› Royalties of five (5)% are payable on gold.
Corporate tax rates	› The corporate tax rate for mineral companies is thirty five (35)%. › The corporate tax rate for general companies is twenty five (25)%.
Deductions – capital expenditure	› The rate of tax amortisation for mining assets (including mineral rights) is twenty (20)% for five (5) years.
Withholding tax	› Dividends – eight (8)%; › Interest – eight (8)%; › Royalties natural resources payment fifteen – (15)%; and › Services fees – fifteen (15)%.
Forward carry of losses	› Mining companies can carry forward losses for a period of five (5) years.
Capital gains tax	› Fifteen (15)%.
VAT	› The standard rate is fifteen (15)% and there is a National Health Insurance Levy of about two point five (2.5)%.
Additional profit tax	› A ten (10)% windfall tax on mining companies is still being debated.

In terms of the Petroleum Income Tax Act, 1987 (PNDC Law 188), the chargeable income of any company carrying on petroleum operations is calculated by deducting all outgoings and expenses wholly, exclusively and necessarily incurred for the purpose of petroleum operations including rentals and royalties.

The standard income tax rate for companies engaged in petroleum operations is fifty (50)%, unless the petroleum agreement provides otherwise. The result is that the actual tax rate to be paid is subject to negotiation.

General principles of the GSE

The GSE Listings Rules aim to achieve a balance between providing issuers with timeous access to the market and ensuring that applicant issuers and existing issuers provide investors with adequate, accurate and timeous information in order for them to make informed decisions regarding the value and merits of listed securities.

In particular, it is intended that investors have, and can maintain, confidence in the market and that:

- › Only appropriate securities are listed;
- › The issue and marketing of securities is conducted in a fair, open and orderly manner;
- › Potential investors are provided with adequate information to make an informed decision about the applicant issuer and the securities for which listing is sought;
- › Material price sensitive information is immediately disclosed to the market;
- › All holders of listed securities are treated fairly and equally; and
- › Directors of issuers act in the best interest of all of their security holders, in particular, minority shareholders or holders of non-voting securities.

02 | Principal listings requirements and procedures

The information presented below relates to the First Official List of the GSE.

The First Official List has one (1) set of GSE Listing Rules that applies to both foreign and domestic and primary and secondary listings.

Admission to the Official List

Listings are granted subject to compliance with the GSE Listings Rules and applicant issuers and their directors must comply with the GSE Listings Rules.

An issuer, if it is not the Ghana Government, shall be:

- › A public limited liability company duly incorporated under the Ghana Act;
- › A closed-end unit trust scheme, a mutual fund scheme or other pooled funds scheme duly constituted under any law of Ghana; or

- › Any metropolitan or municipal authority, District Assembly or any other authority established or recognised under any other statutory law in Ghana.

The GSE Listing Rules are currently applicable, with the necessary modifications, to the admission of all of the above mentioned securities.

Criteria for listing

Market capitalisation

An applicant issuer must have post-floatation stated capital of at least US\$310 097 (GH¢1.0 million).

Period of existence and profitability

- › In order to be eligible to list on the First Official List, an applicant issuer must have published or filed accounts in accordance with the Ghana Act for the three (3) full financial years immediately preceding the date of its application for listing.
- › The applicant issuer must have made reasonable pre-tax profits throughout the three (3) financial years. For the purposes of this rule, pre-tax profit shall not include non-recurring and extraordinary income, nor shall it be reduced by non-recurring or extraordinary loss.
- › In determining the reasonable profit for application for the First Official List, the GSE shall take into consideration a positive pre-tax profit in aggregate when the results of the three (3) years are added.
- › The applicant issuer must show adequate financial strength as determined by the application of various financial ratios by the GSE from time to time.

Directors and management

There must have been continuity in the management of an applicant issuer to the Official List and where there have been changes to the management of the applicant issuer during the previous twelve (12) months, satisfactory evidence must be provided that the management as a whole possesses the requisite expertise.

The character and integrity of the directors and management of the company shall be taken into account by the GSE Council in assessing the application for admission to listing.

At least fifty (50)% of the board shall be composed of non-executive and at least two (2) or approximately twenty five (25)% of the total shall be independent.

Shareholder spread

The public float of the applicant issuer must constitute twenty five (25)% of the number of issued shares. The GSE will consider a request to waive this percentage in circumstances when the post flotation stated capital of the applicant issuer is US\$ twenty four point nine million (US\$24.9 million) (GH¢ seventy five million (GH¢75.0 million)) or more and is accompanied by an undertaking to rectify the percentage to the required level within three (3) years.

The spread of shareholders existing at the close of the offer or at the time of listing shall be as the GSE considers adequate, bearing in mind the class of securities.

The GSE may prescribe the minimum number of public shareholders for listed companies and may base the minimum number on the size of the capital of particular companies. The minimum number of public shareholders will otherwise be one hundred (100).

Submission of supporting documents

An applicant issuer applying for admission to either the First Official List or the Second Official List, whether through an offer for subscription, offer for sale or an introduction, shall submit to the GSE a listing application with supporting documents which includes a copy of the Ghana Prospectus which is being forwarded to the Ghana SEC.

A Ghana Prospectus issued by an applicant issuer seeking a listing on the GSE must include the following statements:

- › That the applicant issuer has applied to the GSE for a listing of its securities and that acceptances of the offer are conditional upon the listing being granted by the GSE;
- › Any monies paid in respect of any application will be returned if the listing is not approved; and
- › The GSE is not responsible for the correctness of any statements made or opinions or reports expressed in the Ghana Prospectus.

The listing of an applicant issuer who's GSE Prospectus has been reviewed by the Ghana SEC is not guaranteed by the GSE. The GSE will base its decision on its own assessment of the documents it receives.

An applicant issuer who is listing by introduction shall file a GSE Prospectus, or a statement in lieu of a GSE Prospectus, with the Ghana SEC for its review and shall publish the GSE Prospectus after the Ghana SEC review.

Trading and transferability

All securities for which listing is sought must be freely transferable and subject only to restrictions imposed by the general laws of the country.

Except in exception circumstances, the GSE will refuse a listing of partly paid shares.

An applicant issuer must deliver to the GSE an undertaking by its appointed share registrars to abide by the rules for settlement and transfer of securities.

The GSE must consent to the appointment of the share registrars by issuers and applicant issuers.

Share registrars must ensure timeous and efficient delivery of securities registration services in line with its agreements with the applicant issuer/issuer.

GSE Prospectus

A company applying for a listing on the GSE in conjunction with an offer for subscription, offer for sale and a placing must issue a GSE Prospectus which must comply with the requirements of the Ghana Act and the GSE Listing Rules.

Sponsors and authorised representatives

An applicant issuer must appoint a GSE LDM of the GSE to sponsor its application. In circumstances where the GSE LDM is affiliated to the applicant issuer, a 2nd, independent GSE LDM must be appointed to co-sponsor the application.

The GSE LDM shall:

- › Ensure that all information which should be brought to the attention of the GSE Council is provided;
- › File all the documents needed to support the listing application with the GSE;
- › Satisfy itself, on the basis of available information, that the applicant issuer is suitable for listing;

› Examine the composition of the board of directors of the applicant issuer and determine whether it has the necessary range of skills and experience for the efficient functioning of the board and, in particular, whether the board:

- » Can be relied on to prepare and publish all necessary information for an informed market in the issuer's securities;
- » Appreciate the nature of the responsibilities they will be undertaking as directors of a listed company; and
- » Can be relied on to honour their obligations both in relation to shareholders and to creditors.

Listing rules for external companies

An IPO of foreign capital market instruments, a public offer of foreign capital market instruments by their holders, a public offer of depository receipts and a private placement of foreign capital instruments and depository receipts are regulated by the GSE Listing Rules for external companies and the GSE SEC if Ghana is participating in the offer.

The GSE will generally not list the securities of an external company which are not listed either in its country of incorporation or in the country in which the majority of its shares are held.

An external company listed on the GSE must comply with all the GSE Listing Rules unless it has been

expressly exempt by the GSE, with the Ghana SEC's prior approval, or unless compliance will be contrary to the law in the country of incorporation or the rules of any other exchange on which the securities are listed.

A request for an exemption from compliance with the GSE Listing Rules on the grounds that compliance would result in a breach of the law in the country of incorporation or other exchange on which the applicant issuer is listed, such request for exemption must be supported by a legal opinion from a competent legal professional explaining why compliance will be contrary to the law.

Exchange control approval

The securities of an applicant external company shall not be admitted to the First Official List if the admission will be in contravention of existing exchange control laws.

Compliance with the Ghana Act

An external company which is listed on, or is seeking a listing on the GSE, shall comply with all relevant rules applicable to companies generally and with Chapter V of the Ghana Act, relating to external companies, as modified by the GSE Listing Rules.

An external company must furnish the GSE with copies of all of the documents required in terms of Chapter V of the Ghana Act and the GSE Listing Rules.

An external company must keep a branch register of shareholders in Ghana and must appoint a registration officer in Ghana which must be approved by the GSE.

Issuers with a primary or initial listing on the GSE shall have their main register in Ghana and the registration officer in Ghana will have the power to dis-allow any transfers originating from the branch register if the proper procedures have not been complied with.

An external company with a share registration officer and branch or full register in Ghana will be deemed to have an established place of business in Ghana.

An external corporate body or organisation which is not a "company" in terms of the Ghana Act, may issue listed securities on the GSE provided adequate shareholder protections have been put in place and the relevant regulatory approvals obtained.

Language

Communications by an external company required in terms of the GSE Listing Rules must be in English.

Equivalent disclosure

Disclosures or notifications by an external company with a primary listing on another stock exchange must be made to the GSE at the same time as they are made to the stock exchange where the company has its primary listing.

If a circular is issued to the holders of any particular class of securities, a copy or summary of that circular

must be issued to the holders of all other listed securities, unless the contents of such circular are irrelevant to them.

An external company may use airmail or any other faster means of sending documents to security holders residing in Ghana where such information is being sent from outside Ghana.

Application and documentation

An external company shall, unless expressly exempted by the GSE with the approval of the Ghana SEC, comply with all the listings and documentation requirements set out in the GSE Listing Rules.

An external company which is listed on, or seeking a secondary listing on, the GSE shall:

- › Comply with the requirements of any foreign stock exchange on which its securities are listed and the competent authority, or equivalent regulatory body, which regulates it; and
- › In the case of a new applicant, submit a letter to the GSE from the foreign stock exchange

and regulatory authority / body, confirming that it is in compliance with the their requirements and stating the number and current price of its securities currently listed on any foreign stock exchange.

In cases of simultaneous listings, or when the external company is listed on another stock exchange (and the listing took place within twelve (12) months of the application to the GSE), the GSE may, on application by the external company, accept documents required by the foreign stock exchange subject to the GSE requesting any additional or explanatory documents is considers necessary and approval of same by the Ghana SEC.

Constitutional Documents

The Constitutional Documents of an external company do not usually require amendment by the GSE unless changes are considered necessary by the GSE for the protection of investors. Amendments to an external companies Constitutional Documents require the prior written approval of the GSE.

An external company must, on request, provide copies of its Constitutional Documents to its security holders free of charge.

Capital and spread of shares

The GSE Listing Rules relating to the stated capital of listed companies and minimum issued shares to the public shall not apply to external companies.

An external company applying for a listing on the GSE must have a minimum stated capital of the equivalent of US\$1.0 million.

At least twenty (20)% of the listed securities of an external company must be held by a minimum of one hundred (100) persons or institutions from the investing public.

Period of existence

An external company must have operated for at least three (3) years prior to the listing date.

03 | Listing process

Set out below is an overview of the key steps in the listing process:

Day (D)	Action required
1 - Preparation	<ul style="list-style-type: none"> › Meetings with and appointment of advisors (accounting, legal and GSE LDM) to the listing; › Undertake a due diligence, if necessary; and › Preparation of the listing application and supporting documents including the following: <ul style="list-style-type: none"> › A letter of application; › Supporting authorisation and/or company resolutions; › Listing undertaking; › GSE Prospectus or statement in lieu of a prospectus; › GSE LDM's confirmation certificate; and › Legal advisor's compliance certificate. › The application for listing must be prepared by the applicant issuer in accordance with the instructions set out in rule 22 of the GSE Listing Rules. › The application for listing must be submitted to the GSE at least thirty (30) days before the proposed listing date.
2 – Review of Constitutional Documents	<ul style="list-style-type: none"> › Submission by the applicant issuer of its Constitutional Documents, which must conform with the GSE Listing Rules and the Ghana Act, to the GSE for review. › The submission of the Constitutional Documents must include an index indicating where each requirement in terms of the GSE Listing Rules can be found in the Constitutional Documents.
3 – Evaluation of the application	<ul style="list-style-type: none"> › The applicant issuer, through its GSE LDM, files three (3) copies of the draft of the original listing application and supporting documents with the GSE. › The GSE considers and agrees to the listing upon satisfactory evaluation of the application.
4 – Final approval	<ul style="list-style-type: none"> › The applicant issuer, through its GSE LDM, files a final copy of the GSE Prospectus (accepted by the Ghana SEC) with the Registrar of Companies and the GSE.
5 – Offer period	<ul style="list-style-type: none"> › The applicant issuer issues the GSE Prospectus and the offer period opens. › The company announces detailed results of the offer and the basis for the allotment of the shares. › The company issues shares in accordance with the allotment.
6 – Admission to listing	<ul style="list-style-type: none"> › Shares are admitted and traded on the GSE seven (7) days after certificates have been despatched or two (2) days after Central Securities Depository records have been updated in respect of the new/additional shares.
8 – Post listing	<ul style="list-style-type: none"> › Compliance with the continuing obligations of the GSE Listing Rules.

GSE Prospectus

The GSE Prospectus must be reviewed by both the GSE and the Ghana SEC before publication.

A prospectus must comply with the requirements set out in the Ghana Act in addition to the GSE Listing Rules and must be registered with the Ghana Registrar of Companies.

A GSE Prospectus should contain the following information:

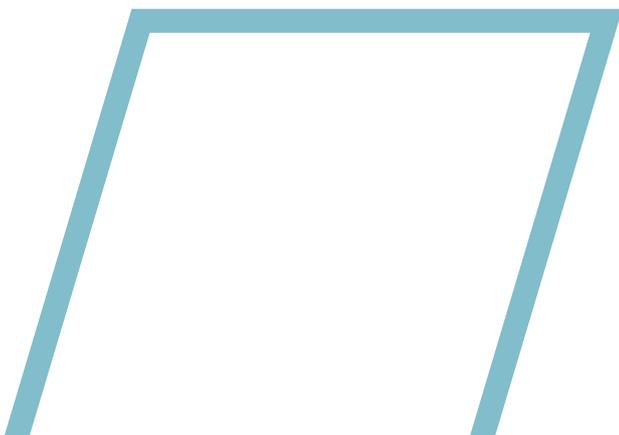
Corporate and general information

- › Information about the applicant as follows:
 - › The name of the applicant issuer, when and where it was incorporated and its registration number;
 - › The address of the applicant issuer's registered office and principal place of business, the address of each office where its share register is kept, the address of its authorised registrar, particulars of auditors, solicitors, company secretary and the names of its directors;
 - › The date of the application and the formal request for listing, specifying the exact number and class of the securities applied for and whether they are fully paid.
- › The reasons for the listing and the purpose for which funds are being raised through an IPO, if applicable;
- › Details of the applicant issuers share capital including the following:
 - › Designation or title of each class of securities;
 - › The number of authorised securities of each class and the number of securities issued and outstanding in respect of each class;
 - › A table setting out the number of unissued securities of each class reserved for issuance for any purpose and the purpose for which they are reserved;
 - › The number of security holders on record of the class applied for as of a specified recent date;
 - › The names of the twenty (20) largest security holders and the number of shares and percentages held by each security holder;
 - › The names of the directors of the company and their respective shareholdings in the applicant issuer;
 - › A brief description of the rights and privileges attached to each class of security.
- › Details of the applicant issuer's (and its subsidiaries) long term debt, in a tabular form, showing for each, or series, of issued long-term or funded debt, the following information:
 - › Title;
 - › Amount authorised by indenture;
 - › Amount issued to date;
 - › Amount redeemed or converted to equity securities;
 - › Amount outstanding;
 - › Issue price;
 - › Interest rate;
 - › Date of payment of interest; and
 - › Date and terms of redemption (where there is none, this should be stated).
- › A description of the applicant issuer's business, including the following:
 - › The general nature of business and products of the applicant;
 - › A history of the business or enterprise from inception to the date of application;
 - › A description of the business now conducted by the applicant issuer and its subsidiaries, including principle products manufactured or services provided, principal market for the products and the raw materials and their sources;
 - › An overview of the industry in which the applicant operates including key players, competition, patents and trademarks held; and
 - › The prospects and risks of the business.
- › In a tabular form, the consolidated balance sheet, profit and loss statement and statement of cash flows for each of the preceding five (5) years and the accounting standards under which they were prepared.
- › In a tabular form, a list of all associated companies and companies in which it has an equity interest of ten (10)% or more, including, with respect to each company, the following information:
 - › The name of the company;
 - › A brief statement of the nature of its business and the relevance of that to the business operations of the associated companies;
 - › The capital stock issues by class, showing the number of securities authorised and issued and the number and percentage owned by the parent company; and
 - › The extent of any profit or loss or both, to the applicant issuer, arising from those companies.
- › Details of the securities issue history, including:
 - › Changes to the number of issued securities over the years up to the present level;
 - › The proceeds or consideration from each issue of securities;
 - › The purpose to which the proceeds were applied, indicating the approximate amount applied for each purpose;

- › Details of the applicant issuer's dividend record, including:
 - » The number of consecutive years in which dividends have been paid;
 - » The amount of dividend per security and the aggregate paid by the applicant issuer for each of the three (3) preceding years.
- › The applicant issuer must provide details of all pending litigation and other claims of a material nature in which the company, or any of its subsidiaries, are involved and which are likely to affect its income form, title to, or possession of any of its properties and where there are none, a negative statement to that effect.

Directors

- › The following details relating to each director of the applicant issuer:
 - » Name, official address, age and position of all directors and persons nominated or chosen by the applicant issuer to become a director;
 - » The nature of any family relationships between any of the above mentioned persons;
 - » A brief account of the business experience of each of the above mentioned persons during the preceding four (4) years including, the principal business of any company in which the occupation and employment were carried on;
 - » Particulars of any other directorships held by each of the directors or proposed directors;
 - » Particulars indicating whether any director or person nominated to become a director is, or has been, involved in any of the following:
 - A petition under any bankruptcy laws filed against the director or a partnership in which he was a partner or any body corporate of which he was a director;
 - A criminal proceeding or pending criminal proceeding relating to an offence involving fraud or dishonesty in which the director has been convicted; or
 - An order, judgement or ruling of any court, tribunal or governmental body, which permanently or temporarily enjoins such director from acting as an investment advisor, dealer in securities, director or employee of a corporate body or engaging in any type of business practice or activity or profession.
- › The aggregate remuneration paid to the directors for services in any capacity to the company and its subsidiaries during the last financial year.
- › An applicant should also provide the following:
 - » Details of all options to subscribe for securities of the applicant issuer or any of its subsidiaries, which were granted to or exercised by each director during the last financial year.
 - » A brief description of the following:
 - The nature and approximate amount of any material interest, direct or indirect, of management, officers, directors, shareholders with thirty (30)% or more of the voting power at general meetings of the applicant issuer and their associates in any material transactions to which the applicant issuer or any of its subsidiaries was or is to be a party;
 - The nature and approximate amount of management interest in any enterprise or company which deals in the same type of business as that of the applicant issuer or any of its subsidiaries; and
 - » Details of any management or technical consultancy contract between the applicant and any other person.



04 | Continuing obligations

Issuers are subject to certain continuing obligations and financial reporting requirements:

Compliance with continuing obligations

Issuers listed on the First or Second Official List are required to comply with the continuing obligations set out in Part VI of the GSE Listing Rules.

Immediate announcements to be made to the GSE for release

- › An issuer shall prepare an announcement, for release by the GSE, in respect of the following matters:
 - › Any information in respect to the issuer or its subsidiaries announcement of which is necessary to avoid the establishment of a false market in the issuer's securities or which is likely to materially affect the price of its securities;
 - › Any intention to fix a book closing date and the reason therefore, stating the book closure date, which must be at least twenty one (21) days after the date of notification to the GSE, and the address of the share registry at which documents will be accepted for registration;
 - › Any recommendation or declaration of dividends (including bonus shares), the amount per share, the qualifying date and date of payment and, where there is a figure for the previous year, final dividend for the corresponding period in the previous year;
 - › Any recommendation or decision that a dividend will not be declared and the reasons for such recommendation or decisions;
 - › Any meeting at least twenty one (21) days before such meeting is held or such shorter notice period as is permitted by the issuer's Constitutional Documents;
- › All special resolutions to be put to a general meeting of the issuer (as provided by the issuer's Constitutional Documents) and immediately after such meeting whether or not the resolutions were carried;
- › Any call to be made upon any of the partly paid share capital of the issuer;
- › Any change of address of the registered office of the issuer or of any office at which the register of securities of the issuer is kept;
- › Any change in the directors, company secretary or auditors of the issuer;
- › Any proposed alteration of the regulations of the issuer;
- › Any notice of substantial shareholdings or changes received by the issuer and details thereof;
- › Any application filed with a court to wind up the issuer or any of its subsidiaries;
- › The appointment of a receiver or liquidator of the company or any of its subsidiaries;
- › Any acquisition of shares of another company or any transaction resulting in such company becoming a subsidiary of the issuer;
- › Any acquisition of shares resulting in the holding of ten (10)% or more of the stated capital of another listed company; and
- › Any sale of shares in another company:
 - Resulting in a company ceasing to be a subsidiary; or
 - Resulting in a holding falling below ten (10)% of the issued capital of the company.

Announcement of interim results

- › After the end of an issuer's financial year, any dividend, bonus or rights issue announcements must be accompanied by preliminary or finalised full year or cumulative 4th quarter results.
- › Issuer must provide the GSE with quarterly reports in line with the requirements of the Ghana SEC. Such quarterly reports must be submitted to the GSE at least forty eight (48) hours before they are published in a widely-circulated newspaper/s.

Rights as between holders of securities

- › Annual reports and audited accounts of issuers must be prepared in accordance with section 127 of the Ghana Act and the Ghana SEC regulations.
- › The following items must be included separately in an issuer's annual report:
 - › A statement showing the holdings of each director of the issuer in its issued shares at the end of the financial year;
 - › Details of material contracts in which directors of the issuer have an interest and which either still subsist at the end of the financial year or, if no longer subsisting, entered into since the end of the previous financial year, including the following details in respect of any loans:
 - The names of the lender and the borrower;
 - The relationship between the borrower and the director (if the director is not the borrower);
 - The amount of the loan;
 - The interest rate;
 - The terms as to payment of interest and repayment of the principal amount; and
 - The security provided.
- › A statement at the end of the financial year, setting out the following:
 - The number of holders of each class of equity security and a summary of the voting rights attaching to each class;
 - An analysis of shareholdings by category of shareholder as follows:
 - › The name of the issuer's directors, company secretary, solicitors, external auditors and share registrars, the address and telephone number of the registered office and the registrar's address.

Certificates, transfers, transmissions and registers

- › An issuer must allot securities within twenty one (21) days of the final applications closing date for an issue of securities and despatch share certificates to all successful applicants or furnish the GSE Depository with a list of all successful applicants and their particulars within fourteen (14) days of the date of allotment.
- › An issuer shall despatch a share certificate and a balance certificate for any remainder to security holders within thirty (30) days after the day of lodging of a transfer of securities of the issuer that is capable of registration.
- › On request by the transferee at the time lodging of a transfer of securities of the issuer that is capable of registration, the issuer must despatch the share certificate to the lodging broker.
- › An issuer shall not refuse to register or fail to register or give effect to any transfer in a form capable of registration of a fully paid security issued by such issuer, unless:
 - › The registration of the transfer would result in a contravention of or failure to observe the provisions of a law in Ghana; or
 - › The transfer is in respect of a partly paid security in respect of which a call has been made and is unpaid.
- › In circumstances where an issuer refuses to register a transfer of a security, it shall give to the lodging broker and the transferee written notice of the refusal and the precise reasons for it within fourteen (14) days after the date on which the transfer was lodged with the issuer.
- › An issuer shall accept for registration transfers of the issuer's securities executed on a standard form of transfer approved by the GSE and register transfers in the manner prescribed by the GSE or an act of the GSE Depository in force.
- › An issuer shall design proxy forms in a manner which will allow a shareholder of the issuer appointing a proxy to indicate how the shareholder would like the proxy to vote in relation to each resolution.
- › An issuer shall give to the GSE or an GSE LDM, on enquiry and at a fee, an extract of the stock or share register showing full details on or between the specified date or dates of all entries relating to the registration of stock or shares entered or deleted under any particular name, the relevant certificate numbers and the names into which or from which a particular stock or share may have been transferred.
- › An enactment by the Ghana Parliament to govern clearing, settlement and depository matters in relation to securities and share certification shall take precedence over the GSE Listing Rules to the extent of any inconsistency.

Requirements for new issues of securities and treasury shares

- › An issuer requires the approval of its shareholders in general meeting prior to issuing securities or selling treasury shares resulting in a transfer of a controlling interest in the issuer.
- › An issuer that intends to make a rights issue shall immediately make an announcement of this intention. The announcement shall state that the listing of the shares arising out of the rights issue is subject to the approval of the GSE and shall disclose the price, terms and purpose of the rights issue as well as the financial circumstances which call for the rights issue.
- › A date shall not be fixed for the closing of books until the listing application in respect of the issue has been approved by the GSE.
- › In relation to a rights issue in which shareholders are given the right to participate in proportion to their shareholdings, the rights must allow for the renunciation, in part or in whole, in favour of a third party at the option of the entitled shareholders. The GSE will not approve any rights issue that does not allow for such a renunciation by shareholders.
- › An issuer must fix the closing date for the receipt of applications and acceptance of the new securities in respect of a rights issue not earlier than twenty one (21) days after the opening date of the offer.
- › An issuer must, within ten (10) days after the book closing date, issue to those shareholders entitled to the rights in respect of a rights offer, an offer circular which has been approved by the Ghana SEC and a provisional letter of allotment incorporating the following:
 - › Form of acceptance;
 - › Request for splits;
 - › Form of renunciation;
 - › Form of nomination; and
 - › Excess shares application form.
- › An issuer that intends to make a capitalisation issue must make an announcement stating that the listing of the shares resulting from the capitalisation issue is subject to the approval of the GSE. A date may not be fixed for the closing of the book until the listing has been approved by the GSE.
- › An issuer must submit to the GSE the listing application in respect of the new issue, including two (2) copies of drafts of all circulars and other documents proposed to be sent to those shareholders who are entitled to participate in the issue. Sufficient time must be allowed for the GSE to examine and approve the listing application and supporting documentation.

Holding of securities of an issuer by its directors

- › Other than pro rata rights offers to security holders, the director/s of an issuer may not participate, directly or indirectly, in an issue of equity securities or other securities with rights of conversion to equity unless such specific allotment/s are approved by shareholders at a general meeting.
- › Such director/s shall abstain from exercising any voting rights on the relevant resolution/s.
- › The meeting notification for a meeting seeking approval for an issue of shares to directors must include:
 - › The number of securities to be allotted;
 - › The precise terms and conditions of the issue; and
 - › That the relevant directors shall not exercise any voting rights on the matter.

Holding of specific entitlement in a new issue

- › Where holders are offered a specific entitlement to a new issue of securities, or in a company about to be floated, the entitlement must be on a pro rata basis with no restriction placed on the number of shares to be held before entitlements accrue.
- › Once the basis of the entitlement is declared, the issuer shall not make any subsequent alterations to the entitlement.
- › An applicant issuer shall not close its register to determine holders' entitlement to participate in such applicant issuer until fourteen (14) days after copies of the applicant issuer's registered GSE Prospectus has been lodged with the GSE.

Employee share schemes

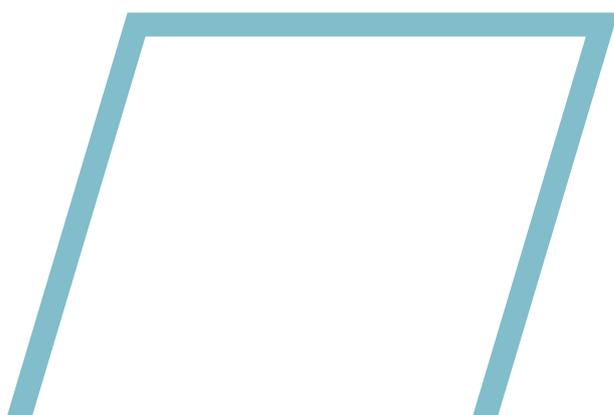
- › Schemes involving the issue or sale of shares or other securities (including options) to employees must comply with the requirements set out below. These requirements extend to subsidiaries of an issuer (as well as to the issuer), even if the subsidiary is incorporated and operating abroad.
 - › The scheme, which must be approved by shareholders in general meeting, must contain the following provisions:
 - › The persons to whom securities may be issued or sold under the scheme (“Participants”);
 - › The total amount of the securities subject to the scheme, which must not be more than ten (10)% of the issued share capital;
 - › A fixed maximum entitlement for any one participant;
 - › The amount, if any, payable on application or acceptance and the basis for determining the subscription or sale, or option price, the period in or after which payments or calls, or loans to provide the same,, may be paid or called; and
 - › The voting, dividend, transfer and other rights, including those arising on liquidation of the issuer, attaching to the securities.
 - › The scheme or corresponding document if not circulated to the shareholders, must be available for inspection for a period of at least fourteen (14) days at the registration office of the issuer.
- Companies wishing a list must disclose the details of Employee Share schemes or proposed schemes in their GSE Prospectus.
- › Where directors of the issuer are trustees of the scheme or have direct or indirect interest in the scheme, the circular must disclose that interest.
 - › Unless the securities, which are subject to the scheme, are identical with other listed securities, they must be separately designated.
 - › A scheme may provide for adjustment of the subscription or option price or the number or amount of securities subject to the scheme, not already allotted, in the event of a capitalisation issue and may provide for a variation of the terms in the event of other circumstances (including sub-division or consolidation of shares) and the variation shall give a participant the same proportion of the equity capital that the participant was previously entitled to.
 - › The issue of securities as consideration for an acquisition will not normally be regarded as a circumstance requiring adjustment.
 - › Adjustment other than on a capitalisation issue must be confirmed in writing by the issuer’s auditors to be fair and reasonable.
 - › The scheme must provide that the rules of the scheme cannot be altered to the advantage of participants, without to the prior approval of shareholders.

Dealing in securities by directors

Evidence of share ownership shall be in a manner prescribed by law or by the GSE.

Take-overs and mergers

Any party or issuer considering a transaction involving the acquisition of shares in another company must consider the requirements of the Ghana SEC Code on Takeovers and Mergers, 2008, the Securities Industry Act, 1993 (PNDCL 333) and the Ghana Act as well as the GSE Listing Rules.



Request for reports, etc.

- › Where a valuation has been conducted on the fixed assets of an issuer or its subsidiaries or both and the results reflected in the issuers accounts, a summary report shall be submitted together with a copy of the valuation report to the GSE.
- › Copies of agreements in connection with any acquisition or realisation of assets or any transaction outside the ordinary course of business of the issuer or its subsidiaries or both, must be lodged with the GSE and also made available for inspection at the issuer's registered office for a period of three (3) months.
- › The GSE may, only once in a two (2) year period, request an issuer to submit to it a full list of shareholders, together with their respective shareholdings.
- › Documents submitted to the GSE become and remain the property of the GSE which may make copies of such documents and provide them to another stock exchange, the public, the media or any other interested party.
- › The GSE will endeavour to achieve a fair balance between the commercial interest of an issuer and the interests of investors when publishing any document in its possession.
- › Documents for overseas shareholders shall be forwarded by air.
- › A listed company shall give the GSE copies of:
 - » All periodical and special reports, circulars, etc., released or issued by the issuer for the information of holders of any of its securities as soon as they are released or issued;
 - » The published accounts of the company and all documents required by law to be annexed thereto, as soon as issued and at least twenty one (21) days before the date of the AGM;
 - » All special resolutions passed at general meetings of the company as soon as they are passed; and
 - » All proceedings of the AGM where they contain information additional to that contained in the annual report, as soon as practicable after the meeting.

Minimum number of shareholders

An issuer shall be delisted within three (3) months after receiving notice to this effect from the GSE Council, if the number of public shareholders or the percentage of public float falls significantly below the number prescribed in terms of the initial criteria of the GSE.

"One factor that should at least ease electricity pressures is the completion of onshore gas processing infrastructure (scheduled to be completed by September 2014)."

Ghana Snapshot Quarter 2 2014 - KPMG and NKC

05 | Disclosure policy

Purpose and obligation to provide information

- › An issuer shall:
 - › Maintain high standards of disclosure;
 - › Fully disclose to the public the information necessary to make informed investment decisions;
 - › Immediately release information which may have a material effect on the market activity and price of an issuer's listed securities;
 - › Ensure the maintenance of a fair and orderly market in the issuer's securities; and
 - › Help to ensure that investors have simultaneous and equal access to the same information.

Immediate disclosure of material information

- › An issuer shall immediately disclose information about its affairs or about events or conditions in the market for the issuer's securities which:
 - › Are likely to have a significant effect on the price of any of the issuer's securities; or
 - › Is likely to be considered important by a reasonable investor in determining his choice of action.
- › Material information is:
 - › Any information of a factual nature;
 - › That has a bearing on the value of an issuer's securities or on investor decisions as to whether or not to invest or trade in such securities; and
 - › Includes information known to the issuer and which concerns the issuer's property, business, financial conditions and prospects, mergers and acquisitions and dealings with employees, suppliers, customers and others, as well as information concerning any significant change in ownership of the issuer's securities owned by insiders or representing control of the issuer.
- › An issuer is not required to disclose its internal estimates or projections of its earnings. However, if such estimates or projections are voluntarily announced, they must be prepared carefully, on a reasonable and factual basis, by persons with appropriate qualifications. If subsequent developments result in a downward revision of published estimates or projections, this must be promptly reported and the reasons for the variance explained.
- › The following should be promptly announced:
 - › Non-payment of interest on the "due date" in respect of debt securities;
 - › Non-payment of capital on the redemption date in respect of debt securities;
 - › A joint venture, merger, acquisition or take-over;
 - › A decision on whether or not to declare a dividend;
 - › Any decision to change the capital structure of the issuer including a rights issue or a bonus issue;
 - › A change in control of the business;
 - › Change of address of the registered office of the issuer or of any offices at which the register of the securities of the issuer is kept;
 - › A call of securities for redemption;
 - › An event of default in respect of interest or principal payments or both relating to loans;
 - › Resignation, suspension or removal of the chief executive officer;
 - › Occurrence of any event which would result in the winding up of the issuer or any of its subsidiaries or the appointment of a receiver or liquidator of the issuer or any of its subsidiaries;
 - › Penalties imposed on the issuer by a regulatory authority;
 - › An event or occurrence which has the potential of materially affecting the business or revenue or profits of the issuer and efforts to minimise its effect;

- » Alteration or amendment of the rights and privileges of any unlisted securities issued by the issuer;
 - » A tender offer for another entity's securities;
 - » A new product or discovery;
 - » The public or private sale of additional securities;
 - » A change in capital investment plans; and
 - » A labour dispute or dispute with sub-contractors or suppliers.
- › The following information should be promptly announced if considered to be material by the board of directors:
- » The acquisition or loss of a contract;
 - » The borrowing of funds;
 - » The purchase or sale of an asset;
 - » Any changes in the corporate purpose and any material alterations to the issuer's activities or the initiation of new ones;
 - » Any investment that will have a material impact on the issuer;
 - » Judicial or quasi-judicial actions of any nature initiated by or against the issuer;
 - » Any licensing or franchising agreement or its cancellation which may affect the issuer's operations;
- » Any occurrence of an event of default under the terms and conditions of any issue of debentures, promissory notes, bonds or any other security issued by the issuer;
 - » Any penalties if imposed by state authorities;
 - » Any acquisition of voting rights which results in the issuer becoming the holding issuer; and
 - » Any other relevant information or event.
- › All announcements required to be submitted to the GSE must be submitted in writing and accompanied by a covering letter signed by an authorised officer of the issuer.
- › Disclosures can be withheld in certain limited circumstances, as follows:
- » Where immediate disclosure would prejudice the ability of the issuer to pursue its corporate objectives;
 - » Where the facts are in a state of flux and a more appropriate moment for disclosure is imminent;
 - » Where the issuer is holding negotiations and has not reached an agreement in-principle; and
 - » Where the material information is temporarily withheld, the strictest confidentiality shall be maintained and the issuer must make an immediate public announcement if required by the GSE and/or if there are rumours about the information withheld.

"Africa has the fastest growing middle class in the world: according to the African Development Bank, the continent's middle class numbers about 120 million now and will grow to 1.1 billion by 2060."

World Investment Report 2014

Disclosure of acquisitions and transfers of securities

- › Any person who purchases or sells shares in an issuer must inform the market when his holdings attain, exceed or fall below each five (5)% threshold, starting from ten (10)% through fifteen (15)% and twenty (20)% up to fifty (50)% plus one (1) share.
- › The disclosure shall be made in a press release to the market not later than forty eight (48) hours after the transaction.
- › The disclosure shall include the size of the shareholding as a percentage of both the share capital and the votes after the transaction and the number of shares purchased or sold. Such disclosure must be made on a consolidated basis where the same person controls or is considered to control the shares and the voting rights held by a person or company controlled by him.

Public dissemination

- › Public disclosure of material information must be made by an announcement released to the GSE and the news media.
- › Disclosure of material corporate developments shall not be made on an individual or selective basis to analysts, shareholders or other persons unless the information has previously been disclosed and disseminated to the public.

Clarification or confirmation of rumours and reports and response to unusual trading activity

- › Where unusual price movement or trading activity, or both, occur without any apparent publicly available information, the issuer must respond promptly to any inquiries made by the GSE.
- › An issuer shall respond promptly to inquiries made by the GSE concerning rumours or reports regarding the issuer.

“[Sovereign Wealth Funds] were established recently in Angola, Nigeria and Ghana, with oil proceeds of US\$5 billion, US\$1 billion and US\$500 million, respectively.”

World Investment Report 2014

06 | Fees

Listing fees

- › The fees charged for a listing of securities is determined based on the value of the securities listed (i.e. listing price multiplied the number of shares to be listed).
- › The minimum listing fees for an issuer with a market capitalisation of up to US\$ three hundred and thirty two thousand eight hundred and thirty four (US\$332 834) (GH¢ one million (GH¢1.0 million)) is US\$ seven hundred and ninety eight point eight (US\$798.8) for members (GH¢ two thousand four hundred (GH¢ 2 400)) and US\$ one thousand one hundred and thirty one point six (US\$131.6) for non-members (GH¢ three thousand four hundred (GH¢3 400)).
- › The maximum listing fees for an issuer with a market capitalisation of above US\$ six hundred and sixty five thousand six hundred and sixty eight (US\$665 668) (GH¢ two million (GH¢ 2.0 million)) is US\$ sixteen thousand six hundred and forty one point seven (US\$16 641.7) for members (GH¢ fifty thousand (GH¢50 000)) and US\$ nineteen thousand nine hundred and seventy point zero (US\$19 970.0) for non-members (GH¢ sixty thousand (GH¢60 000)).

Annual listing fees

- › The annual listing fees charged by the GSE are determined based on the value of the securities listed (i.e. listing price multiplied the number of shares to be listed).
- › The minimum listing fees for an issuer with a market capitalisation of up to US\$ three hundred and thirty two thousand eight hundred and thirty four (US\$332 834) (GH¢ one million (GH¢1.0 million)) is US\$ eight hundred and sixty five point three seven (US\$865.37) for members (GH¢ two thousand six hundred) (GH¢2 600) and US\$ one thousand one hundred and ninety eight point two (US\$1 198.20) for non-members (GH¢ three thousand six hundred (GH¢3 600)).
- › The maximum listing fees for an issuer with a market capitalisation of above US\$ six hundred and sixty five thousand six hundred and sixty eight (US\$665 668) (GH¢ two million (GH¢ 2.0 million)) is US\$ eight thousand six hundred and fifty three point seven (US\$8 6553.7) for members (GH¢ fifty thousand (GH¢26 000)) and US\$ ten thousand two hundred and fifty one point three (US\$10 251.3) for non-members (GH¢ thirty thousand eight hundred (GH¢30 800)).

07 | Clearing and settlement

- › The GSE uses an electronic trading platform called the GSE Automated Trading System. Settlement of trades is done electronically using a web based application. Settlement occurs three business days (T+3) after the trade date.
- › On settlement dates shares are moved automatically to clients' accounts in the depository system and the brokers settlement account debited.
- › The GSE Depository offers depository services to complement the GSE's automated trading, clearing and settlement systems.

Namibia

Mega Trends 2014 Quarter 2

Population

- › 2,198,406 (July 2014 est.); Age 15 - 64: 63.8%

Population growth rate (%)

- › 0.67% (2014 est.)

Life expectancy at birth

- › Total population: 51.85 years; male: 52.22 years; female: 51.46 years (2014 est.)

HIV/AIDS

- › Adult prevalence rate: 13.3%; People living with HIV/AIDS: 220,000 (2012 est.)

Adult literacy rate (age 15 and over can read and write)

- › Total population: 88.8%; male: 89.0%; female: 88.5% (2010 est.)

Urbanisation

- › Urban population: 39.5% of total population (2013); Urban population growth: 3.4% (2013)

Population below national poverty line

- › 28.7% (2010 est.)

Unemployment rate

- › 29.6% (2013 est.)

Employment (% of total)

- › Agriculture: 27.4%; Industry: 13.8%; Services: 58.7% (2012 est.)

Labour participation rate (% of total population ages 15+)

- › 70.9% (2013 est.)

Business languages

- › English, Afrikaans, German

Telephone & Internet users

- › Main lines in use: 183,532; Mobile cellular: 2.54 million; Internet users: 305,578 (2013)

Sources: CIA World Factbook, World Bank, Trading Economics, UNESCO, ITU, UNAIDS, NKC Research





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01 | Overview of Namibia as a mining and oil and gas destination

Introduction

Namibia is a world-class producer of gem quality rough diamonds, uranium oxide, special high-grade zinc and acid-grade fluorspar. Namibia is also a producer of gold bullion, blister copper, lead concentrate, salt and dimension stone.

More than fifty (50)% of Namibia's annual export earnings are derived from mining products and this makes the country susceptible to international developments affecting demand for and prices of copper, uranium and diamonds. The Namibian government is, however, promoting tourism, transport and storage facilities, agriculture and manufacturing as alternative investment opportunities to mining, in an attempt to diversify foreign revenue streams and investment interest.

An exchange rate of US\$1 = NAD10.5784 on 30 June 2014 has been used throughout this section.

"Namibia is a world-class producer of gem quality rough diamonds, uranium oxide, special high-grade zinc and acid-grade fluorspar. Namibia is also a producer of gold bullion, blister copper, lead concentrate, salt and dimension stone."

KPMG

Total market capitalisation of the NSX

The chart below sets out the total market capitalisation of the NSX as at 31 December 2010, 2011, 2012 and 2013 (based on the annual financial data provided by the ASEA):

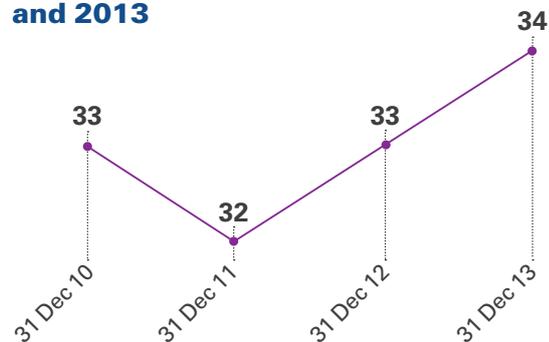
Total market capitalisation of the NSX as at 31 December 2010, 2011, 2012 and 2013 (in US\$ millions)



The total market capitalisation of the NSX has declined by approximately twenty two point seven (22.7)% between 31 December 2010 and 31 December 2013. This is largely as a result of the exchange rate which has declined by approximately twenty seven (27)% during this period and the relatively poor performance of the mining industry, a key driver of economic growth in Namibia.

The chart below sets out the total number of issuers on the NSX as at 31 December 2010, 2011, 2012 and 2013 (based on the annual financial data provided by the ASEA):

Total number of issuers on the NSX as at 31 December 2010, 2011, 2012 and 2013

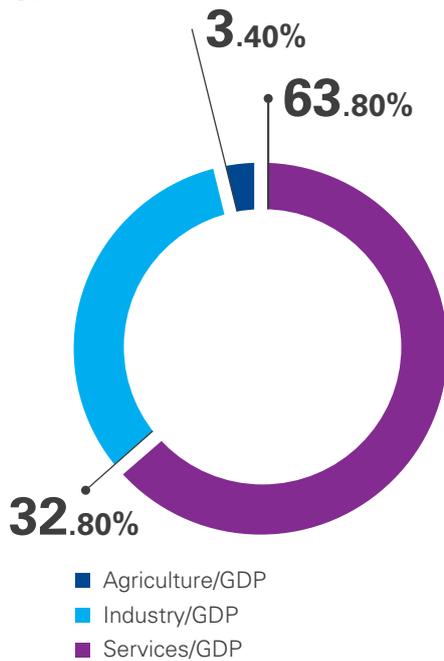


Bank Windhoek Holdings Limited listed during 2013. This was a very successful listing which was 3.5 times oversubscribed. Namibian and foreign institutions were each allocated approximately twenty five (25)% of the total equity shares allocated.

Equity market capitalisation of the NSX

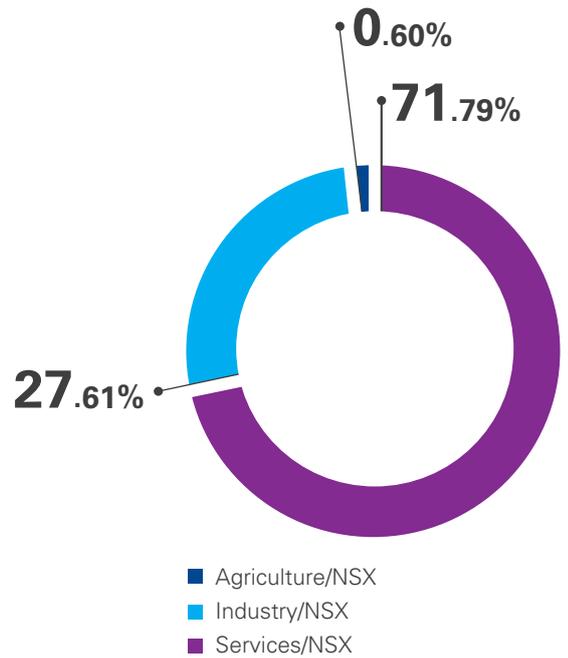
Set out below is the economic structure as a percentage of GDP (2013 estimate) based on research by NKC Independent Economists:

Economic structure as a percentage of GDP



Set out below are the NSX industry sectors as a percentage of the total equity market capitalisation grouped in the same categories as the economic structure as a percentage of GDP:

NSX industry sectors as a percentage of the total equity market capitalisation



Services comprises of the following industry sectors: financials, consumer services and consumer goods;

Industry comprises of the following industry sectors: basic materials and industrials;

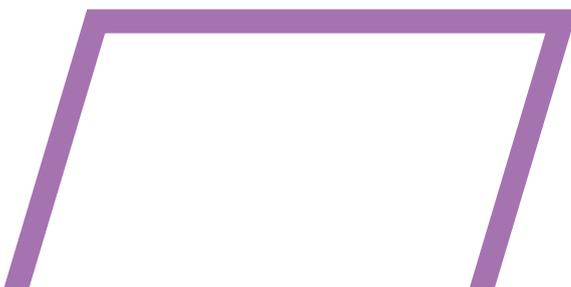
Agriculture comprises of farming, fishing and plantations. There are no forestry or tobacco issuers listed on the NSX.

As illustrated by the diagrams above, the NSX industry sectors as a percentage of the total equity market capitalisation do not correlate to the economic structure of Namibia as a percentage of GDP. Industry contributes approximately thirty two point eight (32.8)% to the economic structure as a percentage of GDP compared to the lesser twenty seven point six (27.6)% contribution by the

industry sector issuers to the total equity market capitalisation of the NSX.

Twenty six (26)% of the industry sector issuers to the total equity market capitalisation of the NSX relate to Mining Sector issuers. The services sector, which contributes sixty three point eight (63.8)% to the GDP, constitutes seventy one point eight (71.8)% of the industry sector composition of the NSX.

The misalliance between the major contributors to the GDP and the sector composition of the NSX has the result that foreign investors seeking to invest in certain significant sectors of the Namibian economy, such as construction, cannot do so through investing in the NSX.



“the NSX has created the Alternative Investment Board for companies interested in coming to Namibia to explore business opportunities. We view listing locally as the best way to open the books and inform the market what a company is doing and how it is performing. Once a company has appropriate economic activity in Namibia, their listing could move to the Main Board or the Development Capital Board with the accompanying local asset status.”

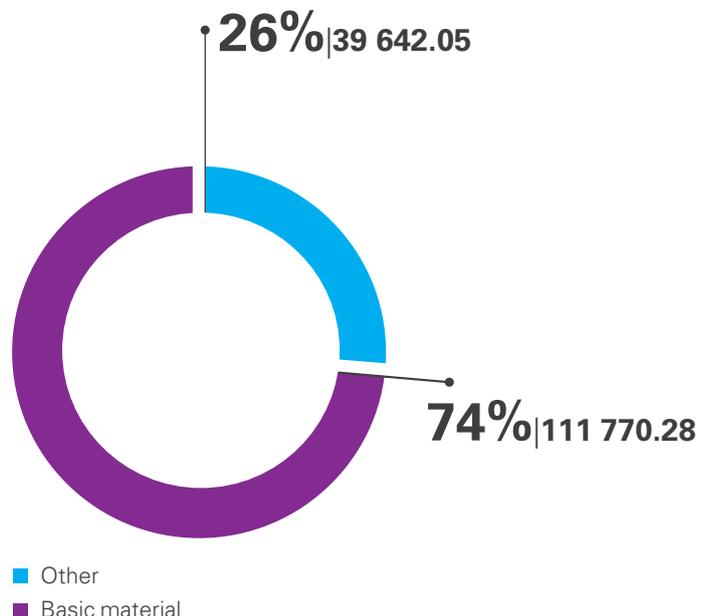
Tiaan Bazuin – Chief executive officer of the NSX

Equity market capitalisation of the Mining Sector of the NSX

As at the date of the KPMG Listing in Africa publication, the equity market capitalisation of the NSX amounted to approximately US\$ one hundred and fifty one thousand four hundred and twelve point three million (US\$151 412.3 million) (NAD one million six hundred and one thousand and seven hundred point two million (NAD1 601 700.2 million)) of which US\$ thirty nine thousand six hundred and forty two point one million (US\$39 642.1 million), in respect of nine (9) equity issuers, relates to the Mining Sector. Of the nine (9) Mining Sector issuers listed on the NSX, three (3) are foreign companies that are listed on the Main Board and the other six (6) are listed on the Development Capital Board. Eco (Atlantic) Oil & Gas, the only oil and gas issuer on the NSX, is listed on the Development Capital Board and has an equity market capitalisation of US\$ seventeen point two million (US\$17.2 million). All of the issuers listed in the Mining Sector of the NSX have a primary listing on another stock exchange.

A diagrammatic overview of the split of the equity market capitalisation of the NSX between the Mining Sector and the other sectors is set out below:

Equity market capitalisation attributable to each of the Mining Sector and the other sectors (in US\$ millions)



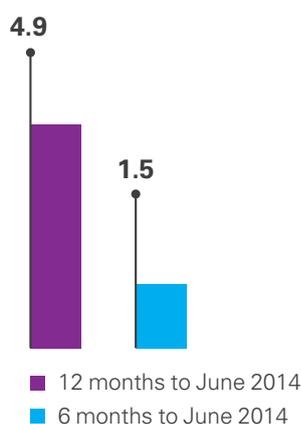
Anglo American Plc, which has a primary listing on the LSE, and B2 Gold Corporation, which has a primary listing on the TSX, are the only Mining Sector issuers with an equity market capitalisation of over US\$ one billion (US\$1.0 billion).

The third largest Mining Sector issuer is Paladin Energy Limited, which has a primary listing on the ASX, with an equity market capitalisation of US\$ two hundred and ninety four point one million (US\$294.1 million). Eco (Atlantic) Oil & Gas is the only oil and gas company on the NSX.

Volumes of equity shares traded by Mining Sector issuers

The volumes of the Mining Sector issuers' equity shares traded on the NSX for the twelve (12) months to 31 July 2014 and for the six (6) months to 31 July 2014 are set out below:

Volume of equity shares traded by Mining Sector issuers (in millions)



During the twelve (12) months to 31 July 2014, one hundred and twenty three point seven million (123.7 million) shares traded on the NSX out of a total of twenty eight thousand nine hundred and forty five point three million (28 945.3 million) issued shares (approximately zero point four (0.4)% of the cumulative issued shares at 20 June 2014). Of the total equity shares traded, four point nine million (4.9 million) related to Mining Sector issuers which equates to zero point zero two (0.02)% of the total equity shares traded. The Mining Sector shares that traded related to the three (3) Main Board listed companies and Eco (Atlantic) Oil & Gas.

During the six (6) months to 31 July 2014, seventy four million (74.0 million) shares traded on the NSX out of a total of twenty eight thousand nine hundred and forty five point three million (28 945.3 million) issued shares (approximately zero point zero three (0.03)% of the cumulative issued shares at 31 July 2014). Of the total equity shares traded, one point five (1.5) million related to Mining Sector issuers which equates to zero point zero one (0.01)% of the total equity shares traded. The Mining Sector shares that traded related to the three (3) Main Board listed companies and Eco (Atlantic) Oil & Gas.

The trading equity statistics for the NSX for the years ended 31 December 2013, 2012, 2011 and 2010, as extracted from the ASEA Yearbook 2014, are set out below:

Trading equity statistics for the NSX for the years ended **31 December 2013, 2012, 2011 and 2010**

Indicators	2013	2012	2011	2010
Total value traded US\$	574 053 470	494 505 000	448 519 339	1 019 677 970
Total volume traded	112 666 861	110 936 000	98 864 818	214 523
Total number of transactions	3 788	2 700	2 765	3 071
Number of traded companies	21	27	27	27

“General encouragement of mining exploration and business friendly policies towards mining investment.”

Frasier Institute Survey of Mining Companies 2013

Attractiveness as a mining destination

The World Investment Report, 2014 stated that Namibia received US\$ six hundred and ninety nine million (US\$699.0 million) of FDI during 2013, a decrease of approximately nineteen (19)% from the prior year, most of which was regional, in particular from South Africa. The value of cross-border net sales merger and acquisition transactions involving Namibia companies amounted to US\$ six million (US\$6.0 million). The value of world as source funded Greenfield Investment FDI projects in Namibia in 2013 was US\$ one thousand and fifty seven million (US\$1 057.0 million).

Namibia ranked as 23rd most attractive country for investment in Africa in terms of the RMB Global Markets Research Where to Invest in Africa Report 2014/2015.

The RMB Global Markets Research Where to Invest in Africa Report 2014/2015 assigns investment attractiveness scores to each of the fifty three (53) countries in the survey through a multiplicative combination of market size (GDP), economic growth (GDP growth forecasts over the next five (5) years) and an operating environment index. Namibia was also cited as being the African country with the best quality of infrastructure and the country with the 3rd highest share (eight point six (8.6))% of overall FDI projects in minerals and metals.

World Bank Ease of Doing Business Index

Namibia was ranked 88th (98th – 2013) out of one hundred and eighty nine (189) countries in the World Bank ease of doing business index as at June 2014. The 1st ranked country (with the lowest scores for each of the ten (10) topics) in the World Bank Ease of Doing Business Index is deemed to have the regulatory environment that is the most conducive, and the 189th ranked country (with the highest scores for each of the ten (10) topics) is deemed to have the regulatory environment that is the least conducive, to the starting and operation of a local firm in that country.

Namibia experienced an upward movement of ten (10) places in its ranking in the Ease of Doing Business Index in 2014 due to Namibia's lower scores in the areas of dealing with construction permits, getting electricity, registering property, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Namibia's lowest scores were attained in the areas of dealing with construction permits, enforcing contracts and getting credit.

Frazer Institute Survey of Mining Companies 2013's Policy Perception Index

Namibia ranked 34th out of one hundred and twelve (112) jurisdictions, the 2nd highest in Africa, in the Frazer Institute Survey of Mining Companies 2013's

Policy Perception Index. The Policy Perception Index measures the overall policy attractiveness of a jurisdiction.

Namibia's scores in respect of the various policy factors considered in the Policy Perception Index were as follows:

	Encourages investment	Not a deterrent to investment	Mild deterrent	Strong deterrent	Would not pursue investment due to this factor
Mineral potential, assuming current regulation/land use restrictions	21%	49%	27%	3%	0%
Mineral potential, assuming policies based on "best practice"	39%	42%	18%	0%	0%
Uncertainty concerning the administration, interpretation and enforcement of existing regulations	35%	32%	24%	6%	3%
Uncertainty concerning environmental regulations	30%	49%	18%	3%	0%
Regulatory duplication and inconsistencies	15%	53%	27%	6%	0%
Legal system (legal processes that are fair, transparent, non-corrupt, timely and efficiently administered)	21%	38%	32%	9%	0%

	Encourages investment	Not a deterrent to investment	Mild deterrent	Strong deterrent	Would not pursue investment due to this factor
Taxation regime (including personal, corporate, payroll, capital and other taxes and complexity of tax compliance)	12%	55%	27%	6%	0%
Uncertainty concerning disputed land claims	21%	49%	27%	3%	0%
Uncertainty over which areas will be protected as wilderness, parks or archaeological sites	6%	82%	12%	0%	0%
Quality of infrastructure (includes access to roads and power availability)	24%	39%	30%	6%	0%
Socioeconomic agreements/ community development conditions	22%	31%	34%	9%	3%
Trade barriers – tariff and non-tariff barriers, restrictions on profit repatriation, currency restrictions, etc.	19%	48%	26%	7%	0%
Political stability	33%	39%	27%	0%	0%
Labour regulations, employment agreements and labour militancy/work disruptions	19%	50%	31%	0%	0%
Quality of geological database (includes quality and scale of maps, ease of access to information, etc.)	30%	42%	24%	3%	0%
Security situation (includes physical security due to the threat of attack by terrorists, criminals, guerrilla groups, etc.)	36%	42%	21%	0%	0%
Availability of labour and skills	6%	50%	31%	13%	0%

Namibia's lowest ratings were in the areas of availability of labour and skills, uncertainty concerning the administration, interpretation and enforcement of existing regulations, legal system, socio-economic agreements/ community development conditions and trade barriers.

ResourceStocks world risk survey

Namibia came 10th place in the 2013 and ResourceStocks Magazine world risk survey which covers the following areas: financial risk, sovereign risk, land access, green tape, land claims, red

tape, social risk, infrastructure, civil unrest, natural disasters and labour relations.

Namibia's highest perceived risk areas are sovereign risk, financial risk, labour relations and red tape.

Corruption Perceptions Index

According to the 2014 Corruption Perceptions Index prepared by Transparency International, Namibia ranks 55th (together with Bahrain, Jordan, Lesotho, Rwanda and Saudi Arabia) out of one hundred and seventy five (175) jurisdictions. Namibia's score was 49/100 (where 0 is very corrupt and 100 very clean).

Namibia ranked 57th (together with Bahrain, Croatia and the Czech Republic) out of one hundred and seventy seven (177) jurisdictions in the 2013 Corruption Perceptions Index with a score of 48/100.

Credit rating

Namibia currently has a Baa3 credit rating from Moody's and a BB- credit rating from Fitch.

RisCura 2014 Bright Africa Report: A guide to equity investing on the continent

The RisCura 2014 Bright Africa Report rates each stock exchange in terms of the completeness of data, number of companies listed, value traded, World Federation of Exchanges membership, regulation, financing through the stock exchange, openness to foreign ownership, ease of capital inflows/outflows and efficiency of the operation framework. The quality of the NSX is rated as an F (where A is the highest quality and G is the lowest).

The Explicit Costs of “round trip” trading (buying and then selling) on the NSX was measured at approximately two point one (2.1)% with the JSE being the lowest at approximately zero point eight (0.8)% and Zimbabwe being the highest at approximately three point one (3.1)% of value traded.

Corporate Governance

The Corporate Governance Code for Namibia (“NamCode”) was initiated by the NSX. The NamCode became effective for financial years commencing after 1 January 2014.

NamCode provides guidelines of best corporate governance principles applicable to all Namibian corporate entities. There is no statutory obligation for companies to comply with the NamCode. The NamCode is based on The King III Report on Corporate Governance for South Africa (King III) and also operates on an “apply or explain” basis. Moreover, the code advocates a combined assurance model.

Consistent with King III, the salient features of the NamCode include the following:

- › **Boards and directors** which includes board composition, the role of the board, matters relating to board member appointments such as induction, training and development, performance management and remuneration.
- › **Compliance to laws and regulations** the board must provide oversight regarding the regulatory universe and compliance risk for the company while management’s responsibility includes managing the risks relevant to the company carrying on its business. This includes statutory and regulatory requirements affecting any aspect of business.

- › **Role of the Audit Committee** which is an integral part of the risk management process with oversight of financial reporting risks, internal and external audit, internal financial controls, fraud and IT risks.
- › **Risk based internal audit approach** which entails providing assurance as to the adequacy and effectiveness of the organisation’s system of internal control in achieving objectives.
- › **Risk management** which is integrated into the organisations processes and strategy.
- › **Stakeholder management** which includes the identification and engagement of all stakeholders.
- › **Information Technology Governance** is integral to the success of any organisation and controls should be implemented to mitigate such risks. This includes; *inter alia*, data integrity, access and security, confidentiality, adequate functioning of information technology systems and disaster recovery.
- › **Integrated reporting** should cover sufficient financial and sustainability performance.
- › **Alternative dispute resolution** should be utilised to manage and resolve disputes to enhance stakeholder relationships.

Mining authority

Companies listed in the Mining Sector of the NSX must comply with the NSX Listings Requirements, as interpreted, administered and enforced by the NSX, including Section 12: Mineral Companies of the NSX Listings Requirements.

All mineral rights in Namibia are vested in the state. In December 2009 the Namibian government formed Epangelo Mining Company, a state owned mining company, to assist it in fulfilling Namibia’s mineral development objectives including, *inter alia*, participation by the Namibian government in mining and mineral resources development, preparation of feasibility studies and promotion of projects and ensuring that the policies of the Namibian government, regarding mining and mineral resources development, within the context of the development of the national economy as a whole, are implemented.

Epangelo Mining Company places emphasis on strategic minerals such as diamonds and uranium but its mandate also extends to interests in geophysical exploration of base metals, mining investment as well as beneficiation of mineral products.

The Namibian Minerals Act regulates the mining industry in Namibia and the government of Namibia has developed a minerals policy to ensure the continued development of the mining industry. Other Acts which need to be considered with regards to mining are the Diamonds Act, 1999, Minerals Development Fund of Namibia Act, Mine Health and Safety Regulations and the Amendments to the Minerals (Prospecting & Mining) Act which is still in draft form.

The relevant energy related acts are the Petroleum Products and Energy Act, 1990, Petroleum Products and Energy Amendment Act, 2000, Petroleum Products Regulations, 2000, National Energy Fund Act of 2000, Petroleum (Exploration and Production) Act 1991, Petroleum Laws

Amendment Act, 1998, Petroleum (Taxation) Act 1991, Petroleum (Exploration and Production) Act, 1991, Petroleum (Exploration and Production) Amendment Act 1993, Model Petroleum Agreement, September 1998 and the draft Gas Act which is currently under development.

Types of licences

The Ministry of Mines and Energy handles all applications for and allocation of mineral rights in Namibia. Several types of mining and prospecting licences exist, as follows:

An exclusive prospecting license is valid for three (3) years with two (2) renewals of two (2) years each. Individual exclusive prospecting licenses can cover areas not exceeding one thousand (1 000) km² and two (2) or more exclusive prospecting licenses can be issued for more than one (1) mineral in the same area. A geological evaluation and work plan are required in order for an exclusive prospecting license to be issued.

A non-exclusive prospecting license is valid for twelve (12) months and permit non-exclusive prospecting in any open ground not restricted by other mineral rights. The Mining Commissioner must be furnished with samples removed from areas prospected in terms of a non-exclusive prospecting license.

Reconnaissance licenses are valid for six (6) months (renewable under special circumstances) and can be made exclusive in some instances. Reconnaissance licenses allow for regional remote sensing techniques.

In order to obtain a reconnaissance license a geological evaluation and work plan needs to be submitted to the Mining Commissioner.

Mineral deposit retention licenses are valid for up to five (5) years and can be renewed subject to limited work and expenditure obligations. A mineral deposit retention license allows a successful prospector to retain rights to mineral deposits which cannot be economically exploited immediately.

Mining licenses are awarded to Namibian citizens and companies registered in Namibia. They are valid for either the life of mine or an initial twenty five (25) years, renewable up to fifteen (15) years at a time. Applicants must have the financial and technical resources to mine effectively and safely.

Prior to exclusive prospecting, mineral deposit retention and mining licenses being issued, all applicants must complete an environmental contract with the Department of Environment and Tourism. Environmental assessments with regards to air pollution, dust generation, water supply, drainage/waste water disposal, land disturbance and protection of fauna and flora must be made.

“Namibia continues to boast the best quality of infrastructure in Africa. ... The country’s extensive road network facilitates regional trade by connecting its major economic hubs with its SADC counterparts, providing sea access to landlocked neighbours.”

Where to Invest in Africa 2014/2015 – RMB Global Markets Research

Fiscal regime

Summary of the fiscal regime for mining in Namibia	
Mineral royalty rates	<ul style="list-style-type: none"> › Royalties are payable as follows: <ul style="list-style-type: none"> » Ten (10)% on rough and uncut precious stones; » Five (5)% on rough or unprocessed dimension stone; and » Five (5)% on gold, copper, zinc and other base metals; » Two (2)% on semi-precious stones and industrial minerals; » Three (3)% on nuclear fuel minerals; » Two (2)% on industrial minerals and non-nuclear fuel materials; and » Five (5)% on oil/gas.
Corporate tax rates	<ul style="list-style-type: none"> › The corporate tax rates for mineral companies are as follows: <ul style="list-style-type: none"> » Fifty five (55)% for diamond mining companies; » Thirty seven point five (37.5)% for non-diamond mining companies; and » Thirty five (35)% on oil/gas.
Deductions – capital expenditure	<ul style="list-style-type: none"> › Allowable tax deductions for Mining Companies are as follows: <ul style="list-style-type: none"> » Exploration and development expenditure, actually incurred, in connection with carrying out exploration and development operations in any area of Namibia is deemed to have been incurred only once the mine commences with production; » For exploration expenditure, a one hundred (100)% deduction is allowed in the first year of assessment in which the mine starts with production; and » For development expenditure, a third is deducted in the first year of assessment in which the mine starts with production and one third in each of following two (2) years.
Non-resident shareholders tax	<ul style="list-style-type: none"> › Twenty (20)%; or › Ten (10)% if ownership in the local company is twenty five (25)% or more.
Withholding tax	› Twenty five (25)%.
Forward carry of losses	› Yes, provided the entity continues to trade.
Capital gains tax	› Zero (0)%.
Value added tax	› The standard rate is fifteen (15)%.
Additional profit tax	<ul style="list-style-type: none"> › In addition to the normal tax liability of thirty five (35)%, the after tax net cash flow generated from petroleum mining activities of each license area is further taxed at three (3) additional levels: <ul style="list-style-type: none"> » If the petroleum operations in a license area earn an after-tax real (inflation-adjusted) rate of return of fifteen (15)%, a tax levy of twenty five (25)%, determined through a formula, will be charged; » If the profitability level exceeds twenty (20)% and twenty five (25)%, respectively, the rates of tax are bid-able by, and negotiable with, each prospective investor consortium, and the agreed rates will be set out in the respective Petroleum Agreement.

02 | Principal listing requirements and procedures

The NSX Listings Requirements apply to Mineral Companies, subject to the additional requirements and concessions set out in Chapter 12: Mineral Companies.

The NSX has adopted the SAMREC Code which sets out the minimum standards, recommendations and guidelines for public reporting of exploration results, mineral resources and mineral reserves.

Criteria for listing

Exploration Companies

The NSX may admit to listing on the Development Capital Board the securities of an applicant Exploration Company that does not meet the listing criteria for a Main Board listing if such applicant Exploration Company meets the following criteria for listing:

1. The applicant Exploration Company must have a subscribed capital (including reserves but excluding minority interests and revaluations of assets and intangible assets that are not supported by an independent valuation in the last six (6) months prior to listing) of at least NAD1.0 million (US\$94 216);
2. The applicant Exploration Company must have at least one (1) million equity shares in issue;
3. At least twenty (20)% of each class of the applicant Exploration Company's securities must be held by the public;

Mining Companies

The NSX may admit to listing on the Development Capital Board the securities of an applicant Mining Company that does not meet the listing criteria for a Main Board listing if such applicant Mining Company meets the following criteria for listing:

1. The provisions set out in numbers 1 to 5 of the Exploration Companies criteria above are satisfied;
2. The applicant Mining Company undertakes or proposes to undertake exploration;

4. The applicant Exploration Company must have at least one hundred and fifty (150) public shareholders (equity securities);
5. The applicant Exploration Company must be carrying on as its main activity (by itself or through a subsidiary), an independent business which gives control (fifty (50)% plus one (1)) over the majority of its assets;
6. The applicant Exploration Company undertakes or proposes to undertake exploration;
7. The applicant Exploration Company demonstrates to the satisfaction of the NSX that the applicant's management have satisfactory experience in exploration; and
8. The applicant Exploration Company demonstrates to the satisfaction of the NSX that the applicant is entitled to explore for the relevant minerals.

3. The applicant Mining Company demonstrates to the satisfaction of the NSX that the applicant's management have satisfactory experience in mining; and
4. The applicant Mining Company demonstrates to the satisfaction of the NSX that the applicant is entitled to mine for the relevant minerals.



“It is the developing world that truly shines in this year’s World Risk Survey. With capital at a premium, juniors specially have been flocking to places where costs are minimal, which is why Mexico, Botswana, Chile, Peru, Burkina Faso, Brazil and Namibia rounded out the top 10, in that order.”

ResourceStocks 2013 World Risk Survey

NSX CPR – Guiding principles

Individuals and companies that prepare and report under Section 12 of the NSX Listings Requirements must be aware of the following guiding principles:

- › Reports must comply with the SAMREC Code and the information presented must be of sufficient quality that the preparer can face his/her peers and demonstrate competence in the commodity, type of deposit and situation under consideration;
- › The preparer must be satisfied that his/her reporting has ensured full disclosure by the applicant Mineral Company of all material information that might prejudice the integrity and accuracy of the information that is being reported on. The report must not mislead readers as to the commercial prospects of the projects being reported on;
- › The preparer must be satisfied that their work has not been unfairly influenced by the applicant Mineral Company as a result of unfair pressure over fees, time or future rewards;
- › Preparers should be aware that, as part of the NSX approval process, the NSX will be referring all NSX CPR’s to the Namibian Mining/Exploration Evaluation Committee (an independent technical readers’ panel) for assessment and comment. Material unresolved complaints concerning a NSX Competent Person will be referred by the NSX to the relevant Namibian authority, if any, who will ensure that appropriate disciplinary action is taken by the competent persons registering body or the NSX will remove the person from its register of NSX Competent Persons; and
- › Preparers who place reliance on information provided by a third party and include or use such information in their report, must perform validation and verification procedures to satisfy themselves as to the integrity and accuracy of such information. The report must include details of the information relied upon.

NSX CPR – Exploration Companies

A NSX CPR prepared for an Exploration Company must contain the following information:

- › Full name, address, professional qualifications and relevant experience of the NSX Competent Person and the name and address of the body of which he/she is a member;
 - › Be dated less than six (6) months prior to the date of publication of the NSX PLS or Prospectus;
 - › Be updated prior to publication of the NSX PLS or Prospectus if further data becomes available;
 - › If the NSX Competent Person is not independent of the applicant Exploration Company, clearly disclose the nature of the relationship or interest;
 - › Show the particular NSX Listings Requirement paragraph complied with in the margin of NSX CPR; and
 - › Contain a paragraph stating that all requirements of this section have been complied with or that certain identified paragraphs were not applicable.
- If more than one (1) NSX Competent Person is appointed, each NSX Competent Person must comply with the relevant requirements.
- The NSX CPR must comply with the following information extracted from, inter alia, the SAMREC Code checklists:
- › A statement detailing exploration results to date and including the names of the organisation/s that carried out the interpretations and investigation. The following information needs to be included:
 - » Details relating to the drilling techniques used (drill type and details and measures taken to maximise sample recovery and ensure the representative nature of such samples);

- » A statement must be included as to whether the level of details logged, with regards to samples, support appropriate Mineral Resources estimation, mining and metallurgical studies. The nature of the logging, either qualitative or quantitative in nature, should also be outlined;
- » A statement must be made as to whether sample recoveries have been properly recorded and results assessed properly noted;
- » The nature and type of sampling, including measures taken to ensure sample representivity, must be outlined and the precise location and unique numbering of each sample must be described;
- » A description as to whether the core was cut or sawn and whether quarter, half or all the core was taken for assay purposes as well as details of non-core samples taken must be included. Such description must include an indication of the nature, quality and appropriateness of the sample preparation technique, including quality control procedures. An explanation of the measures taken to ensure that the sampling is representative of the in situ material collected must be provided as well as a view of the appropriateness of the sample sizes to the grain size of the material being sampled;
- » A statement as to the use of twinned holes, deflections or duplicate samples must be made. The verification of selected intersections by either independent or alternative personnel must be made;
- » A statement must be made detailing the accuracy and quality of surveys used to locate drill holes, trenches, mine workings and other locations used in Mineral Resource estimation. The quality and adequacy of topographic control should be discussed and locality plans should be included, where appropriate;
- » A description of the data density for reporting of exploration results should be included, as well as a statement as to whether the data density and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and/or Mineral Reserve estimation procedure and classification applied. When applied, sample compositing should be mentioned;
- » The results of any audits or reviews of sampling techniques and data should be outlined;
- » Any exploration work done by other parties must be acknowledged and a detailed appraisal of such exploration work must be provided;
- » A description of the nature, detail and reliability of geological information, including all geophysical and geochemical data, must be given. Reliable geological maps and cross sections which support interpretations, should be provided;
- » Weighted average techniques, maximum and/or minimum grade truncations and cut-off grades must be clearly explained. Where composite intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such compositing would be stated and some typical examples should be detailed. The assumptions used for any reporting of metal equivalent values should be clearly stated;
- » The nature of the geometry of the mineralisation with respect to the drill hole angle, if known, should be fully reported. If it is not known and only the down-hole lengths are reported, there should be a clear statement to this effect;

“... Southern African countries such as Malawi, Mozambique, Namibia, Uganda and the United Republic of Tanzania received a sizeable amount of their FDI stock from the region (excluding stock from Mauritius), most of that from South Africa.”

World Investment Report 2014

- » In circumstances where comprehensive reporting of all exploration results is not practicable, representative reporting of both low and high grades and/or widths should be practised to avoid misleading reporting of exploration results;
 - » Other exploration data, if meaningful and material, should be included; and
 - » The nature and scale of planned further work should be fully outlined.
- › With respect to the issuer's Mineral Resources and Reserves, a statement including the following detail should be provided:
- » The geological features of the occurrence, the type of deposit and its dimensions;
 - » An estimate of the volumes, tonnages and grades, as appropriate;
 - » The anticipated mining tonnages, grades or volumes;
 - » The planned processing tonnages, grades or volumes, together with the other principal assumptions relating to any forecast revenues and operating costs; and
 - » The estimation and reporting of Mineral resources detailing the following, where applicable:
 - The measures taken to ensure the integrity of the data and that it has not been corrupted. The data validation procedures used must be noted;
 - A description of the geological model used and inferences made from this model. Discussion is required of sufficiency of data density to assure continuity of mineralisation and to provide an adequate database for the estimation procedure used;
 - With regards to estimation and modelling techniques used, the following information must be disclosed:
 - The nature and appropriateness of the estimation techniques applied and the key assumptions;
 - The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data;
 - The assumptions made regarding recovery of by-products;
 - In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed;
 - Any assumptions used for the modelling of selective mining units;
 - The process of validation, the checking process used, the comparison of model data to drill hole data and use of reconciliation data, if available;
- A detailed description of the method used and the assumptions made to estimate tonnages and grades;
 - A description of how the geological interpretation was used to control the Mineral Resource estimates;
 - A discussion of the basis for using, or not using, grade cutting or capping including details of computer methods if used;
 - A description of the geostatistical method used and a justification of the selected method; and
 - A discussion of the geostatistical parameters used, including the variogram and their compatibility with the geological interpretation.
- The basis of cut-off grades or quality parameters applied, including the basis of equivalent metal formulae, if appropriate;
 - The assumptions made regarding possible mining methods, minimum mining dimensions and internal mining dilutions. If no assumptions have been made, this should be stated;
 - The basis for assumptions or predictions regarding metallurgical amenability. If no assumptions have been made, this should be stated;
 - If assumed, the basis for the assumptions used with regards to tonnage factors (in situ bulk densities). If determined, the method used, the frequency of the measurements and the nature, size and representativeness of the samples;
 - The basis for the classification of the Mineral Resources into varying confidence categories and whether appropriate account has been taken of all relevant factors. A statement as to whether the result appropriately reflects the NSX Competent Person's view of the deposit; and
 - The results of any audits or reviews of the Mineral Resource estimates.
- » A statement must be provided confirming that an environmental management programme as required by the Namibian Minerals Act has been approved by the Ministry of Tourism and the Environment and the Ministry of Mines and Energy. The cost of such programme and a summary of anticipated environmental liabilities and their planned funding;
 - » Diagrams, maps and plans in respect of each property must be supplied and must demonstrate their location, the nature and extent of workings thereon and all principal geological features;

- » A list of mineral and surface rights must be detailed and must include a description of the following:
 - The nature of the issuer's rights of exploration and the right to use the surface of the properties to which these rights relate; and
 - The principal terms and conditions of all agreements, concessions, consents, permission, permits or authorisations that have been obtained and details of those still to be obtained;

The NSX Competent Person must verify the legal ownership by the applicant Exploration Company of such mineral and surface rights.

- » With regards to assaying the following information must be provided:
 - The name of the laboratory used and whether it is accredited and with which body, either in Namibia or elsewhere; and
 - An outline of the nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.

- » A statement of any legal proceedings that may have an influence on the rights to explore for minerals or an appropriate negative statement;
- » A detailed estimate/statement regarding the following must be included:
 - The exploration funding requirements for at least two (2) years following publication of the NSX CPR;
 - The exploration expenditure incurred to date and/or budgeted for; and
 - The projected adequacy of capital raised for exploration purposes.
- » The past history of operations and/or exploration workings should be included as a background to the current exploration, taking account of previous successes and/or failures;
- » If possible, historical statistics should be presented to indicate historical trends. The discretion of the NSX Competent Person should prevail when determining which statistics should be presented; and
- » A glossary of the terms used in the NSX CPR should be included.

NSX CPR – Mining Companies

A NSX CPR prepared for a Mining Company must contain the following information:

- › All of the information requirements relating to Exploration Companies as detailed above;
- › In addition, the NSX CPR for a Mining Company must comply with the SAMREC Code and must also include the following:
 - » The status of environmental or rehabilitation matters that may impact on valuation. The financial impact of identified environmental restoration liabilities must be disclosed;
 - » When applicable, a description of the Mineral Resource estimate used as a basis for the conversion to a Mineral Reserve must be included. A clear statement as to whether the Mineral Resources are reported in addition to, or inclusive of, the Mineral Reserves. Caution should be exercised if an Inferred Mineral Resource is included in economic studies and, if included, full disclosure and the effect on the results of the economic studies must be stated. A comparison between the scenario including and excluding the Inferred Mineral Resource must be provided and explained;
 - » Disclosure of the basis of the cut-off grades or quality parameters applied, including the basis, if appropriate, of equivalent metal formulae. The cut-off grade parameter may be economic value per block rather than grade;

- » With regards to mining factors or assumptions, the following information must be disclosed:
 - The method and assumptions used to convert the Mineral Resources to Mineral Reserves;
 - The choice of, the nature and the appropriateness of the selected mining methods and other mining parameters including associated design issues such as pre-strip access;
 - The assumptions made regarding geotechnical parameters, grade control and pre-production drilling;
 - The major assumptions made and Mineral Resource model used for pit optimisation (if appropriate);
 - The mining dilution factors, mining recovery factors and minimum mining widths used and the infrastructure requirements of the selected mining methods;
 - Historical reliability of the performance parameters;
 - Diagrams must clearly indicate the spatial relationship of the mining infrastructure, Mineral Reserves and Mineral Resources together with planned mining production capacities;

- The date on which mining commenced or is expected to commence on the applicant Mining Company's major properties;
 - Commentary on the reasonableness of any mining, technical and economic forecasts made by the directors;
 - Assessment of the value, ownership, type, extent and condition of plant and equipment that is significant to the applicant Mining Company's operations and is currently in use on the applicant Mining Company's major properties; and
 - Information and value of significant additional plant and equipment that will be required to achieve the forecast rates of mining.
- › The NSX CPR must include annualised forecast free cash flow mining valuation numbers and all key criteria and assumptions made in arriving at such valuation numbers. The NSX CPR must include the following information for each life-of-mine year, as determined by the NSX Competent Person for valuation purposes, in a tabular form:
- › Expected run-of-mine tonnage (to be defined) and grade to be mined;
 - › A reconciliation of the grade and tonnage (to be defined) of the Mineral Reserves (fully diluted to plant) back to in situ Mineral Reserves;
 - › Recovery of factors showing final grade recoveries reconciled back to Mineral Reserves delivered to plant;
 - › Revenue receivable per final defined product unit sold and in total (for the year);
 - › Mining, beneficiating, smelting, refining, marketing, environmental and any other cost categories per defined unit and in total for the year;
 - › Capital expenditure, differentiating between initial, new and ongoing capital expenditure;
 - › Expected salvage value of assets less liabilities including environmental liabilities at the end of the cash flow valuation;
 - › Taxation, royalties and other similar charges (providing important details where necessary);
 - › Unredeemed capital expenditure balances, capital gains tax profits and losses and balances carried forward and assessed losses;
 - › Expected interest and finance costs;
 - › Changes in working capital and consequent cash flow implications;
 - › An estimate of all funding requirements and funding movements, differentiating between debt, equity and internal resources;
 - › Repayment of long-term loans and debt;
 - › Final net free cash (for each year);
 - › Range of real or nominal discount rates used to discount the free cash flow per annum and consequent net present values;
 - › The net present value per share or unit used for final valuation purposes;
 - › Economic assumptions such as exchange rates, interest rates, inflation rates, escalation and de-escalation rates and any other relevant factors; and
 - › The specific terms of any forward sale or hedging contracts entered into.

“The market capitalisations of the Namibia, Botswana and Ghana exchanges also require interpretation, as they include some large dual listings that increase the reported values.”

RisCura 2014 Bright Africa Report

03 | NSX PLS or Prospectus

An application for a listing of securities by a Mineral Company on the Main Board must be accompanied by the relevant NSX PLS or Prospectus which must comply with the relevant NSX Listings Requirements applicable to NSX PLS or Prospectuses for all listed companies as well as including the following additional information:

- › A NSX CPR;
- › Details of all management and service agreements;
- › The names of the applicant Mineral Company's directors;
- › Details of any direct or indirect interest, beneficial or non-beneficial, which each director, NSX Competent Person and related party, as defined in the NSX Listings Requirements, has or, within two (2) years from the date of the NSX PLS or Prospectus, had:
 - » In any asset (including any right to explore for minerals) which has been acquired or disposed of by, or leased to or by, the applicant Mineral Company, including any interest in the consideration passing to or from the applicant Mineral Company;
 - » In the share capital of the applicant Mineral Company; and
 - » In the promotion of the applicant Mineral Company.
- › A statement by the directors of any legal proceedings that may have an influence on the rights to explore for minerals, or an appropriate negative statement; and
- › A NSX CPR.

Announcements

Announcements by Mineral Companies must comply with SAMREC Code where applicable and, to the extent that they relate or refer to a NSX CPR must:

- › Be approved in writing in advance of publication by the relevant NSX Competent Person; and
- › If the NSX Competent Person is not, in the opinion of the NSX, independent of the applicant Mineral Company, clearly disclose the nature of the relationship or interest.





Nigeria

Mega Trends 2014 Quarter 2

Population

- › 177,155,754 (July 2014 est.); Age 15 - 64: 53.7%

Population growth rate (%)

- › 2.47% (2014 est.)

Life expectancy at birth

- › Total population: 52.62 years; male: 51.63 years; female: 53.66 years (2014 est.)

HIV/AIDS

- › Adult prevalence rate: 3.1%; People living with HIV/AIDS: 3.4 million (2012 est.)

Adult literacy rate (age 15 and over can read and write)

- › Total population: 61.3%; male: 72.1%; female: 50.4% (2010 est.)

Urbanisation

- › Urban population: 50.8% of total population (2013); Urban population growth: 4.0% (2013)

Population below national poverty line

- › 68.0% (2010 est.)

Unemployment rate

- › 23.9% (2011 est.)

Employment (% of total)

- › Agriculture: 39.7%; Industry: 10.8%; Services: 49.5% (2013 est.)

Labour participation rate (% of total population ages 15+)

- › 55.9% (2012)

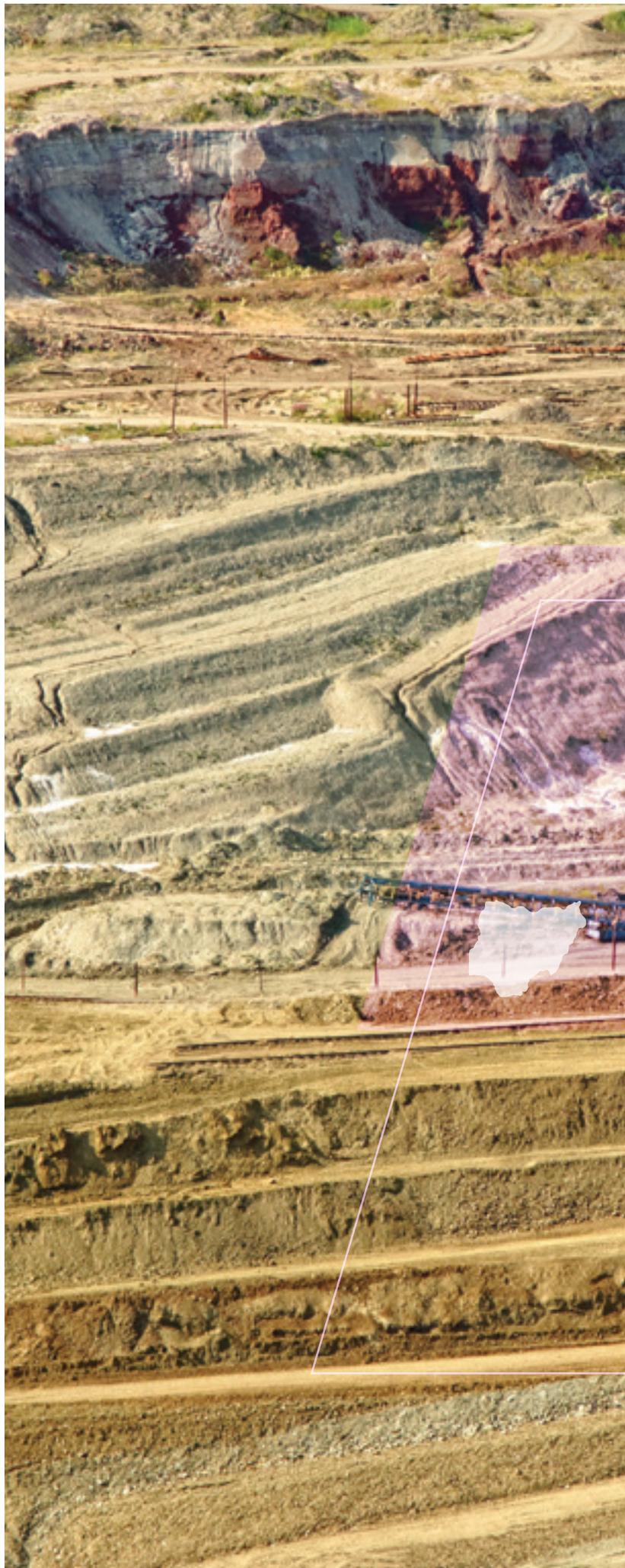
Business languages

- › English, Hausa, Yoruba, Igbo, Fulani

Telephone & Internet users

- › Main lines in use: 360,537; Mobile cellular: 127.25 million; Internet users: 67.32 million (2013)

Sources: CIA World Factbook, World Bank, Trading Economics, UNESCO, ITU, UNAIDS, NKC Research, Nigeria National Bureau of Statistics





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01 | Overview of Nigeria as a mining and oil and gas destination

Introduction

Nigeria is endowed with a wide variety of solid minerals of various categories ranging from precious metals to various stones and also industrial minerals such as barytes, gypsum, kaolin and marble. Most of these are yet to be exploited. Statistically, the level of exploitation of these minerals is very low in relation to the extent of the deposits found. Mining currently contributes one (1)% to Nigeria's GDP.

While the solid minerals industry is relatively small and undeveloped in Nigeria, oil and gas constitute more than ninety five (95)% of Nigeria's goods export receipts. The upstream oil industry is the single most important sector in the economy but it is also central to the ongoing civil unrest in Nigeria. Nigeria's downstream oil industry is also a key sector and includes four (4) refineries although these have consistently and significantly operated well below maximum capacity and Nigeria often has to import refined oil to meet domestic demand.

An exchange rate of US\$1 = NGN161.675 on 30 June 2014 has been used throughout this section.

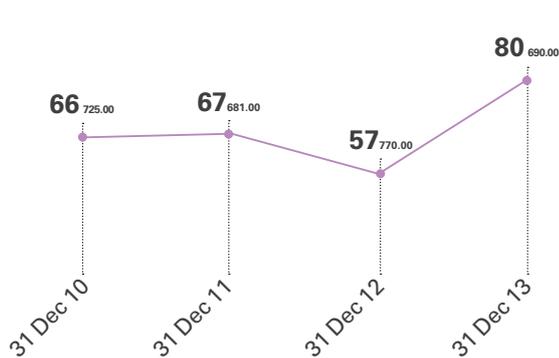
“Nigeria is a country with 167 million people, of which 89 million are of working age. Despite the nation’s infrastructural deficits, on-going reforms and initiatives targeted at addressing these exact deficits continue, and the nation is optimistic that these reforms and initiatives, once achieved, will heighten the growth trajectory.”

Emerging from the Frontiers - The Nigerian Capital Market by Adeolu Bajomo and N. Yvonne Emordi

Total market capitalisation of the NSE

The chart below sets out the total market capitalisation of the NSE as at 31 December 2010, 2011, 2012 and 2013 (based on the annual financial data provided by the ASEA):

Total market capitalisation of the NSE as at 31 December 2010, 2011, 2012 and 2013 (in US\$ millions)

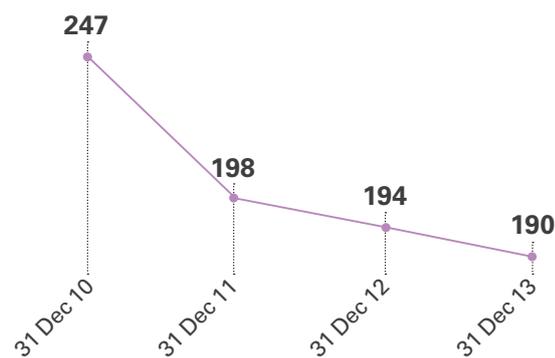


The total market capitalisation of the NSE has increased by approximately twenty point nine (20.9)% between 31 December 2010 and 31 December 2013. The value of the NGN decreased marginally by approximately five (5)% during the period under review.

The increase in the market capitalisation is largely due to positive performances by its blue chip companies

The chart below sets out the total number of issuers on the NSE as at 31 December 2010, 2011, 2012 and 2013 (based on the annual financial data provided by the ASEA):

Total number of issuers on the NSE as at 31 December 2010, 2011, 2012 and 2013

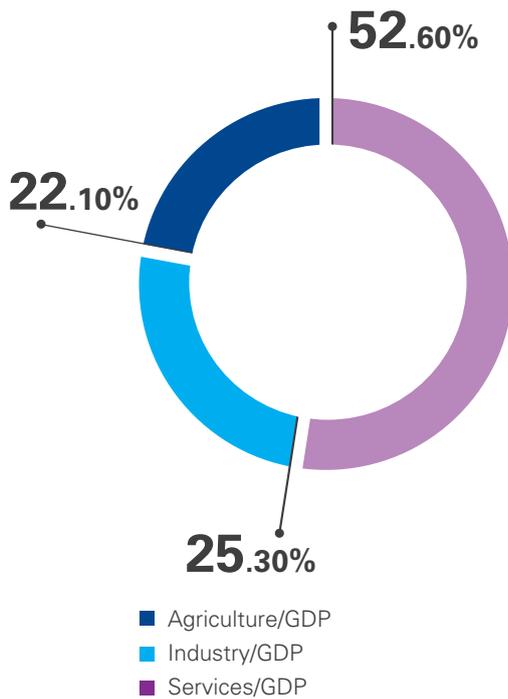


The number of listed equity issuers on the NSE has declined by twelve point four (12.4)% during the period under review. In the aftermath of the 2008 financial crisis, new listings on the NSE dried up, however, during the past twelve (12) months, there have been a number of new listings on the NSE including Computer Warehouse Group in November 2013, Infinity Trust Mortgage Bank in December 2013, Seplat Petroleum Development Company in April 2014 and Caverton Offshore Support Group in May 2014. Transcorp Hotels is currently in the process of listing on the NSE. During June 2014, the NSE delisted twenty one (21) equity issuers as a result of a regulatory clean up.

Equity market capitalisation of the NSE

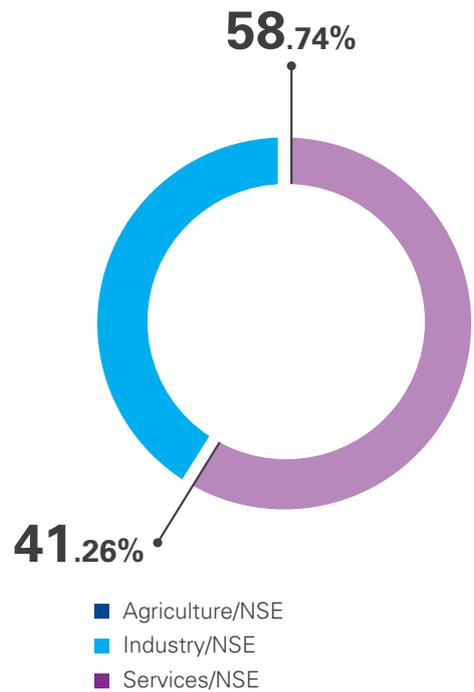
Set out below is the economic structure as a percentage of GDP (2013 estimate) based on research by NKC Independent Economists:

Economic structure as a percentage of GDP



Set out below are the NSE industry sectors as a percentage of the total equity market capitalisation grouped in the same categories as the economic structure as a percentage of GDP:

NSE industry sectors as a percentage of the total equity market capitalisation



Services comprises of the following industry sectors: financials, consumer goods, other – conglomerates, health care, consumer services, technology, telecommunications and utilities;

Industry comprises of the following industry sectors: industrials, oil and gas (seven point seven (7.7)%) and basic materials;

There are no forestry, tobacco or farming, fish and plantations issuers listed on the NSE.

As illustrated by the diagrams above, the NSE industry sectors as a percentage of the total equity market capitalisation do not correlate to the economic structure of Nigeria as a percentage of GDP. While agriculture contributes approximately twenty two (22)% to the GDP, there are no equity issuers on the NSE that are in the agricultural industry sector.

Industry contributes approximately forty one point three (41.3)% to the economic structure

as a percentage of GDP compared to the lesser twenty five point three (25.3)% contribution by the industry sector issuers to the total equity market capitalisation of the NSE. The services sector, which contributes fifty two point six (52.6)% to the GDP, is well represented on the NSE and constitutes fifty eight point seven (58.7)% of the industry sector composition of the NSE. Crude oil and natural gas, which cumulatively constitute ninety five (95)% of Nigeria's exports, constitutes only seven point seven (7.7)% of the total equity market capitalisation of the NSE.

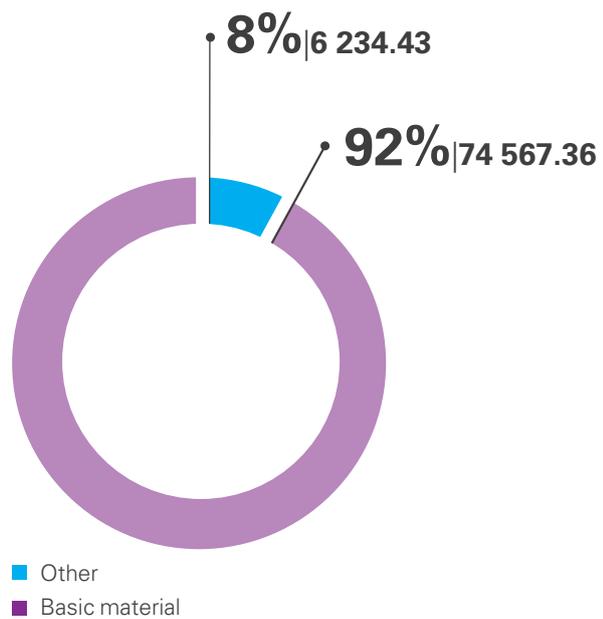
The misalliance between the major contributors to the GDP and the sector composition of the NSE has the result that foreign investors seeking to invest in certain significant sectors of the Nigerian economy, such as agriculture and oil and gas, cannot do so through investing in the NSE.

Equity market capitalisation of the Mining Sector of the NSE

As at the date of the KPMG Listing in Africa publication, the equity market capitalisation of the NSE amounted to approximately US\$ eighty thousand eight hundred and one point eight million (US\$80 801.8 million) (NGN thirteen million, sixty three thousand six hundred and twenty nine point six million (13 063 629.6 million)) of which US\$ six thousand two hundred and thirty four point four million (US\$6 234.4 million), in respect of nineteen (19) equity issuers, relates to the Mining Sector. Of the nineteen (19) Mining Sector issuers listed on the NSE, seventeen (17) are domestic companies that are listed on the Main Board and the other two (2) are domestic companies that are listed on the Alternative Securities Market.

A diagrammatic overview of the split of the equity market capitalisation of the NSE between the Mining Sector and the other sectors is set out right:

Equity market capitalisation attributable to each of the Mining Sector and the other sectors (in US\$ millions)



There are no mining companies issuers on the NSE with equity market capitalisations of US\$ one billion (US\$1.0 billion) or more. The total equity market capitalisation of the mining companies on the NSE is US\$ forty nine million (US\$49.0 million).

There are three (3) oil and gas issuers with market capitalisations of US\$ one billion (US\$1.0 billion) or more, namely, Seplat Petroleum Development Company Plc (US\$ two thousand three hundred and ten point four million (US\$2 310.4 million)), Oando

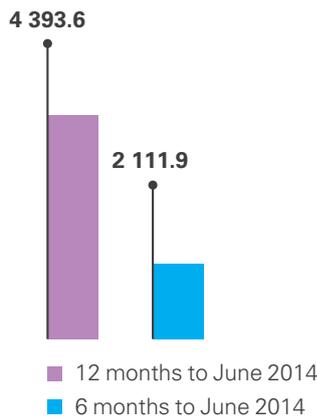
Plc (US\$ one thousand five hundred and four point seven million (US\$1 504.7 million)) and Forte Oil Plc (US\$ one thousand two hundred and forty six point four million (US\$1 246.4 million)). Seplat Petroleum Development Company Plc, which is dual listed on the LSE, listed on the NSE in April 2014 after raising approximately US\$ five hundred million (US\$500.0 million) from the largest European IPO of a petroleum exploration and production business since the financial crisis.

“Intra-African investments are increasing, led by South African, Kenyan, and Nigerian TNCs. Between 2009 and 2013, the share of announced cross-border greenfield investment projects originating from within Africa increased to 18 per cent, from less than 10 per cent in the preceding period.”

Volumes of equity shares traded by Mining Sector issuers

The volumes of the Mining Sector issuers' equity shares traded on the NSE for the twelve (12) months to 20 June 2014 and for the six (6) months to 20 June 2014 are set out below:

Volume of equity shares traded by Mining Sector issuers (in millions)



During the twelve (12) months to 30 June 2014, ninety eight thousand six hundred and twenty three million (98 623.0 million) shares traded on the NSE out of a total of nine hundred and ten thousand two hundred and fifty five million (910 255.0 million)

issued shares (approximately eleven (11)% of the cumulative issued shares at 30 June 2014). Of the total equity shares traded, four thousand three hundred and ninety three point six million (4 393.6 million) related to Mining Sector issuers which equates to zero point five (0.5)% of the total equity shares traded. Eighty nine (89)% of the equity shares traded by Mining Sector issuers for this period related to two (2) oil and gas companies, namely, Japaul Oil & Maritime Services Plc and Oando Plc, both of which are domestic companies listed on the Main Board of the NSE and one (1) mining company, namely, Multiverse Resources Plc, which is a domestic company listed on the Main Board of the NSE.

During the six (6) months to 30 June 2014, forty four thousand four hundred and ninety five point five million (44 495.5 million) shares traded on the NSE out of a total of nine hundred and ten thousand two hundred and fifty five million (910 255.0 million) issued shares (approximately five (5)% of the cumulative issued shares at 30 June 2014). Of the total equity shares traded, two thousand one hundred and eleven point nine million (2 111.9 million) related to Mining Sector issuers which equates to zero point two (0.2)% of the total equity shares traded. Eighty nine (89)% of the equity shares traded by Mining Sector issuers for this period related Japaul Oil & Maritime Services Plc, Oando Plc and Multiverse Resources Plc, details of which are provided above.

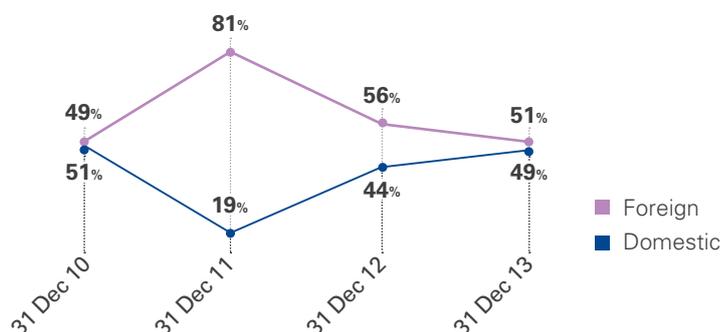
The trading equity statistics for the NSE for the years ended 31 December 2013, 2012, 2011 and 2010, as extracted from the ASEA Yearbook 2014, are set out below:

Trading equity statistics for the NSE for the years ended **31 December 2013, 2012, 2011 and 2010**

Indicators	2013	2012	2011	2010
Total value traded US\$	6 529 285 578	4 231 648 476	4 181 930 000	5 364 570 000
Total volume traded	106 539 868 178	89 154 538 807	89 576 608 901	93 335 000 000
Total number of transactions	1 380 789	973 160	1 230 754	1 918 479
Number of traded companies	176	172	164	173

The foreign versus local investors as a percentage of the total value traded on the NSE for the years ended 31 December 2010, 2011, 2012 and 2013, as extracted from the ASEA Yearbook 2014, are set out below:

Foreign versus local investors as a percentage of the total value traded on the NSE for the years ended **31 December 2010, 2011, 2012 and 2013**



Attractiveness as a mining destination

The World Investment Report, 2014 stated that Nigeria received US\$ five thousand six hundred and nine million (US\$5 609.0 million) of FDI during 2013, a decrease of approximately twenty seven (27)% from the prior year. Nigeria's lower levels of FDI in 2013 reflect the retreat of foreign transnational corporations from the oil industry and uncertainty over the new petroleum industry bill and security issues.

The value of cross-border net sales merger and acquisition transactions involving Namibia companies amounted to US\$ five hundred and thirty seven million (US\$537.0 million), an increase of approximately seventy (70)% from the value for the prior year.

The value of world as source funded Greenfield Investment projects in Nigeria in 2013 was US\$ five thousand nine hundred and eight three million (US\$5 983.0 million).

Nigeria ranked as the 2nd most attractive country for investment in Africa in terms of the RMB Global Markets Research Where to Invest in Africa Report 2014/2015. The RMB Global Markets Research Where to Invest in Africa Report 2014/2015 assigns investment attractiveness scores to each of the fifty three (53) countries in the survey through a multiplicative combination of market size (GDP), economic growth (GDP growth forecasts over the next five (5) years) and an operating environment index. Nigeria reportedly has one hundred and two (102) infrastructure projects currently in progress.

World Bank Ease of Doing Business Index

Nigeria was ranked 170th (147th in 2013) out of one hundred and eighty nine (189) countries in the World Bank Ease of Doing Business Index as at June 2014. The 1st ranked country (with the lowest scores for each of the ten (10) topics) in the World Bank Ease of Doing Business Index is deemed to have the regulatory environment that is the most conducive and the 189th ranked country (with the highest scores for each of the ten (10) topics) is deemed to have the regulatory environment that is the least conducive to the starting and operation of a local firm in that country.

Nigeria experienced a drop of twenty three (23) places in its ranking in the Ease of Doing Business Index in 2014. Nigeria attained significantly higher scores in the areas of dealing with construction permits, getting credit and resolving insolvency. Nigeria's scores in the areas of starting a business, getting electricity, paying taxes, trading across borders and enforcing contracts were also marginally higher resulting in the overall lower ranking. Nigeria still achieved low scores in the areas of getting credit (although a significantly higher score than for the prior year was attained) and protecting minority investors.

Frazer Institute Survey of Mining Companies 2013's Policy Perception Index

Nigeria ranked 75th out of one hundred and twelve (112) jurisdictions in the Frazer Institute Survey of Mining Companies 2013's Policy Perception Index. 2013 was the first year in which Nigeria featured in

the Policy Perception Index. The Policy Perception Index measures the overall policy attractiveness of a jurisdiction.

Nigeria's scores in respect of the various policy factors considered in the Policy Perception Index were as follows:

	Encourages investment	Not a deterrent to investment	Mild deterrent	Strong deterrent	Would not pursue investment due to this factor
Mineral potential, assuming current regulation/land use restrictions	0%	36%	36%	27%	0%
Mineral potential, assuming policies based on "best practice"	36%	46%	18%	0%	0%
Uncertainty concerning the administration, interpretation and enforcement of existing regulations	15%	31%	23%	15%	15%
Uncertainty concerning environmental regulations	25%	33%	33%	8%	0%
Regulatory duplication and inconsistencies	8%	58%	25%	8%	0%
Legal system (legal processes that are fair, transparent, non-corrupt, timely and efficiently administered)	8%	15%	31%	31%	15%

	Encourages investment	Not a deterrent to investment	Mild deterrent	Strong deterrent	Would not pursue investment due to this factor
Taxation regime (including personal, corporate, payroll, capital and other taxes and complexity of tax compliance)	0%	33%	50%	17%	0%
Uncertainty concerning disputed land claims	0%	33%	50%	17%	0%
Uncertainty over which areas will be protected as wilderness, parks or archaeological sites	8%	75%	0%	17%	0%
Quality of infrastructure (includes access to roads and power availability)	8%	33%	17%	42%	0%
Socioeconomic agreements/ community development conditions	0%	55%	9%	27%	9%
Trade barriers – tariff and non-tariff barriers, restrictions on profit repatriation, currency restrictions, etc.	9%	36%	27%	27%	0%
Political stability	0%	18%	36%	27%	18%
Labour regulations, employment agreements and labour militancy/work disruptions	0%	46%	36%	0%	18%
Quality of geological database (includes quality and scale of maps, ease of access to information, etc.)	18%	27%	36%	18%	0%
Security situation (includes physical security due to the threat of attack by terrorists, criminals, guerrilla groups, etc.)	0%	0%	46%	27%	27%
Availability of labour and skills	0%	36%	18%	46%	0%

Nigeria's lowest ratings were in the areas of the security situation, political stability, labour relations, employment agreements and labour militancy/work disruptions, legal system, uncertainty regarding the

administration, interpretation and enforcement of existing regulations and socioeconomic agreements/ community development conditions.

ResourceStocks World Risk Survey

Nigeria came 39th place (out of 40) in the 2013 ResourceStocks Magazine world risk survey which covers the following areas: financial risk, sovereign risk, land access, green tape, land claims, red tape, social risk, infrastructure, civil unrest, natural disasters and labour relations.

Nigeria's scored over eighty (80%) in all perceived risk areas with the exception of natural disasters. Nigeria's highest scores were one hundred (100)% in respect sovereign risk, red tape and civil unrest.

Corruption Perceptions Index

According to the 2014 Corruption Perceptions Index prepared by Transparency International, Nigeria ranks 136th (together with Cameroon, Iran, Kyrgyzstan and Lebanon) out of one hundred and seventy five (175) jurisdictions. Nigeria's score was 27/100 (where 0 is very corrupt and 100 is very clean).

Nigeria ranked 144th (together with Cameroon, Central African Republic, Iran, Papua New Guinea and Ukraine) out of one hundred and seventy seven (177) jurisdictions in the 2013 Corruption Perceptions Index with a score of 25/100.

Credit rating

Nigeria currently has a BB- credit rating from Standard & Poor and a BB- credit rating from Fitch.

RisCura 2014 Bright Africa Report: A guide to equity investing on the continent

The RisCura 2014 Bright Africa Report rates each stock exchange in terms of the completeness of data, number of companies listed, value traded, World Federation of Exchanges membership, regulation, financing through the stock exchange, openness to foreign ownership, ease of capital inflows/outflows and efficiency of the operation framework. The quality of the NSE is rated as an E (where A is the highest quality and G is the lowest).

The Explicit Costs of “round trip” trading (buying and then selling) on the NSE was measured at approximately two point one (2.1)% with the JSE being the lowest at approximately zero point eight (0.8)% and Zimbabwe being the highest at approximately three point one (3.1)% of value traded.

Regulatory authority

The NSE was awarded membership of the World Federation of Exchange in October 2014, making it the fifth African stock exchange and the third in sub-Saharan Africa to become a member of the World Federation of Exchange. In addition, it was

announced on Tuesday, 28 October 2014 that capital market transaction fees have been exempted from VAT for a period of five (5) years in order to reduce the cost of trading on the NSE and encourage investment in the bourse.

Mining authority

An applicant issuer whose activities include, to a material extent, exploration for natural resources or an issue of securities by a listed issuer for which exploration for natural resources is a new venture, the NSE Prospectus or circular must contain the additional information set out in paragraph 7: Contents of Listing Documents of New Applicants and Listed Issuers (New Ventures) of Chapter 9: Solid Minerals Companies of the NSE Listing Rules in addition to the general listing requirements contained in the NSE Listing Rules.

In the case of an existing Mining Company issuer whose activities include, to a material extent, exploration for natural resources, any subsequent listing documents and circulars must include the additional information required in terms of Chapter 9: Solid Minerals Companies of the NSE Listing Rules.

The Nigerian M&M Act was passed into law on March 16, 2007 to repeal the Nigerian Minerals and Mining Act, No. 34 of 1999. The purpose of the Nigerian M&M Act is to regulate the exploration and exploitation of solid materials in Nigeria.

The Nigerian M&M Act vests control of all properties and minerals in Nigeria in the state and prohibits unauthorised exploration or exploitation of minerals. In terms of the Nigerian M&M Act, all lands in which minerals have been found in commercial quantities vest in the Nigerian Government in accordance with the Land Use Act, 1978.

Property in mineral resources shall pass from the Nigerian Government to the person by whom the mineral resources are lawfully won, upon their recovery in accordance with provisions of the Nigerian M&M Act.

The Nigerian M&M Act further provides that the use of land for mining operations shall have a priority over other uses of land and be considered (for the purposes of access, use and occupation of land for mining operations) as constituting an overriding public interest within the meaning of the Land Use Act, 1978.

The Federal Ministry of Mines and Steel is responsible for identifying Nigeria's solid minerals, advising the Nigerian Government on the formulation and execution of laws and regulations guiding the various stages of prospecting, quarrying and mining and handling sale and consumption of solid minerals in Nigeria, through the issuance of permits, licenses, leases and collection of rents, fees and royalties.

The provisions of the National Minerals and Metals Policy and the Minerals and Mining Regulations also regulate the Mining Sector. The Mining Regulations contain specific provisions with respect to royalties, fees and compensation payable by holders of mining rights.



Types of mining licences

The right to search for or exploit Mineral Resources is obtained through one of the following mineral titles:

Reconnaissance permit

A reconnaissance permit enables its holder to search for Mineral Resources and obtain and remove surface samples in small quantities over any land which is not already subject to an exploration lease, small scale mining lease, mining lease or water use permit. It is a non-exclusive permit and is granted for a period of one (1) year. A reconnaissance permit is renewable annually upon compliance with relevant provisions of the Nigerian M&M Act.

Exploration license

An exploration license is granted over land area not exceeding two hundred (200) square kilometres which is not already subject to an existing exploration license, mining lease, small scale mining lease or quarry lease. An exploration license provides the holder with an exclusive right to conduct exploration activities upon the land within the area of his license including, but not limited to, the right to explore for all mineral resources and to carry out the operations and work necessary for the achievement of this objective, to take specimens and samples within specified limits for the purpose of analysis and conducting bulk sampling and trial processing for determining mining potential. An exploration license is granted for the duration of three (3) years and is renewable for a further two (2) periods of two (2) years each, provided that the holder has complied with his minimum work obligation commitments and other relevant provisions of the Nigerian M&M Act. The holder of an exploration license has the exclusive right to apply for, and to be granted subject to the Nigerian M&M Act, one (1) or more small scale mining leases, mining leases or quarry leases in respect of any part (s) of the exploration area, upon due compliance with its exploration obligations under the Nigerian M&M Act. The holder of an exploration license who sells any Mineral Resources as provided for in the Act shall be subject to the payment of royalty as if the Mineral Resources sold were obtained under a mining lease.

Small scale mining lease

A small scale mining lease covers an area not exceeding three (3) square kilometres and requires its holders to carry out effective rehabilitation of the mined out areas to the satisfaction of the Nigerian NECD and pay prescribed fees. The Nigerian Government, through the Federal Ministry of Mines and Steel, has undertaken to provide certain extension services to duly registered and performing mining co-operatives of small scale artisanal miners, including:

- › Prospecting and exploration services to determine the geological setting, structure, nature of occurrence, quantity and quality of minerals being mined;
- › Provision of an environmental impact assessment report and detailed guidelines on waste and tailing disposal; and
- › Holding regular workshops to update miners' knowledge on legal, marketing, business skills and infrastructural support.

Mining lease

A mining lease is an exclusive permit granted in respect of an area not exceeding fifty (50) square kilometres which is not within an exploration license area or a small scale mining area except if such permit is granted to the holder of the exploration license or small scale mining lease covering such area. It is granted for a period of twenty five (25) years, renewable every twenty four (24) years provided the holder has complied with his minimum work obligation commitments and all other obligations and requirements of the Nigerian M&M Act. The mining lease confers upon the holder the right to, among other things, use, occupy and carry out mineral exploitation within the mining lease area, and market, sell, export or otherwise dispose of the mineral products resulting from the mining operations.

Subject to the provisions of the Nigerian M&M Act and any other enactment, the exclusivity of the mining lease does not derogate from the right of the lawful occupier of a licensed area to retain the right to graze livestock upon or to cultivate the surface of the land in so far as the grazing or cultivation does not interfere with the mining operations in such area.

Pre-Conditions for the commencement of development on a mining lease area

The holder of a mining lease shall not commence any development work or extraction of Mineral Resources on the mining lease area until after:

1. The submission and approval by the Nigerian MECD of all environmental impact assessment studies and mitigation plans required under applicable environmental laws and regulations;
2. The submission and approval by the Mines Inspectorate Department of the details of the work which the applicant is prepared to undertake or a programme for carrying out any minimum work obligations imposed by the Mines Inspectorate Department;
3. The conclusion of a Community Development Agreement approved by the Nigerian MECD; and
4. The holder has duly notified, compensated or offered compensation to all users of land within the mining lease areas as provided for under the Nigerian M&M Act or in the event of a dispute, after the matter has been resolved by arbitration.

The holder of a mining lease, except a mining lease for mineral water exploitation, is required to have resolved the matters specified in subsections 1 and 2 above, within three (3) years from the issue of the mining lease, failing which the mining lease may be temporarily suspended without affecting the rental payments that shall continue and without prejudice to the transfer right of the title holder under the provisions of the Nigerian M&M Act. In addition, the holder of a mining lease for mineral water exploitation is required to have complied with the conditions specified in subsections 1 and 2 above, within two (2) years from the issue of the mining lease for mineral water, failing which the mining lease may be suspended.

Oil and gas authority

The oil industry in Nigeria is regulated by the Nigerian DPR which ensures compliance with industry regulations including processing applications for licenses, leases and permits and establishing and enforcing environmental regulations.

The NNPC is the state oil corporation and was established on 1 April 1977. The NNPC undertakes exploration activities and has powers and operational interests in refining, petrochemicals, products transportation and marketing.

The roles of the Nigerian DPR with regards to the upstream oil and gas industry are as follows:

- › Regulate oil and gas activities;
- › Conserve Nigeria's hydrocarbon resources;
- › Optimize benefits to the Nigerian Government from oil and gas activities;
- › Ensure compliance with the health, safety and environment standards;
- › Maintain and administer the national data repository;

Types of Oil licenses

The following types of oil licenses are prescribed in terms of the Petroleum Act, 1969:

Oil exploration license

An oil exploration license confers non-exclusive rights to explore for petroleum over an area of 12 959 square kilometres using surface geological methods for a limited period specified by the Minister of Petroleum.

Oil prospecting license

An oil prospecting license confers exclusive rights to surface and subsurface exploration for petroleum in a designated area of up to 2 590 square kilometres. A holder of an oil prospecting license has a right to all petroleum operations extracted during the prospecting period subject to paying the relevant taxes and royalties.

- › Administer oil and gas acreages and concessions; and
- › Implement government policies on upstream oil and gas matters.

The roles of the Nigerian DPR with regards to the downstream oil and gas industry are as follows:

- › Issue approvals and licenses for refineries, petrochemicals, fertilizer plants, jetties, depots, lube blending and retail outlets;
- › Ensure prompt nomination of crude, condensate and natural gas liquids export vessels;
- › Ensure measurement integrity at custody transfer points;
- › Issue import permits and clearance for petroleum products;
- › Issue export permits for crude oil and petroleum products; and
- › Determine the quality of imported petroleum products to ensure they meet established standards.

The duration of the license is five (5) years for Joint Venture operators and ten (10) years for Petroleum Sharing Contractors.

Oil mining lease

Only holders of an oil prospecting license may apply for an oil mining lease. An oil mining lease grants the holder the exclusive right to explore, win, produce, transport and carry away petroleum for an area that is limited to half of the oil prospecting license designated area. An oil mining lease is usually for a maximum of twenty (20) years but is renewable upon the approval of the grantor. Minimum work obligation includes the drilling of wells and the commercial discovery of at least twenty five (25 000) barrels per day of oil.

“South Africa relinquished its status as the largest economy in Africa to Nigeria in 2014. At an estimated US\$828bn, the West African stalwart's GDP is roughly 1.3 times bigger than its Southern African peer, accounting for 20% of Africa's total purchasing power.”

Where to Invest in Africa 2014/2015 – RMB Global Markets Research

Ownership and control

The Nigerian Government has implemented the following contractual structure for oil exploration in order to share in the ownership and control of operations in the oil industry:

- › Joint venture agreement in terms of which oil companies and the NNPC contribute towards costs in line with the joint venture shareholding and subsequently share benefits based on their equity participation in an oil block. One of the companies would be the operator of the block. There are two (2) variants of the joint venture agreement, namely, equity share participation and the non-equity share participation;
- › Petroleum sharing contract in terms of which the NNPC contracts with a company to engage in exploration and production activities, with the contractor recovering its cost only from the crude oil produced thereafter. The continuation of the contract and the recovery of costs is contingent on the discovery of oil in commercial quantities from

the allocated block. If oil is found in commercial quantities, the contractor recoups its investment and cost of operation after deducting royalties but before payment of petroleum profits taxation. This cost is termed “cost oil”. The profits are shared between the NNPC and the contractor in a predetermined ratio. Under a petroleum sharing contract, all qualifying capital expenditure imported for exploration and participation activities by the contractor, automatically becomes the property of the Nigerian Government on arrival into the country; and

- › Risk service contract in terms of which a contractor contracts with the NNPC (and in some cases with a sole risk concession partner) to undertake certain exploration and production activities on its behalf and is paid for its services from the procedures. The duration of a risk service contract is usually five (5) years and the contract area would mostly be limited to a single block.

Acts and regulation

The oil and gas industry in Nigeria is subject to the following acts and regulations:

- › Associated Gas Re-injection Act, 1979;
- › Associated Act re-injection Regulation, 1980;
- › Deep Offshore and Inland Basin Production Sharing Contracts Decree, 1999;
- › Deep Offshore and Inland Basin Production Sharing Contracts (Amendment) Decree, 1999;
- › Deep Waters Block Allocation to Companies (Block-in-Rights) Regulation, 2003;
- › Oil Prospecting Licences (Conversion to Oil Mining Leases, etc.) Regulations, 2003;
- › Oil in Navigable Waters Act;
- › Oil Pipelines Act, 1956;
- › Mineral Oils (Safety) Regulations, 1997;
- › Marginal Fields Operations (Fiscal Regime) Regulations, 2005;
- › Petroleum Act, 1969;
- › Petroleum (Amendment) Decree, 1996;
- › Petroleum Regulations, 1967;
- › Petroleum (Amendment) Regulation, 1989;
- › Petroleum (Drilling and Production) Regulations, 1969;
- › Petroleum (Drilling and Production Amendment) Regulations, 1988;
- › Petroleum (Drilling and Production Amendment) Regulations, 2001;
- › Petroleum (Drilling and Production Amendment) Regulations, 2006;
- › Petroleum Refining Regulations, 1974;
- › Crude Oil (Transportation and Shipment) Regulations, 1984;
- › Petroleum Products (Uniform Retail Prices) Order, 1986;
- › Petroleum Equalization fund (Management Board, etc.) Act, 1975; and
- › Petroleum Production and Distribution (Anti-Sabotage) Act, 1975.



02 | Principal listing requirements and procedures

The NSE Listings Rules apply to Mineral Companies, subject to the special requirements set out in Chapter 9: Solid Mineral Companies.

Criteria for listing

Exploration Companies

An applicant for listing from a company whose current activities consist solely of Exploration will not normally be considered unless the applicant Exploration Company is able to establish:

1. The existence of adequate economically exploitable reserves of natural resources, which must be substantiated by the opinion of an expert, in a defined area over which the applicant

Exploration Company has Exploration and exploitation rights;

2. An estimate of the capital cost of bringing the applicant Exploration Company into a positive position; and
3. An estimate of the time and working capital required to bring the Exploration Company into a position to earn revenue.

Listed issuers (New ventures)

In circumstances where an existing issuer proposes to explore for natural resources as an extension to or change from its existing activities, a circular, including the information set out in the Contents of subsequent listing documents and circulars of listed companies paragraph below, will be required to be sent to shareholders in either of the following circumstances:

1. Where the proposal involves a very substantial acquisition, a major transaction or a disclosable transaction; or
2. Where the proposal involves a transaction of thirty three (33)% or more of the net assets of the

issuer to exploration for natural resources or the contribution from such exploration of thirty three (33)% or more to the pre-tax trading result of the issuer. Any such transaction should be conditional on approval by the shareholders in general meeting.

In assessing the extent of diversification or the amount of contribution to the pre-tax trading result, associated transactions or loans effected or intended to be effected and any contingent liabilities or commitments should be taken into consideration. The NSE should be consulted if an issuer has any doubt with regards to the application of this requirement.

Technical advisor

An issuer whose activities exclude, or are to include, exploration for natural resources to a material degree must have available to it the technical advice of an independent person. Such independent person must have appropriate experience in the type of exploration activity undertaken or proposed to be undertaken by the issuer.

The technical advisor must substantiate, from his/her own knowledge, any statements made in the NSE Prospectus or circular as to the existence of natural resources. Such technical advisor's knowledge must be supported by details of drilling results, analysis or other evidence.

If any important evidence must be excluded from the NSE Prospectus, circular or technical advisor's report due to confidentiality, legal or other valid reasons, the issuer must allow an independent consultant, which is mutually approved by both it and the NSE, to verify to the NSE, in confidence, the importance of such evidence.

Report by the technical advisor

The report by the technical advisor must include the following:

- › His/her name, address, professional qualification and relevant experience;
- › The date which must not be more than six (6) months prior to the issue of the NSE Prospectus or circular;
- › The number of holes drilled/mined and their distribution;
- › A statement summarising the geological characteristics of the occurrence, the type of deposit, its dimensions and the grade of minerals for fluid and/or gaseous deposits, the porosity and permeability characteristics of the reservoirs, the thickness of the net pay, the pressure of the fluid or gas within it and the recover mechanism planned;
- › An estimate of the proven reserves and the anticipated mining recovery and dilution factors or recovery factors with respect to oil and gas factors in place on a field-by-field basis together with the expected period of working;
- › When the concession includes probable or possible reserves relevant to the long-term future of the applicant Mineral Company or issuer, this should be stated with a note on the type of evidence available. Adjectives, and not figures, should be used to describe possible reserves in isolated areas where no factual geological data has yet been obtained;
- › The nature of any geophysical and geological evidence used in making reserves estimates and the name of the organisation that did the work; and
- › A statement on production policy and an indication of the progress of actual working.

03 | NSE Prospectus

The NSE Prospectus or circular for a new applicant Mineral Company or an issue of securities by an existing issuer for which this is a new venture must contain the following information in addition to that set out in the NSE Listing Rules:

- › The full name, address, any profession qualification and relevant experience of the person whose technical advice is available to the applicant Mineral Company or issuer in relation to its exploration activities;
- › A statement of the interests of each promoter or technical advisor in the share capital of the applicant Mineral Company or issuer, together with the amounts of such holdings;
- › The general nature of the business of the applicant Mineral Company or issuer; distinguishing between different activities which are material having regard to the profits or losses, assets employed or any other factor affecting the importance of each activity. The geographical location of material activities of the applicant Mineral Company or issuer which take place outside of Nigeria;
- › The nature and extent of the applicant Mineral Company or issuer's rights of Exploration and exploitation and a description of the properties to which such rights attach, giving particulars of the duration and other principal terms of the concessions;
- › In the case of a proposed exploration of mineral bodies, the nature and extent of the Mineral Company or issuer's rights and description of the properties to which such rights attach, giving particulars of the duration and other principal terms of the concessions or other rights.
- › An estimate of proven exploitable reserves including as precise a description of the nature and quality of such reserves as the evidence allows and a statement of the economic conditions for working them;
- › A report by the technical advisor as detailed above;
- › Information required for users to properly appraise any special factors affecting the Exploration business of the applicant Mineral Company or issuer must be included by way of a statement;
- › In addition to the statement regarding the sufficiency of working capital which is required to be given by the directors in terms of the NSE Listing Rules, the following information must be provided:
 - ›› An estimate of the funding requirements of the Mineral Company or issuer for at least two (2) years following the issue of the NSE Prospectus or circular;
 - ›› Particulars of any estimated income cash flow expected to be received over this two (2) year period; and
 - ›› An estimate of the further finance required to enable the applicant Mineral Company or issuer to exploit its proven reserves and commence recoveries on a commercial scale, together with an estimate of the time needed to achieve this.

- › Full particulars, if any, of the direct or indirect interests of every director, technical advisor or promoter named in the NSE Prospectus or circular, in the promotion of, or in any assets which have been acquired or disposed of by or leased to the applicant Mineral company or issuer and its subsidiaries, during the two (2) years immediately preceding the issue of the NSE Prospectus or circular, including
 - » The consideration passing to and/or from the applicant Mineral Company or issuer; and
 - » Short particulars of all transactions relating to any such assets which have taken place or an appropriate negative statement;
- › A statement of any claims in relation to exploitation rights made or notified by third parties against the applicant Mineral Company or issuer or vice versa or in the absence of such claims, an appropriate negative statement.

Contents of subsequent listing documents and circular of listed companies

Any NSE Prospectus or circular prepared by a listed issuer whose activities include to a material extent exploration for natural resources, must include the following information:

- › A description of deposits, estimate of economically exploitable reserves and expected period of working;
- › An indication of the periods and main terms of concessions and economic conditions for working them; and
- › Indication of the progress and actual working.

Where such information has been influenced by exceptional factors, that fact must be mentioned.

“Billions of dollars of investment have been directed at Nigeria’s oil & gas industry over the past few decades. In recent years, there has been rapid growth in foreign direct investment (FDI) in the non-oil sectors due to a) uncertainty about the future fiscal regime in the oil & gas sector and b) strong growth prospects in non-oil sectors. Even so, hydrocarbon investments continue to dominate Nigeria’s FDI stock.”

Nigeria Snapshot – KPMG and NKC

South Africa

Mega Trends 2014 Quarter 1

Population

- › Total: 52,982,000; male: 25,823,300 (48.7%); female: 27,158,700 (51.3%); Under 25: 25,658,071; Age 15-64: 27,323,920 (2013 est.)

Population growth rate (%)

- › 1.34% (2013 est.)

Life expectancy at birth

- › Total population: 59.6 years; male: 57.7 years; female: 61.4 years (2013 est.)

HIV/AIDS

- › Total number of people living with HIV: 5.26 million; Total adult prevalence (15-49): 15.9%; HIV/AIDS orphans 2.1 million (2013 est.)

Adult literacy rate (age 15 and over can read and write)

- › Total population: 93%; male: 93.9%; female: 92.2% (2011)

Urbanisation

- › Urban population: 62.4% of total population (2012); Urban population growth: 1.9% (2012)

Population below national poverty line

- › 13.8% (2009 est.)

Unemployment rate

- › 24.7% (2013 est.)

Employment (% of total)

- › Agriculture: 5.03%; Industry 23.28%; Services 71.67% (2013 est.)

Labour participation rate (% of total population ages 15+)

- › 65% (2013 est.)

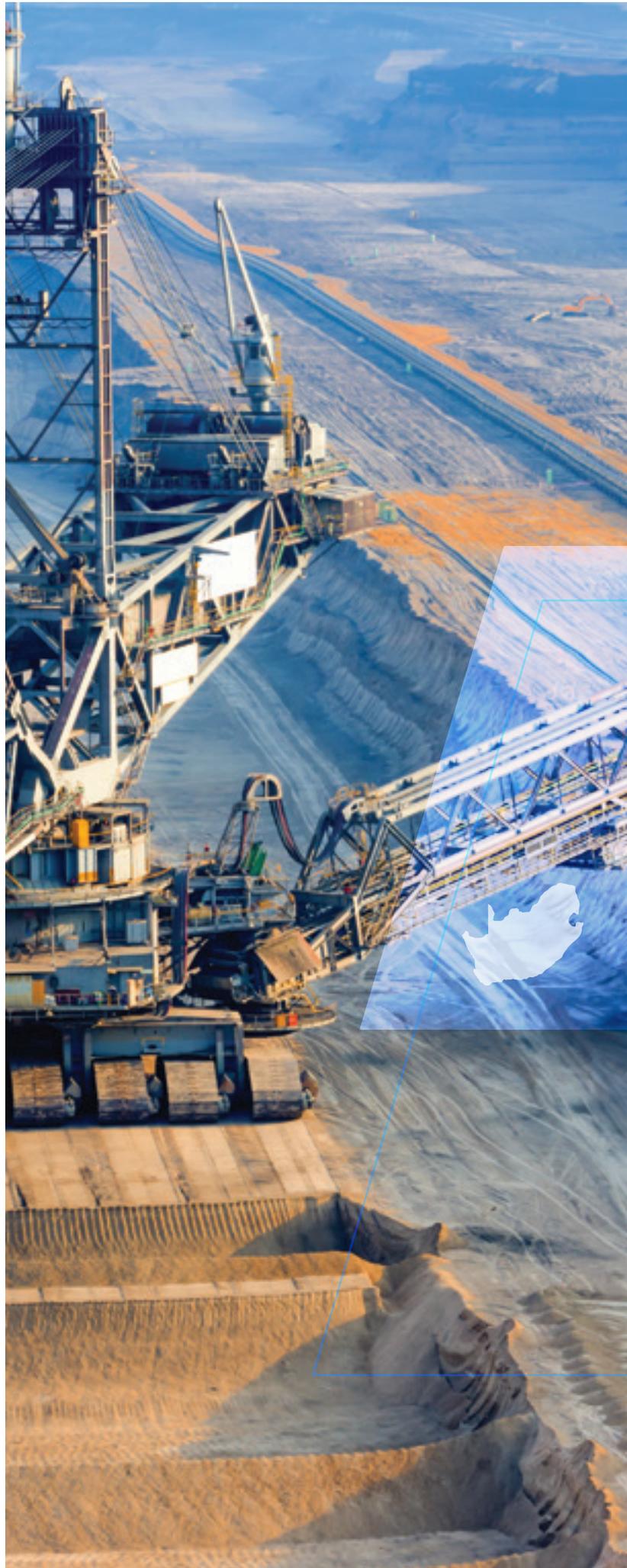
Business languages

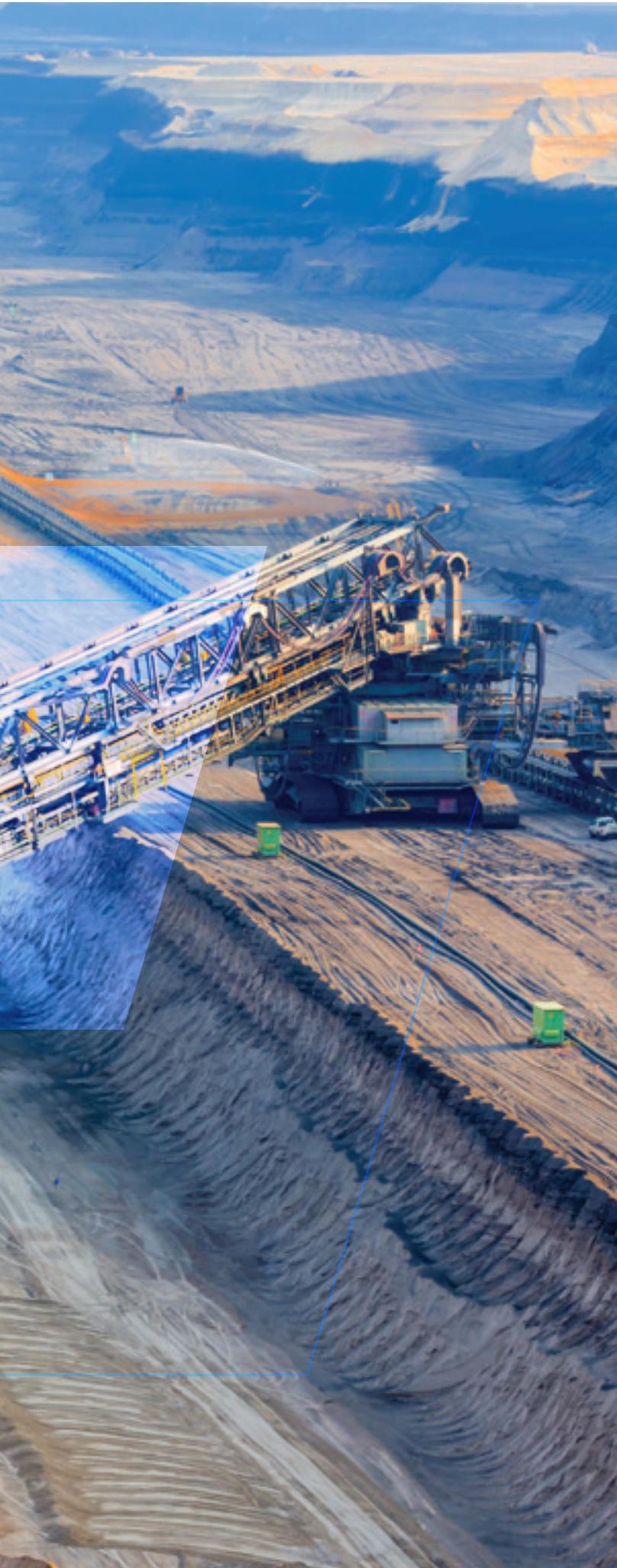
- › Afrikaans, English, isiNdebele, isiXhosa, isiZulu, SePedi, Sesotho, Setswana, siSwati, Tshivenda, Xitsonga

Telephone & Internet users

- › Main lines in use: 4.03 million; Mobile cellular: 68.39 million; Internet users: 21.72 million (2012)

Sources: CIA World Factbook, World Bank, Trading Economics, UNESCO, ITU, UNAIDS, NKC Research





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01 | Overview of South Africa as a mining destination

Introduction

The South African mining industry is the fifth (5th) largest in the world, with the richest mineral deposits totalling approximately US\$ three point four trillion (US\$3.4 trillion) (ZAR thirty six point three trillion (ZAR36.3 trillion)) in platinum, gold, iron ore and coal. The industry is also seen as a major contributor to the South African economy with significant contributions, inter alia, to:

- › **Power supply:** Providing for approximately seventy two (72)% of South Africa's primary energy needs, through the generation of coal;
- › **Employment:** Generating one point four (1.4) million jobs, both directly and indirectly;
- › **Export earnings:** Primary mining exports accounted for thirty eight (38)% of South Africa's total merchandise exports;
- › **Foreign direct investment:** Acting as an attraction for FDI into the country;
- › **GDP:** Contributing one fifth or sixteen point seven (16.7)% of South Africa's GDP;
- › **Government and society:** Overall tax contribution by the mining industry is significant; and
- › **Infrastructure investment:** Much of the Transnet Rail Freight and Eskom infrastructure upgrades will be paid for by user charge fees paid by the mining industry over the next ten (10) to twenty (20) years.

and contributing to the transformation of the economy.

Source: Chamber of Mines of South Africa: Facts about South African Mining – Putting South Africa first (August 2013)

An exchange rate of US\$1.0 = ZAR10.6344 on 30 June 2014 has been used throughout this section.

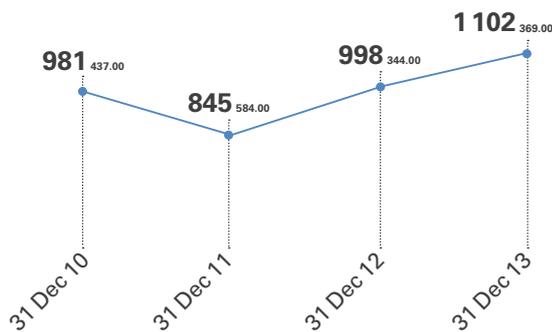
"The mining sector remains the "flywheel" of the South African economy."

Chamber of Mines of South Africa

Total market capitalisation of the JSE

The chart below sets out the total market capitalisation of the JSE as at 31 December 2010, 2011, 2012 and 2013 (based on the annual financial data provided by the ASEA):

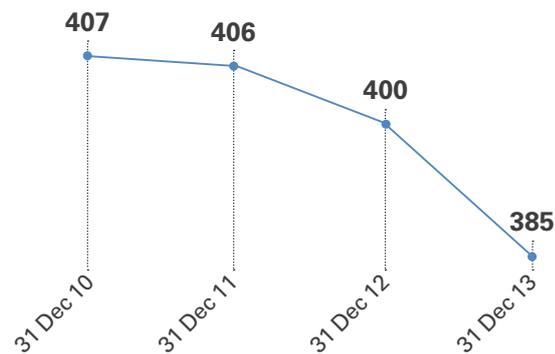
Total market capitalisation of the JSE as at 31 December 2010, 2011, 2012 and 2013 (in US\$ millions)



The total market capitalisation of the JSE has increased by approximately twelve point three (12.3)% between 31 December 2010 and 31 December 2013 despite a decline in the number of listed companies on the JSE and the value of the ZAR by approximately thirty one (31)% over this period.

The chart below sets out the total number of issuers on the JSE as at 31 December 2010, 2011, 2012 and 2013 (based on the annual financial data provided by the ASEA):

Total number of issuers on the JSE as at 31 December 2010, 2011, 2012 and 2013



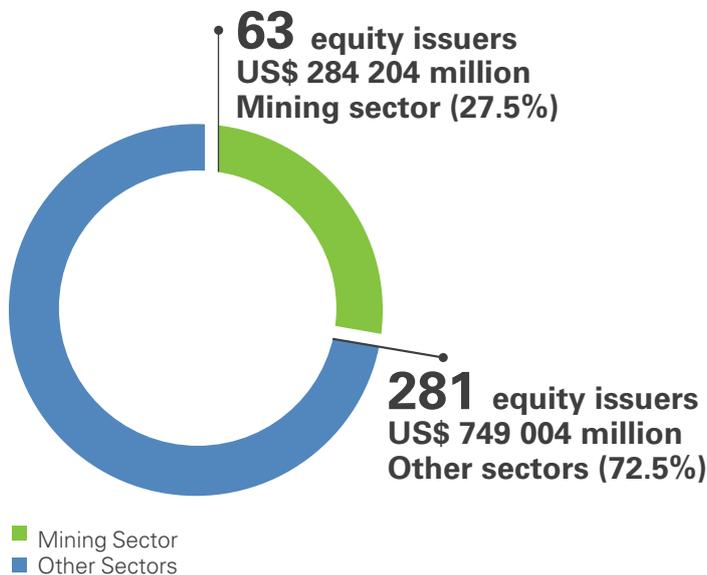
The total number of issuers on the JSE has decrease by approximately five point two (5.2)% between 31 December 2010 and 31 December 2013. This decline is largely a function of the global financial crisis in 2008.

Equity market capitalisation of the Mining Sector of the JSE

The Mining Sector continues to be a key component of the JSE and accounts for twenty seven point five (27.5)% (US\$ two hundred and eight four thousand two hundred and four million (US\$284 204 million)) as at 30 June 2014 of the equity market capitalisation of the JSE.

A diagrammatic overview of the split of the equity market capitalisation of the JSE between the Mining Sector and the other sectors of the JSE is set out below:

Equity market capitalisation attributable to each of the Mining Sector and the other sectors of the JSE (in US\$ millions)

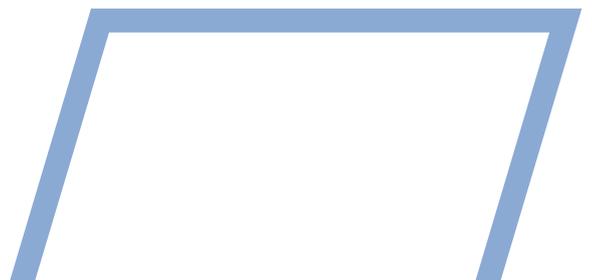


Of the sixty three (63) Mining Sector equity issuers listed on the JSE, fifty (50) equity issuers relate to Mining Companies (US\$ two hundred and thirty one thousand and forty nine million (US\$231 049 million)), nine (9) equity issuers relate to Industrials Metals and Mining Companies (US\$ eleven thousand nine hundred and thirty eight million (US\$11 938 million)) and four (4) equity issuers relate to Oil and Gas Companies (US\$ forty one thousand two hundred and seventeen million (US\$41 217 million)). The Mining Sector comprises:

- › Forty three (43) domestic equity issuers, of which thirty nine (39) are listed on the Main Board and four (4) are listed on the AltX; and
- › Twenty (20) foreign companies, of which eighteen (18) are listed on the Main Board and two (2) are listed on the AltX.

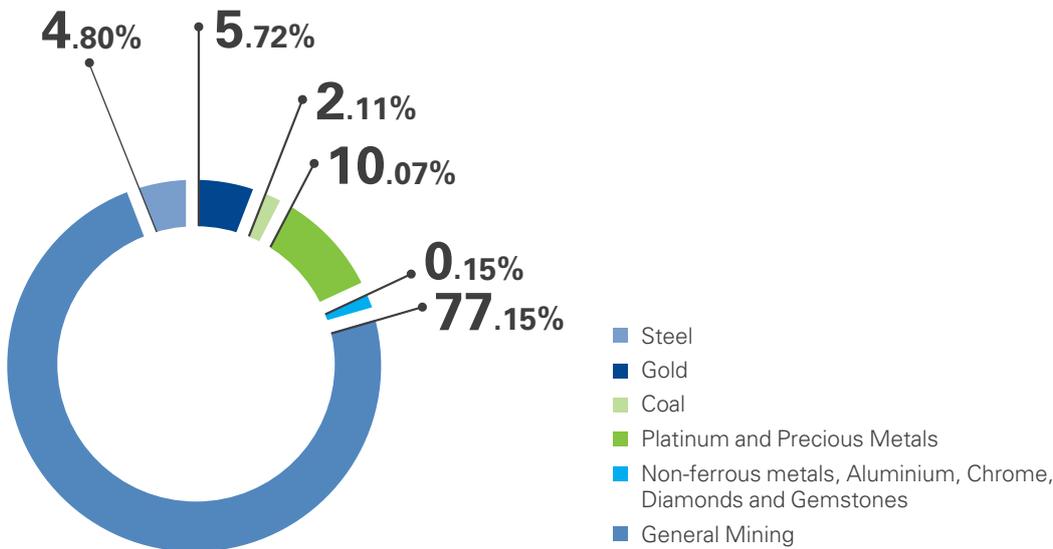
Of these sixty three (63) Mining Sector equity issuers, there are fifty three (53) issuers which have dual listings, of which twenty three (23) issuers have a primary listing and thirty (30) issuers have a secondary listing on the JSE.

There are nineteen (19) equity issuers in the Mining Sector which have an equity market capitalisation of over US\$ one billion (US\$1.0 billion), the largest being Glencore Plc, which has a secondary listing on the JSE and a primary listing on the LSE, with an equity market capitalisation of US\$ seventy four thousand and forty four million (US\$74 044.0 million). The second largest Mining Sector equity issuer is BHP Billiton Plc, which also has a secondary listing on the JSE and a primary listing on the ASX. BHP Billiton Plc has an equity market capitalisation of US\$ sixty nine thousand four hundred and forty seven million (US\$69 447.0 million).



According to CIA World Fact Book, South Africa is the world's largest producer of platinum, gold and chromium. A diagrammatic overview of the split of the equity market capitalisation of the JSE between the different commodities on the mining companies classified within the Mining Sector is set out below:

Mining Sector equity market capitalisation by commodity



JSE Mining Index and the JSE All-share index

The JSE Mining Index comprises of the following sixteen (16) mining companies listed on the JSE (market capitalisation as at 30 June 2014):

- › African Rainbow Minerals Limited (US\$ three thousand eight hundred and eleven million (US\$3 811.0 million));
- › Anglo American Platinum Limited (US\$ eleven thousand six hundred and ninety two million (US\$11 692.0 million));
- › Anglo American Plc (US\$ thirty four thousand three hundred and ninety five million (US\$34 395.0 million));
- › AngloGold Ashanti Limited (US\$ six thousand seven hundred and forty six million (US\$6 746.0 million));
- › Aquarius Platinum Limited (US\$ five hundred and eighty nine million (US\$589.0 million));
- › Assore Limited (US\$ four thousand six hundred and eighty two million (US\$4 682.0 million));
- › BHP Billiton Plc (US\$ sixty nine thousand four hundred and forty seven million (US\$69 447.0 million));
- › Exxaro Resources Plc (US\$ four thousand six hundred and sixty four million (US\$4 664.0 million));
- › Gold Fields Limited (US\$ two thousand seven hundred and ninety eight million (US\$2 798.0 million));

- › Harmony Gold Mining Company Limited (US\$ twelve thousand seven hundred and fifty seven million (US\$12 757.0 million));
- › Impala Platinum Holdings Limited (US\$ six thousand three hundred and fifty four million (US\$6 354.0 million));
- › Lonmin Plc (US\$ two thousand two hundred and ninety nine million (US\$2 299.0 million));
- › Northam Platinum Limited (US\$ one thousand seven hundred and one million (US\$1 701.0 million));
- › Pan African Resources Plc (US\$ four hundred and fifty eight million (US\$458.0 million));
- › Royal Bafokeng Platinum Limited (US\$ one thousand two hundred and eighty one million (US\$1 281.0 million)); and
- › Sibanye Gold Limited (US\$ two thousand four hundred and eleven million (US\$2 411.0 million)).

The JSE All-share index, is a weighted index, representing ninety nine (99)% of the full market capital value of all ordinary securities listed on the Main Board of the JSE, subject to minimum free float and liquidity criteria. The JSE All-share index comprises one hundred and sixty four (164) listed issuers on the JSE, of which twenty one (21) listed issuers are classified within the Mining Sector (constituting twenty one point three (21.3) % of total market capitalisation of the one hundred and sixty four (164) listed issuers as at 30 September 2014).

JSE Mining Index and JSE All-share Index (in South African cents)

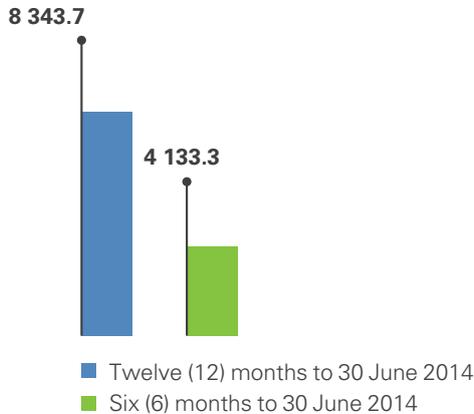


In comparison to the JSE All-share index, the JSE Mining Index has reflected a slight decline in performance over the past few years. This decline in performance, although reflective of the challenging environment in which the South African Mining Sector operates, as detailed further below, is also being experienced globally.

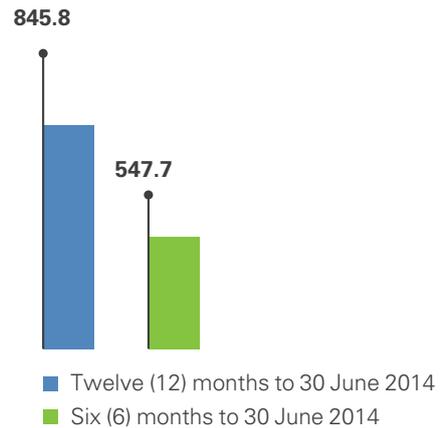
Volumes of equity shares traded by Mining Sector issuers

The volumes of the Mining Sector issuers' equity shares traded on the JSE for the twelve (12) months to 30 June 2014 and for the six months to 30 June 2014 are set out below:

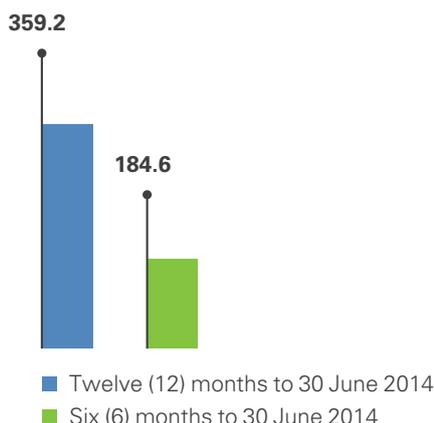
Volume of equity shares traded by Mining Companies (in millions)



Volume of equity shares traded by Oil and Gas Companies (in millions)



Volume of equity shares traded by Industrial Metals and Mining Companies (in millions)



During the twelve (12) months to 30 June 2014, forty nine thousand seven hundred and fifteen million (49 715.0 million) shares traded on the JSE out of a total of one hundred and ninety one thousand one hundred and sixty four million (191 164.0 million) issued shares (approximately twenty six (26)% of the cumulative issued shares at 30 June 2014). Of the total equity shares traded, nine thousand five hundred and forty nine million (9 549.0 million) related to Mining Sector issuers which equates to nineteen (19)% of the total equity shares traded.

During the six (6) months to 30 June 2014, twenty five thousand two hundred and seventy six million (25 276.0 million) shares traded on the JSE out of a total of one hundred and ninety one thousand one hundred and sixty four million (191 164.0 million) issued shares (approximately thirteen (13.0)% of the cumulative issued shares at 30 June 2014). Of the total equity shares traded, four thousand eight hundred and sixty six million (4 866.0 million) related to Mining Sector issuers which equates to nineteen (19.0%) of the total equity shares traded.

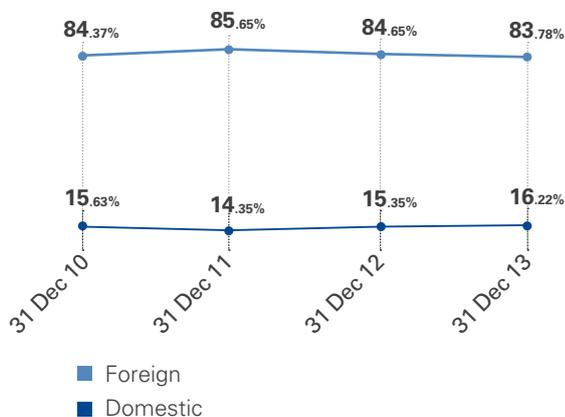
The trading equity statistics for the JSE for the years ended 31 December 2013, 2012, 2011 and 2010, as extracted from the ASEA Yearbook 2014, are set out below:

Trading equity statistics for the JSE for the years ended **31 December 2013, 2012, 2011 and 2010**

Indicators	2013	2012	2011	2010
Total value traded US\$	413 053 999 182	408 628 960 228	402 299 570 059	438 087 637 674
Total volume traded	63 891 885 187	61 843 720 761	71 463 833 873	71 251 655 807
Total number of transactions	38 964 070	26 934 622	26 504 221	23 758 618
Number of traded companies	361	375	385	386

The foreign versus local investors as a percentage of the total value traded on the JSE for the years ended 31 December 2010, 2011, 2012 and 2013, as extracted from the ASEA Yearbook 2014, are set out below:

Foreign versus local investors as a percentage of the total value traded on the JSE for the years ended **31 December 2010, 2011, 2012 and 2013**



Attractiveness as a mining destination

As reported in the World Investment Report 2014, FDI into South Africa increased by approximately eighty (80)% in 2013, making the South African economy the biggest recipient in Africa, having received US\$ eight point two billion (US\$8.2 billion) in FDI. This being an improvement from 2012, whereby South Africa was placed third following Nigeria and Mozambique. The value of cross-border net sales merger and acquisition transactions involving South African companies amounted to US\$ two hundred and fourteen million (US\$214.0 million). The value of world as source funded Greenfield Investment projects in South Africa in 2013 was US\$ five thousand six hundred and forty three million (US\$5 643.0 million)

Acting as a gateway to Africa, South Africa is seen as the most attractive destination on the continent, with Johannesburg being considered as the most attractive city. The following factors are considered to be draw cards for investment into the South African economy as a whole as well as the South African mining industry:

- South Africa's inclusion in the BRICS grouping adds attraction for foreign investors. In 2013, South Africa managed to outperform other BRICS countries in terms of FDI;

- South Africa has a sophisticated financial system, ranking 3rd in the world in terms of financial market development. Prudent monetary and fiscal policy has allowed the South African economy to grow by four hundred (400)% since 1994, from a value of US\$ eighty billion (US\$80.0 billion) in 1994 to US\$ four hundred billion (US\$400.0 billion) in 2014;
- South Africa has a well-developed infrastructure and there have been efforts to increase the provision of resources to develop port and rail infrastructure, which is fundamental to the mining industry;
- The South African mining industry is the fifth (5th) largest in the world in terms of GDP value and its mining companies are key players in the global industry. South Africa holds the world's largest reported reserves of gold, platinum group metals, chrome ore and manganese ore;
- The joint commitment by South African Government and businesses to rollout the National Development Plan, which aims to provide policy certainty to encourage long-term investment in mining and other key sectors, amongst others;

- › The Minister of Mineral Resources' confirmation of South Africa's attitude and policy against nationalisation;
- › The South African government has developed a "Minerals Beneficiation Strategy" which seeks to advance development through the optimisation of linkages in the mineral value chain, facilitation of economic diversification, job creation and industrialisation and also aims to expedite progress towards knowledge based economy and contribute to an incremental GDP growth in mineral value addition per capita;
- › According to the RMB Global Markets Research "Where to Invest in Africa Report 2014/2015", South Africa is still Africa's foremost investment destination and has extended this lead despite the GDP revision that resulted in Nigeria being cited as Africa's largest economy. The RMB Global Markets Research "Where to Invest in Africa Report 2014/2015" assigns investment attractiveness scores to each country in the survey through a multiplicative combination of market size (GDP), economic growth (GDP growth forecasts over the next five (5) years) and an operating environment index; and

- › Through the implementation of stringent regulations, South Africa's mining industry has become safer as well as more socially and environmentally conscious.

Whilst there are those factors which attract investment into South Africa and the South African Mining industry, there are those factors which also hurt the economy and industry, such as, fears of a repeat of the Marikana massacre, the extended industrial action in South Africa's Mining industry, ageing mines, power supply struggles and the uncertainty over the country's regulations and mining laws, to name a few.

Statistics South Africa reported that GDP decreased by zero point six (0.6)% in the 1st quarter of 2014 in the time of the industrial action, compared to the increase of three point eight (3.8)% during the 4th quarter of 2013, the mining and quarrying industries being the main contributors.

World Bank Ease of Doing Business Index

South Africa was ranked 43rd (41st in 2013) out of one hundred and eighty nine (189) countries in the World Bank Ease of Doing Business Index as at June 2014. The 1st ranked country (with the lowest scores for each of the ten (10) topics) in the World Bank Ease of Doing Business Index is deemed to have the regulatory environment that is the most conducive and the 189th ranked country (with the highest scores for each of the ten (10) topics) is deemed to have the

regulatory environment that is the least conducive to the starting and operation of a local firm in that country.

South Africa experienced a drop of three (3) places in its ranking in the Ease of Doing Business Index in 2014. South Africa attained higher scores in the areas of dealing with construction permits, getting electricity, getting credit and protecting minority investors.

Frazer Institute Survey of Mining Companies 2013's Policy Perception Index

South Africa is ranked 64th out of one hundred and twelve (112) jurisdictions in the Frazer Institute Survey of Mining Companies 2013's Policy Perception Index.

The Policy Perception Index measures the overall policy attractiveness of a jurisdiction.

"Whilst there are those factors which attract investment into South Africa and the South African Mining industry, there are those factors which also hurt the economy and industry"

South Africa's scores in respect of the various policy factors considered in the Policy Perception Index were as follows:

	Encourages investment	Not a deterrent to investment	Mild deterrent	Strong deterrent	Would not pursue investment due to this factor
Mineral potential, assuming current regulation/land use restrictions	15%	44%	19%	17%	6%
Mineral potential, assuming policies based on "best practice"	50%	29%	10%	10%	0%
Uncertainty concerning the administration, interpretation and enforcement of existing regulations	4%	25%	29%	31%	12%
Uncertainty concerning environmental regulations	8%	39%	35%	18%	0%
Regulatory duplication and inconsistencies	2%	31%	39%	27%	2%
Legal system (legal processes that are fair, transparent, non-corrupt, timely and efficiently administered)	6%	30%	43%	17%	4%
Taxation regime (including personal, corporate, payroll, capital and other taxes and complexity of tax compliance)	6%	41%	33%	16%	4%
Uncertainty concerning disputed land claims	2%	29%	35%	29%	6%
Uncertainty over which areas will be protected as wilderness, parks or archaeological sites	10%	45%	39%	4%	2%
Quality of infrastructure (includes access to roads and power availability)	22%	51%	16%	10%	0%
Socioeconomic agreements/community development conditions	6%	40%	30%	21%	2%
Trade barriers – tariff and non-tariff barriers, restrictions on profit repatriation, currency restrictions, etc.	17%	40%	26%	15%	2%
Political stability	8%	20%	38%	26%	8%
Labour regulations, employment agreements and labour militancy/work disruptions	0%	19%	34%	30%	17%
Quality of geological database (includes quality and scale of maps, ease of access to information, etc.)	23%	53%	21%	2%	0%
Security situation (includes physical security due to the threat of attack by terrorists, criminals, guerrilla groups, etc.)	4%	36%	34%	23%	2%
Availability of labour and skills	24%	30%	41%	4%	0%

South Africa slightly improved its Policy Perception Index scoring in 2013, from 35/100 to 39.8/100, however South Africa's ranking remained the same at 64th, out of one hundred and twelve (112) and ninety six (96) jurisdictions in 2013 and 2012, respectively.

ResourceStocks world risk survey

South Africa was ranked 20th in the 2013 Resource Stocks Magazine world risk survey, which covers financial risk, sovereign risk, land access, green tape, land claims, red tape, social risk, infrastructure, civil unrest, natural disasters and labour relations.

South Africa scored high in most risk areas, particularly in labour relations, sovereign risk, social risk and civil unrest.

Corruption Perceptions Index

According to the 2014 Corruption Perceptions Index prepared by Transparency International, South Africa ranks 67th (together with Kuwait, Brazil, Bulgaria, Greece, Italy, Romania, Senegal and Swaziland) out of one hundred and seventy five (175) jurisdictions. South Africa's score was 44/100 (where 0 is very corrupt and 100 is very clean).

South Africa ranked 72nd (together with Bosnia and Herzegovina, Brazil, Sao Tome and Principe, Serbia, Bulgaria, Senegal and Tunisia) out of one hundred and seventy seven (177) jurisdictions in the 2013 Corruption Perceptions Index with a score of 42/100.

Credit rating

South Africa's credit rating has deteriorated over the past few years and the country currently has a Baa1 credit rating from Moody's and a BBB- credit rating from Standard & Poor. The downgrades to

South Africa's credit rating are due to the worsening growth outlook, rising government debt and high deficits on the current account.

2014 RisCura Bright Africa Report: A guide to equity investing on the continent

South Africa is the only stock exchange which ranks in category A (highest quality exchange) in the 2014 RisCura Bright Africa Report, outscoring its fellow developing country stock exchanges due to the JSE's high scores on regulation and openness to foreign ownership.

Federation of Exchanges membership, regulation financing through the stock exchange, openness to foreign ownership, ease of capital inflows/outflows and efficiency of the operational framework.

The 2014 Bright Africa Report rates each stock exchange in terms of the completeness of data, number of companies listed, value traded, World

The Explicit Costs of 'round trip' buying (buying and selling) on the JSE was measured at zero point eight (0.8)% of the value traded and is the lowest of the African stock exchanges.

Mining authority

The SA DMR is responsible for overseeing the mining industry of South Africa and the exploitation of the country's mineral resources. The South African mining industry is regulated by the Mineral and Petroleum Resources Development Act 2002 ("MPRDA"), through the national and regional offices of the SA DMR.

In addition to the SA DMR there are a number of other organisations which form part of the South African mining industry, including, inter alia:

- › **The Mine Health and Safety Council ("MHSC"):** The MHSC advises the Minister of Mineral Resources on occupational health and safety legislation and research outcomes focused on improving and promoting occupational health and safety in South African mines;
- › **Mining Qualifications Authority ("MQA"):** The MQA is established as a sector education and training authority and facilitates the development of appropriate knowledge and skills in the mining, minerals and jewellery sectors;

- › **Chamber of Mines:** The Chamber of Mines of South Africa is the mining industry employer organisation which monitors, investigates, analyses and considers matters of collective interest to its members and providing recommendations on the position to be taken (i.e. representing mining employees during wage negotiations and conditions of employment);
- › **South African Diamond and Precious Metals Regulator ("SADPMR"):** The SADPMR regulates the diamond, platinum and gold industries and accelerates beneficiation in the jewellery industry through administering licences and export approvals. The SADPMR also ensures that the local demand for diamonds and precious metals is catered for and that growth continues in the local beneficiation of diamonds and precious metals;
- › **Council for Mineral Technology and Research ("Mintek"):** Mintek is the national mineral research organisation, specialising in mineral processing and extractive metallurgy and related areas. Mintek reports to the Minister of Mineral Resources and provides service test work, process development and optimisation, consulting and innovative products to clients worldwide;

- › **Council for Geoscience (“CGS”):** CGS is a geoscience institute which offers commercial geoscientific services and provides systematic geological, geophysical, geochemical, marine geoscience, metallogenic and engineering geological mapping of South Africa;
- › **State Diamond Trader (“SDT”):** The SDT buys and sells rough diamonds to promote equitable access to and beneficiation of diamond resources;
- › **African Mining Partnership (“AMP”):** The AMP’s main function is to drive the New Partnership for Africa’s Development (“Nepad”) mining initiatives;
- › **African Diamond Producers’ Association (“ADPA”):** ADPA implements policies, strategies and laws that assist the generation of diamond profits from foreign diamond mining companies to its member states; and
- › **Mine Health and Safety Inspectorate of the SA DMR (“MHSI”):** The MHSI provides policy inputs for the establishment and application of mine safety standards, mine equipment safety standards and mine health standards at mining operations and the promotion of the application of the standards and ensuring an effective support and inspection service.

Legislation and policies

The key legislation and policies relating to the mining industry in South Africa include, inter alia:

- › the Mine Health and Safety Act, 29 of 1996 (“MHSA”);
- › SA MPRDA;
- › the Mineral and Petroleum Resources Royalties Act, 2008 (“MPRRA”);
- › SA Mining Charter;
- › the Charter Scorecard, the Mining Titles Registration Act, 16 of 1967;
- › the Mineral and Petroleum Resources Royalty Act, 28 of 2008;
- › the Restitution of Land Rights Act, 22 of 1994;
- › Precious Metals Act, 37 of 2005;
- › Diamond Act, 56 of 1986;
- › Geoscience Act, 100 of 1993; and
- › Mineral Technology Act, 30 of 1989.

In September 2014, the South African government released its amended Broad Based Socio Economic Empowerment Charter for the South African Mining Industry (the “Amended Charter”).

Black economic empowerment legislation

The SA MPRDA introduced the SA Mining Charter, which sets a framework, targets and timetable for effecting the entry of HDSAs into the mining industry.

The SA Mining Charter includes requirements pertaining to human resource development, employment equity, non-discrimination against

foreign migrant labour, mine community and rural development, housing and living conditions, procurement, ownership and joint ventures (which has a target of twenty six (26) % equity ownership by HDSAs within ten (10) years) and beneficiation.

“We have the single largest measured minerals entry in the world, yet in the course of the last 10 years real values in terms of prices for companies listed on the JSE declined 30 %.”

Anglo American CEO, Mark Cutifani

Environmental legislation

The National Environmental Management Act, 107 of 1998 and the Mineral Resources Development Act, 28 of 2007 are important to regulate environmental management for all prospecting and mining operations. In terms of the National Environmental Act any prospecting or mining operations must be conducted in accordance with generally accepted

principles of sustainable development by integrating social, economic and environmental factors into the planning and implementation of projects to ensure that exploitation of mineral resources serves present and future generations.

Types of licences/authorisations

The principal legislation governing mineral rights in South Africa is the SA MPRDA. There are four (4) principal authorizations available under the SA MPRDA with respect to minerals:

- › **Reconnaissance permission:** this may be applied for to search for minerals by way of geological and geophysical surveys and is valid for two (2) years and is not renewable;
- › **Prospecting right:** this is a permit which allows a company to survey or investigate an area of land for the purpose of identifying an actual or probable mineral deposit. A prospecting right may be granted for up to five (5) years and may be renewed only once, for a period not exceeding three (3) years. The holder of a prospecting right has the exclusive right to apply for and be granted a mining right;
- › **Retention permit:** The issuing of a retention permit will be considered in cases where the holder of a prospecting right cannot proceed to mining because of unfavourable prevailing market conditions. A retention permit is valid for up to three (3) years and may be renewed once for a period not exceeding two (2) years. The holder of a retention permit has the exclusive right to apply for and be granted a mining right over the retention area; and

- › **Mining right:** A mining right is granted for a maximum of thirty (30) years and is renewable for an indefinite number of further periods, each of which may not exceed thirty (30) years.

In applying for a mining right the following is required to be submitted along with the application:

- › a Mine Works Programme: outlines the resource, how it is to be mined and the timelines and resources involved;
- › an Environmental Management Plan: outlines the environmental management processes to be followed during operations, as well as the rehabilitation to take place before issuing of a closure certificate will be applied for; and
- › a Social and Labour Plan: outlines a variety of targets and strategies to promote socio-economic growth and development, promote employment and the advancement of the social and economic welfare and promote the use of skills and empower HDSAs, in the community and area in which industrial activity (mining and production) takes place.

Fiscal regime

Summary of the fiscal regime for mining in South Africa

Corporate income tax	<ul style="list-style-type: none"> › Mining companies in South Africa are taxed at the standard corporate tax rate of twenty eight (28)%, except for those involved in gold mining; › Gold mining activities are taxed according to a specific formula: $Y = 34 - (170/X)$, where "Y" is the rate of tax to be levied and "X" is the ratio of taxable income from gold mining to total revenue/turnover from gold mining, expressed as a percentage; and › Corporate tax is paid on all taxable income, plus sixty six (66)% of capital gains, less deductible operating expenditure and a capital expenditure allowance.
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“South Africa is a good investment destination: one needs to consider that there is a transformation process in progress which is attempting to create a stable country in decades to come.”

Fraser Institute Survey of Mining Companies 2013

Summary of the fiscal regime for mining in South Africa	
Mineral Royalties	<ul style="list-style-type: none"> › Royalty payments are triggered on the first transfer (i.e. disposal, consumption, theft, destruction or loss) of minerals extracted from within the Republic of South Africa; › Royalty payments are calculated on the royalty base (adjusted gross sales value of refined or unrefined mineral resources transferred during the year of assessment) multiplied by the royalty rate (differs for refined and unrefined mineral resources); › The royalty rates are determined according to the following formula: <ul style="list-style-type: none"> For refined mineral resources: $0.5 + \frac{[EBIT / (\text{gross sales of refined mineral resources} \times 12.5)]}{100}$ For unrefined mineral resources: $0.5 + \frac{[EBIT / (\text{gross sales of unrefined mineral resources} \times 9)]}{100}$ › The royalty rates are subject to the following limits: <ul style="list-style-type: none"> › Refined mineral resource: a minimum of zero point five (0.5%) and maximum of five (5.0%); and › Unrefined mineral resources: a minimum of zero point five (0.5%) and a maximum of seven (7.0%). › There are certain exemptions/relief provisions, including: <ul style="list-style-type: none"> › Small business exemption; › Exemption for sampling; › Rollover relief for transfers between extractors; › Rollover relief for disposal involving going concerns; › Marginal mine relief; and › Fiscal stability.
Capital expenditure allowances	<ul style="list-style-type: none"> › A large portion of capital expenditure by mining companies can be fully deducted for tax purposes including spending on: prospecting, mining equipment and shaft sinking and development, general administration and management prior to commencement of production, etc; › Further capital allowance is provided for certain gold mines, which is deducted against capital expenditure. The allowance is calculated as a percentage of capital expenditure, ranging from ten (10)% to twelve (12)% per year depending on the mine; › Mining companies can deduct for tax purposes certain qualifying rehabilitation expenditure; › Mining companies can carry forward any losses for an indefinite period and set these off against future profits; and › There are no restrictions on the repatriation of profits.
Ring-fencing	<ul style="list-style-type: none"> › The South African Income Tax Act has a ring-fencing arrangement, whereby capital expenditure in relation to a mine is restricted to the taxable income of that mine and not to other mines owned by the same company; and › The Minister of Finance of South Africa can however rule that two (2) mines be treated as one (1) mine for capital expenditure purposes having regard to fiscal, financial or technical implications.
VAT	<ul style="list-style-type: none"> › VAT is applied at the standard rate of fourteen (14)% but exports of minerals are generally zero-rated.
Withholding Tax	<ul style="list-style-type: none"> › Dividend withholding tax is levied at a rate of fifteen (15)% in respect of dividends paid. The dividends tax is payable by South African resident companies or by non-resident companies listed on a South African exchange; › Interest withholding tax at a rate of fifteen (15)% in respect of interest that is paid or that becomes due and payable on or after 1 March 2015, on the amount of any interest paid by any person to or for the benefit of any foreign person to the extent that the amount is regarded as having been received or accrued from a source within the Republic of South Africa; and › Withholding tax on royalties is calculated at twelve (12)% of the royalty before 1 January 2015 and fifteen (15)% of the royalty on or after 1 January 2015.
Diamonds tax	<ul style="list-style-type: none"> › The levying of a five (5%) export duty on rough diamonds that are exported for processing.

02 | Principal listings requirements and procedures

The JSE Listings Requirements apply to all Mineral Companies and Included non-Mineral Companies subject to additional requirements and concessions set out in Section 12: Mineral Companies.

The JSE adopts the following:

- › The SAMREC Code; and
- › The SAMVAL Code.

The information presented below relates to the Main Board of the JSE.

Criteria for listing

The JSE may admit the securities of an applicant Mineral Company to listing on the Main Board of the JSE provided that the criteria for listing as set out in the “Listing in Africa” publication are met, subject to the following:

- › That the applicant Mineral Company can demonstrate to the satisfaction of the JSE that its management has satisfactory experience in Mining and/or Exploration (depending on its business); and
- › Notwithstanding that the requirements relating to audit history, as contained in the criteria for listing in the “Listing in Africa” publication, are not satisfied, that:
 - › The requirements below are satisfied
 - The applicant Mineral Company must be carrying on as its main activity, either by itself or through one or more of its subsidiaries, an independent business which is supported by its historic revenue earning history and which gives it control (which for the purposes of this section is defined as at least fifty (50)% + one (1) of the voting shares) over the majority of its assets and must have done so for the preceding three (3) financial years; or
 - The applicant Mineral Company must have a reasonable spread of direct interests in the

majority of its assets and the right to actively participate in the management of such assets, whether by voting or through other rights which give it influence in the decisions relating to the assets and must have done so for the preceding three (3) financial years or, where applicable, for at least twelve (12) months; or

- The applicant Mineral Company has a reasonable spread of direct interests in mineral assets and has rights to actively participate in the management of those assets, whether by voting or through other rights which give it influence in decisions relating to the assets, provided, it or its group (including companies in which the Mineral Company has investments) is in possession of the necessary legal title or ownership rights to explore or mine or explore and mine the relevant minerals.
- An applicant Mineral Company with substantial mineral assets must demonstrate that they, or their group (including companies in which they have investments), are in possession of the necessary legal title or ownership rights to explore, mine or explore and mine the relevant minerals.

JSE CPR

A JSE PLS or Prospectus prepared by a Mineral Company or an Included non-Mineral Company with substantial mineral assets must include, or incorporate by reference, a JSE CPR in compliance with the SAMREC Code, the SAMVAL Code and the JSE Listings Requirements.

The JSE CPR must include the following information:

- › Have an effective date (being the date at which the contents of the JSE CPR are valid) less than

six (6) months prior to the date of publication of the JSE PLS or Prospectus;

- › Be updated prior to publication of the JSE PLS or Prospectus if further material data becomes available after the effective date;
- › Disclose the nature of the relationship or interest of the SA Competent Person if not independent of the applicant Mineral Company or an Included non-Mineral Company;

- › State in the margin the particular section of the JSE Listings Requirements and the SAMREC Code and SAMVAL Code have been complied with;
 - › Contain a statement that all requirements of section 12: Mineral Companies of the JSE Listings Requirements, the SAMREC Code and the SAMVAL Code have been complied with, or state that certain clauses were not applicable and provide a list of such clauses; and
 - › Include a statement detailing:
 - › Exploration expenditure incurred to date by the applicant Mineral Company or an Included non-Mineral Company and by other parties, where available;
 - › Planned exploration expenditure that has been committed, but not yet incurred, by the applicant Mineral Company or an Included non-Mineral Company concerned; and
 - › Planned exploration expenditure that has not been committed to by the applicant Mineral Company or an Included non-Mineral Company but which is expected to be incurred sometime in the future, in sufficient detail to fairly present future expectations;
 - › Contain a valuation section which must be completed and signed off by a Competent Valuator in terms of and in compliance with the SAMVAL Code;
 - › Be published in full on the applicant Mineral Company or an Included non-Mineral Company website (subsequent to JSE approval being granted); and
 - › Be included in the relevant JSE PLS or Prospectus either in full or as an executive summary.
- The executive summary must be approved by the JSE (after approval by the Readers Panel) at the same time as the JSE CPR is approved by the JSE and the Readers Panel. The executive summary should be a concise summary of the JSE CPR and must cover, at a minimum, where applicable:
- › Purpose;
 - › Project outline;
 - › Location map indicating area of interest;
 - › Legal aspects and tenure, including any disputes, risks or impediments;
 - › Geological setting description;
 - › Exploration programme and budget;
 - › Brief description of individual key modifying factors;
 - › Brief description of key environmental issues;
 - › Mineral Resource and Mineral Reserve statement;
 - › Reference to risk paragraph in the full JSE CPR;
 - › Statement by the Competent Person that the summary is a true reflection of the full JSE CPR; and
 - › Summary valuation table. Where the cash flow approach has been employed, the valuation summary must include the discount rate(s) applied to calculate the NPV(s) (net present value(s)) per share with reference to the specific paragraph in the JSE CPR. Inferred Resources are used, show the summary valuation with and without inclusion of such Inferred Resources.

Readers’ panel

The JSE will refer all JSE CPR’s to a panel of experts established by the JSE to advise the JSE in the relation to compliance with the SAMCODE and section 12 of the JSE Listings Requirements ("Readers Panel") for approval.

03 | Listing process

JSE CPR’s must be submitted to the JSE for approval in accordance with the following timetable:

Day (D)	Action required
D	Notify the JSE that a JSE CPR will be submitted for approval. The notification must include the name of the applicant Mineral Company or Included Non-Mineral Company, the type of commodity that is involved, the name of the JSE Competent Person and/or Competent Valuator, the date on which the JSE CPR will be submitted and a short description of the transaction/reason for the JSE CPR.
D + 10	Signed JSE CPR to be submitted to the JSE before 10:00 am. This must be accompanied by a compliance checklist, cross referencing every paragraph in Section 12: Mineral Companies of the JSE Listings Requirements, together with the applicable sections as per SAMREC and SAMVAL codes, to the relevant part of the JSE CPR.
D + 20	JSE will make available the Readers Panel comments

Comments on second and third submissions of the JSE CPR will be made available within five (5) days of submission to the JSE

04 | JSE PLS or Prospectus

In addition to the relevant JSE Listings Requirements applicable to JSE PLS or Prospectus as detailed in the “Listing in Africa” publication, the following information must be included for Mineral Companies and Included non-Mineral Companies in respect of their substantial mineral assets:

- › A JSE CPR, complying with the SAMREC and SAMVAL Codes and the JSE Listings Requirements; and
- › Details of any direct or indirect beneficial interest, which each director (and his associates), JSE Competent Person, Competent Valuator and, where applicable, related party, has or, within two (2) years of the date of the JSE PLS or Prospectus, had:
 - » In any asset (including any right to explore for minerals) of the applicant Mineral Company or Included non-Mineral Companies which has been acquired or disposed of by, or leased to or by, the applicant issuer, including any interest in the consideration passing to or from the applicant Mineral Company or Included non-Mineral Companies; and
 - » In the share capital of the applicant Mineral Company or Included non-Mineral Companies;
- › Financial information in terms the JSE Listing Requirements, to the extent that the applicant Mineral Company or Included non-Mineral Companies has a financial history;
- › A statement by the directors regarding any legal proceedings that may have an influence on the rights to explore or mine, or an appropriate negative statement; and
- › Confirmation that the applicant Mineral Company, or its group (including companies in which it has investments), is in possession of the necessary legal title or ownership rights to explore, mine or explore and mine the relevant minerals.

Announcements

In addition to the JSE Listings Requirements, announcements by Mineral Companies or included non-Mineral Companies and by Included non-Mineral Companies must comply with:

- › The SAMREC Code insofar as they relate or refer to exploration results, Mineral Resources and Mineral Reserves;
- › The SAMVAL Code insofar as it relates to a valuation of mineral assets; and
- › Must state the name of the JSE Competent Person/Competent Valuator and that the Competent Person/Competent Valuator:
 - » Has approved the information, in writing, in advance of publication; and
 - » If the JSE Competent Person/Valuator is not independent of the issuer, clearly disclose the nature of the relationship or interest.
- › The JSE reserves the right to request the detailed information supporting the announced information and submit the same for review by the Readers Panel, at the cost of the applicant issuer concerned, to assess compliance with the SAMREC Code and SAMVAL Codes.

05 | Continuing obligations of a financial nature

In addition to those financial requirements covered in “Listing in Africa” publication, Mineral Companies and Included non-Mineral Companies, in respect of substantial mineral assets (if required by the JSE), are required to disclose additional information in their Annual Report, which information must be in compliance with the SAMREC Code and parts of Table one (1) and Section 12 of the JSE Listings Requirements.

Mineral Companies, which includes subsidiaries, joint ventures, associates and investments, are required to disclose this additional information on an attributable beneficial interest basis (i.e. beneficial “see through” basis).

Mineral Companies may also report on an aggregated attributable beneficial interest basis (“total basis”) where the required disclosure details have been previously disclosed and published by separately listed Mineral Companies in compliance with the JSE Listing Requirements. If disclosure is made on a total basis, then the attributable beneficial interest percentage must also be clearly stated. The JSE may require Included non-Mineral Companies to comply with these requirements.

The following additional information must be disclosed:

JSE Competent Person

- › The full name, address, professional qualifications and relevant experience (including the name and address of the body recognised by the SAMREC Code of which the JSE Competent Person is a member) of the Lead JSE Competent Person authorising publication of the disclosed information disclosed; and
- › Include a statement that they have written confirmation from the Lead JSE Competent Person that the information disclosed is compliant with the SAMREC Code and where applicable, the relevant JSE Listings Requirements and Table 1 requirements and that it may be published in the form and context in which it was intended.

Mining Companies

Where individual operations, projects or exploration activities are material to Mining Companies, the following information, where applicable, for the financial year/period under review, must be disclosed in the annual report or an appropriate negative statement:

- › A brief description of any exploration activities, exploration expenditures, exploration results and feasibility studies undertaken;
- › A brief description of the geological setting and geological model;
- › A brief description of the type of mining and mining activities, including a brief history of the workings or operations;
- › Production figures, including a comparison with the previous financial year/period;
- › A statement that the company has the legal entitlement to the minerals being reported upon together with any known impediments;
- › The estimated Mineral Resources and Mineral Reserves ("Mineral Resource and Reserve Statement");
- › A description of the methods and the key assumptions and parameters by which the Mineral Resources and Mineral Reserves were calculated and classified;
- › A comparison of the Mineral Reserve and Mineral Resource estimates with the previous financial year/period's estimates together with explanations of material differences;
- › Whether or not the Inferred Mineral Resource category has been included in feasibility studies and, if so, the impact of such inclusion;
- › Any material risk factors that could impact on the Mineral Resource and Reserve Statement;
- › A statement by the directors on any legal proceedings or other material conditions that may impact on the company's ability to continue mining or exploration activities, or an appropriate negative statement;
- › Appropriate locality maps and plans; and
- › A summary of environmental management and funding.

Where individual operations, projects or exploration activities are not material to Mining Companies, then only the Mineral Resource and Reserve Statement and a comparison of the Mineral Reserve and Mineral Resource estimates with the previous financial year/period's estimates together with explanations of material differences, need to be disclosed.

Exploration Companies

Where individual operations, projects or exploration activities are material to Exploration Companies, the following information, where applicable, for the financial year/period under review, must be disclosed in the annual report:

- › A summary information of previous exploration work done by other parties on the property;
- › Summary information on the data density and distribution;
- › Exploration results not incorporated in the Mineral Resource and Reserve Statement including the following, where applicable, or a qualified negative statement:
 - » The relationship between mineralisation true widths and intercept lengths;
 - » Data and grade compositing methods and the basis for mineral equivalent calculations;
 - » For poly-metallic mineralisation or multi-commodity projects, separate identification of the individual components;
 - » The representivity of reported results;
 - » Other substantive exploration data and results;
 - » Comment on future exploration work;
 - » The basic tonnage/volume, grade/quality and economic parameters for the exploration target; and
 - » Sample and assay laboratory quality assurance and quality control procedures.

Zambia

Mega Trends 2014 Quarter 2

Population

- › 14,638,505 (July 2014 est.); Age 15 - 64: 51.4%

Population growth rate (%)

- › 2.88% (2014 est.)

Life expectancy at birth

- › Total population: 51.83 years; male: 50.24 years; female: 53.48 years (2014 est.)

HIV/AIDS

- › Adult prevalence rate: 12.7%; People living with HIV/AIDS: 1.1 million (2012 est.)

Adult literacy rate (age 15 and over can read and write)

- › Total population: 61.4%; male: 71.9%; female: 51.8% (2007 est.)

Urbanisation

- › Urban population: 40% of total population (2013); Urban population growth: 4.3% (2013)

Population below national poverty line

- › 74.5% (2010 est.)

Unemployment rate

- › 14.98% (2009 est.)

Employment (% of total)

- › Agriculture: 72.2%, Industry: 7.1%; Services: 20.6% (2005 est.)

Labour participation rate (% of total population ages 15+)

- › 79.4% (2012)

Business languages

- › Bemba, Nyanja, Tonga, Lozi, Lunda, Kaonde, Luvale, English

Telephone & Internet users

- › Main lines in use: 115,762; Mobile cellular: 10.40 million; Internet users: 2.25 million (2013)

Sources: CIA World Factbook, World Bank, Trading Economics, UNESCO, ITU, UNAIDS, NKC Research





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01 | Overview of Zambia as a mining and oil and gas destination

Introduction

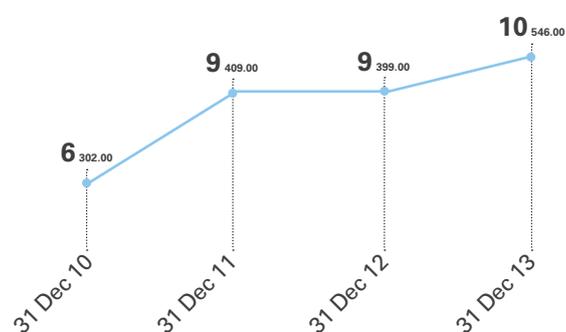
The key commodities produced by Zambia are copper and cobalt with the Zambian Copper belt remaining the focus of mining and development activities. Zambia also has significant quantities of selenium and silver together with minor gold and platinum group elements which are produced as important by-products of the copper mining and processing.

An exchange rate of US\$1 = ZMW 6.11845 on 30 June 2014 has been used throughout this section.
ZMW1 = ZMK1 000

Total market capitalisation of the LuSE

The chart below sets out the total market capitalisation of the LuSE as at 31 December 2010, 2011, 2012 and 2013 (based on the annual financial data provided by the ASE):

Total market capitalisation of the LuSE as at 31 December 2010, 2011, 2012 and 2013



The total market capitalisation of the LuSE has increased by approximately sixty seven point three (67.3)% between 31 December 2010 and 31 December 2013. The increase in the market capitalisation of the LuSE can be largely attributed to the strong economic growth, in excess of six point five (6.5)% annually, barring a slowdown to six point three (6.3)% in 2011, experienced by the Zambian economy.



“FDI flows to the landlocked developing countries (LLDCs) in 2013 fell by 11 per cent to \$29.7 billion. The Asian group of LLDCs experienced the largest fall in FDI flows of nearly 50 per cent, mainly due to a decline in investment in Mongolia. Despite a mixed picture for African LLDCs, 8 of the 15 LLDC economies increased their FDI inflows, with Zambia attracting most at \$1.8 billion.”

World Investment Report 2014

These growth figures are based on the rebased GDP figures to 2010 released by the Central Statistics Office. In addition, Zambia rebased its currency with effect from 1 January 2013.

The number of issuers listed on the LuSE has remained constant at twenty (20) during the period under review.

Prima Reinsurance Plc listed on the LuSE in July 2014. The Prima Reinsurance Plc, the first listing on the LuSE since 2008, was fully subscribed and raised

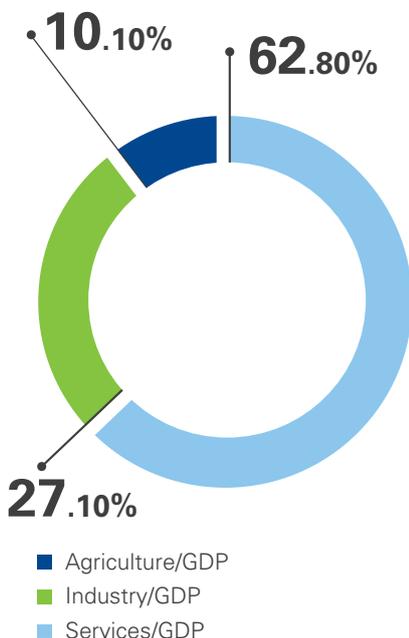
approximately US\$ four million (US\$4.0 million). On 1 September 2014, Madison Financial Services Plc listed on the LuSE after raising approximately US\$ ten point two million (US\$10.2 million) from a fully subscribed IPO.

First Quantum Minerals Limited has listed depository receipts in the Mining Sector of the LuSE. These depository receipts have a market capitalisation of US\$ one hundred and thirty point four million (US\$130.4 million) (ZMW seven hundred and ninety eight million point zero (ZMW798.0 million)).

Equity market capitalisation of the LuSE

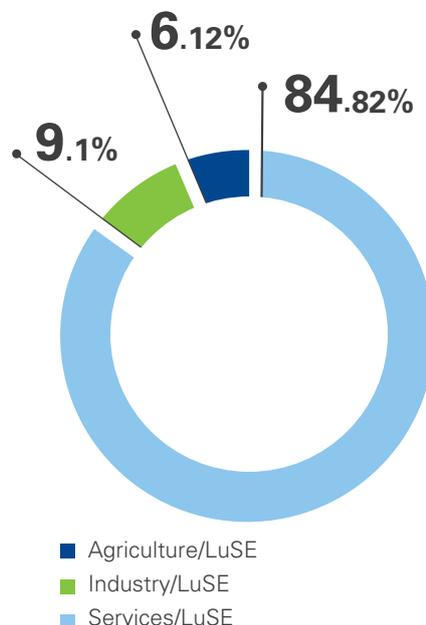
Set out below is the economic structure as a percentage of GDP (2013 estimate) based on research by NKC Independent Economists:

Economic structure as a percentage of GDP



Set out below are the LuSE industry sectors as a percentage of the total equity market capitalisation grouped in the same categories as the economic structure as a percentage of GDP:

LuSE industry sectors as a percentage of the total equity market capitalisation



Services comprises of the following industry sectors: consumer services, financials, consumer goods, telecommunications and utilities;

Industry comprises of the following industry sectors: industrials and oil and gas;

Agriculture comprises of tobacco, farming and plantations issuers listed on the LuSE.

As illustrated by the diagrams above, the LuSE industry sectors as a percentage of the total equity market capitalisation do not correlate to the economic structure of Zambia as a percentage of GDP. While services contributes approximately sixty two point eight (62.8)% to the economic structure as a percentage of GDP compared to the significantly larger eighty four point eight (84.8)% contribution by the services sector issuers to the total equity market capitalisation of the LuSE.

The industry sector, which contributes twenty seven point one (27.1)% to the GDP, represents only nineteen point one (19.1)% of the industry sector composition of the LuSE. The agricultural sector contributes ten point one (10.1)% to the economic structure as a percentage of GDP compared to six point one (6.1)% contributed by the agricultural sector issuers to the total equity market capitalisation of the LuSE. Shoprite Holdings Limited contributes fifty three point one (53.1)% to the services sector total equity market capitalisation.

The misalliance between the major contributors to the GDP and the sector composition of the LuSE has the result that foreign investors seeking to invest in certain significant sectors of the Zambian economy, such as the growing extractive industry, cannot do so through investing in the LuSE.

Equity market capitalisation of the Mining Sector of the LuSE

As at the date of the KPMG Listing in Africa publication, the equity market capitalisation of the LuSE amounted to approximately US\$ eleven thousand and fifteen point eight million (US\$11 015.8 million) (ZMW sixty seven thousand three hundred and ninety nine point five million (ZMW67 399.5 million)).

There are currently no issuers listed in the Mining Sector of the LuSE other than the listed depository receipts referred to above. Puma Energy Zambia Plc, the only oil and gas issuer on the LuSE, is listed on the Main Board and has an equity market capitalisation of US\$ one hundred and three million (US\$103.0 million) (ZMW six hundred and thirty million (ZMW630.0 million)).

Volumes of equity shares traded by Mining Sector issuers

The volume of the First Quantum Mineral Limited listed depository receipts that traded on the LuSE during the period 1 July 2013 to 31 July 2014 amounted to three hundred and sixty seven eight

hundred and one (367 801), approximately zero point one (0.1)% of the total trades on the LuSE during that period.

The trading equity statistics for the LuSE for the years ended 31 December 2013, 2012, 2011 and 2010, as extracted from the ASEA Yearbook 2014, are set out below:

Trading equity statistics for the LuSE for the years ended **31 December 2013, 2012, 2011 and 2010**

Indicators	2013	2012	2011	2010
Total value traded US\$	38 294 175	68 321 712	149 101 834	196 037 765
Total volume traded	275 907 714	2 079 154 945	1 148 269 144	1 419 662 009
Total number of transactions	5 829	5 681	7 117	7 610
Number of traded companies	21	20	20	20

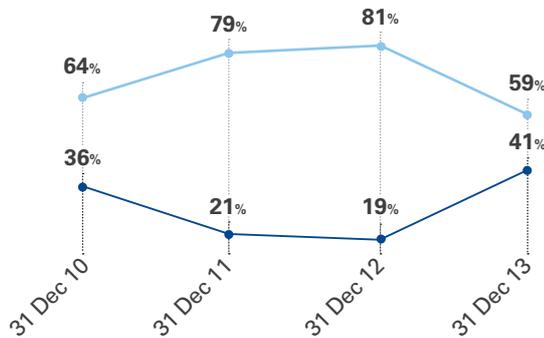


"Several incentives have been put in place to promote rapid development of the Zambian capital markets."

KPMG

The foreign versus local investors as a percentage of the total value traded on the LuSE for the years ended 31 December 2010, 2011, 2012 and 2013, as extracted from the ASEA Yearbook 2014, are set out below:

Foreign versus local investors as a percentage of the total value traded on the LuSE for the years ended **31 December 2010, 2011, 2012 and 2013**



Attractiveness as a mining destination

The World Investment Report, 2014 stated that Zambia received US\$ one thousand eight hundred and eleven million (US\$1 811.0 million) of FDI during 2013, an increase of approximately four point six (4.6)% from the prior year. There were no cross-border net sales merger and acquisition transactions involving Zambian companies during 2013. The value of world as source funded Greenfield Investment projects in Zambia in 2013 was US\$ one thousand and seventy four million (US\$1 074.0 million).

Zambia ranked as the 14th most attractive country for investment in Africa in terms of the RMB Global Markets Research Where to Invest in Africa Report 2014/2015. The RMB Global Markets Research Where to Invest in Africa Report 2014/2015 assigns investment attractiveness scores to each of the fifty three (53) countries in the survey through a multiplicative combination of market size (GDP), economic growth (GDP growth forecasts over the next five (5) years) and an operating environment index.

World Bank Ease of Doing Business Index

Zambia was ranked 111th (83rd – 2013) out of one hundred and eighty nine (189) countries in the World Bank Ease of Doing Business index as at June 2014. The 1st ranked country (with the lowest scores for each of the ten (10) topics) in the World Bank Ease of Doing Business Index is deemed to have the regulatory environment that is the most conducive, and the 189th ranked country (with the highest scores for each of the ten (10) topics) is deemed to have the regulatory environment that is the least conducive, to the starting and operation of a local firm in that country.

Zambia experienced a drop of twenty eight (28) places in its ranking in the Ease of Doing Business Index in 2014 due to Zambia's significantly higher scores in the areas of starting a business, dealing with construction permits, registering property, getting credit, paying taxes, trading across borders and resolving insolvency. Zambia also scored marginally higher scores in the area of protection for minority investors. Zambia's scores reduced in the areas of getting electricity and enforcing contracts.

Frazer Institute Survey of Mining Companies 2013's Policy Perception Index

Zambia ranked 41st out of one hundred and twelve (112) jurisdictions in the Frazer Institute Survey of Mining Companies 2013's Policy Perception Index.

The Policy Perception Index measures the overall policy attractiveness of a jurisdiction.

Zambia's scores in respect of the various policy factors considered in the Policy Perception Index were as follows:

	Encourages investment	Not a deterrent to investment	Mild deterrent	Strong deterrent	Would not pursue investment due to this factor
Mineral potential, assuming current regulation/land use restrictions	21%	52%	24%	0%	3%
Mineral potential, assuming policies based on "best practice"	52%	35%	14%	0%	0%
Uncertainty concerning the administration, interpretation and enforcement of existing regulations	29%	41%	24%	3%	3%
Uncertainty concerning environmental regulations	21%	52%	24%	3%	0%
Regulatory duplication and inconsistencies	6%	56%	35%	3%	0%
Legal system (legal processes that are fair, transparent, non-corrupt, timely and efficiently administered)	6%	44%	44%	3%	3%
Taxation regime (including personal, corporate, payroll, capital and other taxes and complexity of tax compliance)	3%	58%	26%	13%	0%
Uncertainty concerning disputed land claims	0%	55%	26%	7%	3%
Uncertainty over which areas will be protected as wilderness, parks or archaeological sites	19%	58%	19%	0%	3%
Quality of infrastructure (includes access to roads and power availability)	7%	42%	42%	10%	0%
Socioeconomic agreements/ community development conditions	3%	52%	28%	17%	0%
Trade barriers – tariff and non-tariff barriers, restrictions on profit repatriation, currency restrictions, etc.	3%	48%	38%	10%	0%
Political stability	10%	52%	21%	14%	3%
Labour regulations, employment agreements and labour militancy/work disruptions	3%	62%	28%	7%	0%
Quality of geological database (includes quality and scale of maps, ease of access to information, etc.)	7%	45%	41%	7%	0%
Security situation (includes physical security due to the threat of attack by terrorists, criminals, guerrilla groups, etc.)	7%	59%	31%	3%	0%
Availability of labour and skills	10%	52%	31%	7%	0%

Zambia's lowest ratings were in the areas of political stability, uncertainty concerning disputed land claims, legal system, uncertainty concerning the administration, interpretation and enforcement of existing regulations and mineral potential, assuming current regulation/land use restrictions.

ResourceStocks world risk survey

Zambia came 11th place in the 2013 ResourceStocks Magazine world risk survey which covers the following areas: financial risk, sovereign risk, land access, green tape, land claims, red tape, social

risk, infrastructure, civil unrest, natural disasters and labour relations.

Zambia's highest perceived risk areas are, from highest to lowest, labour relations, red tape, land access and sovereign risk.

Corruption Perceptions Index

According to the 2014 Corruption Perceptions Index prepared by Transparency International, Zambia ranks 85th (together with Burkina Faso, India, Jamaica, Peru, Philippines, Sri Lanka, Thailand, Trinidad and Tobago) out of one hundred and seventy five (175) jurisdictions. Zambia's score was 38/100 (where 0 is very corrupt and 100 very clean).

Zambia ranked 83rd (together with Burkina Faso, El Salvador, Jamaica, Liberia, Mongolia, Peru, Trinidad and Tobago) out of one hundred and seventy seven (177) jurisdictions in the 2013 Corruption Perceptions Index with a score of 38/100.

Credit rating

Zambia currently has a B credit rating from Fitch and a B+ rating from Standard & Poor which puts Zambia in the highly speculative grade category.

RisCura 2014 Bright Africa Report: A guide to equity investing on the continent

The RisCura 2014 Bright Africa Report a report rates each stock exchange in terms of the completeness of data, number of companies listed, value traded, World Federation of Exchanges membership, regulation, financing through the stock exchange, openness to foreign ownership, ease of capital inflows/outflows and efficiency of the operation framework. The quality of the LuSE is rated as an F (where A is the highest quality and G is the lowest).

The Explicit Costs of "round trip" trading (buying and then selling) on the LuSE was measured at approximately two point seven (2.7)% with the JSE being the lowest at approximately zero point eight (0.8)% and Zimbabwe being the highest at approximately three point one (3.1)%.

Corporate governance

The LuSE is the self-regulatory organisation which creates rules for its members, listed companies and trading. The first requirement to participate is to be an incorporated company and apply to the Securities and Exchange Commission of Zambia to become a licensed dealer. The Constitutional Documents of the LuSE provide for eight (8) directors, however, in line with good corporate governance practices, the LuSE has broadened its board by appointing two (2) additional independent directors.

The LuSE Corporate Governance Code ("Code") for listed companies is not mandatory, however companies are required to submit a report to the LuSE describing their compliance with the Code and explaining non-compliance/s. This Code provides basic guidelines for core governance standards and practices, and to enhance the corporate governance of listed companies.

Issuers must include in their Annual Report, a statement commenting on the extent of their compliance with the Code of Corporate Practices and Conduct contained in the Cadbury or King III Reports on Corporate Governance. This statement may be contained in a separate section of the Annual Report and need not be audited. The LuSE and the IOD have shaped corporate governance practices

by providing best practice governance guidance to protect shareholders and to improve performance of the company and the board of directors and its committees.

In Zambia, Governance Structures in Companies are primarily prescribed by the Companies Act Cap 388, the Bank of Zambia Act Cap 360 and the Bank of Zambia Corporate Guidelines 2006. Directors' statutory duties fall under Section 215 of the Companies Act Cap 388.

The laws on Zambian citizenship are governed by Articles 4-10 of the Constitution of Zambia. More than half of the directors of a company, including the managing director must be resident in Zambia. If the company has executive directors there must be at least one (1) executive director who is resident in Zambia. It is mandatory for the company to establish both audit and risk committees. In addition, establishing a nominations and a remuneration committee, or a combination of the two (2), is recommended best practice. There are no specific residential/citizenship requirements for the ownership of shares. In Zambia the ownership of shares is governed by the Companies Act Cap 388. Section 57(1).

Mining authority

Companies listed in the Mining Sector of the LuSE must comply with the specific criteria for the listing of, and additional disclosure requirements for, Mineral Companies in addition to the other requirements as set out in the LuSE Listings Requirements.

In terms of the Zambian M&MD Act, all rights of ownership in, searching for, mining and disposing of, minerals, wherever they are located in Zambia, are vested in the Zambian Government.

The Zambian Government has adopted a pragmatic mineral policy which is designed to enhance investment in the mining industry and to ensure the development of a self-sustaining minerals-based industry.

Types of licences

The Director of Geological Survey handles all applications for and allocation of mineral rights in Zambia. Several types of mining and prospecting licences exist, as follows:

Large scale mining operations

A large scale mining operations prospecting license is valid for a period of two (2) years and may, on its expiry, be renewed for a further two (2) year period but the total maximum period shall not exceed seven (7) years. A prospecting license may be sought over an area of land not exceeding twenty nine thousand nine hundred and forty Cadastre Units and states the date on which the license shall commence the prospecting operations and the conditions on which it is granted, the minerals in respect of which it is granted and includes a description and plan of the prospecting area. The programme of prospecting operations, as approved by the Director of Geological Survey, is attached to the prospecting license and forms part of the conditions of the license.

A large scale mining license may be applied for by the holder of a prospecting license for the mining of minerals within the prospecting area, however, the large scale mining license may only be sought over an area of land not exceeding seven thousand four hundred and eight-five Cadastre Units. A large scale mining license is granted for a maximum period of twenty five (25) years. The holder of a large scale mining license may apply for a renewal of the license for such period as is reasonably required to carry out the mining programme or for a maximum of twenty five (25) years.

Prior to 2000, the copper mining industry in Zambia was managed under the parastatal umbrella of ZCCM, which owned and operated a number of mining divisions. In 2000, these mining divisions were sold off as independent mining companies as a result of the privatisation of ZCCM. The Zambian Government holds an eighty seven point six (87.6)% shareholding in ZCCM-IH, a successor company to ZCCM, and which is one of Zambia's prime investment holdings companies with the majority of its investments in the copper mining sector of Zambia.

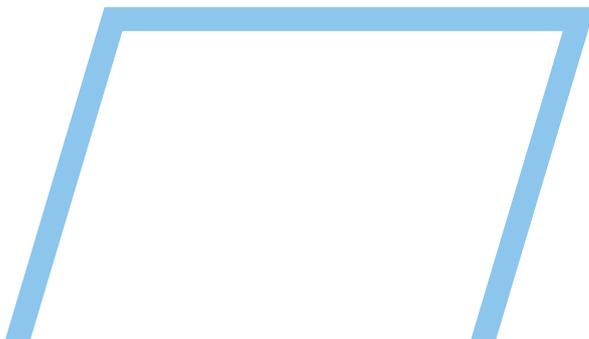
The Zambian M&MD Act regulates the mining industry in Zambia and the Zambian Government has developed a minerals policy to ensure the continued development of the mining industry.

The following documents will be attached to the large scale mining license and form part of the conditions thereof:

- › The programme of mining operations as approved by the Director of Geological Survey;
- › The applicant's environmental commitment plan;
- › The applicant's proposals for the employment and training of citizens of Zambia;
- › The applicant's proposals for the promotion of local business development; and
- › The applicant's capital investment forecast.

A large scale gemstone license allows the holder thereof to prospect for and mine gemstones. A large scale gemstone license is valid for a maximum period of ten (10) years and may, on application, be renewed for a further ten (10) year period thereafter. The following documents will be attached to the large scale gemstone license and form part of the conditions thereof:

- › The programme of prospecting and mining operations as approved by the Director of Geological Survey;
- › The applicant's environmental commitment plan;
- › The applicant's proposals for the employment and training of citizens of Zambia;
- › The applicant's proposals for the promotion of local business development; and
- › The applicant's capital investment forecast.



Small scale mining operations

A small scale mining operations prospecting permit is valid for a maximum period of five (5) years and shall not be renewed. A prospecting permit may be sought over an area of land not exceeding three hundred (300) Cadastre Units and states the date of the grant of the permit, the period for which it is granted and the conditions on which it is granted, the minerals in respect of which it is granted and must include a description and plan of the prospecting area. The programme of prospecting operations, as approved by the Director of Geological Survey, is attached to the prospecting permit and forms part of the conditions of the permit.

A small scale mining license may be applied for by the holder of a prospecting permit for the mining of minerals within the prospecting area, however, the small scale mining license may only be sought over an area of land not exceeding one hundred and twenty (120) Cadastre Units. A small scale mining license is granted for a maximum period of ten (10) years and is renewal for a further ten (10) year period. A small scale mining license states the date of the grant of the license, the period for which it is granted and the conditions on which it is granted, the minerals in respect of which it is granted and must include a description and plan of the mining area. The programme of mining operations, as approved by the Director of Geological Survey, is attached to the small scale mining license and forms part of the conditions of the license.

A small scale gemstone license may be sought over an area of land not exceeding one hundred and twenty (120) Cadastre Units. A small scale mining license is granted for a maximum period of ten (10) years and is renewal for a further ten (10) year period. A small scale mining license states the date of the grant of the license, the period for which it is

granted and the conditions on which it is granted, the minerals in respect of which it is granted and must include a description and plan of the mining area. The programme of mining operations, as approved by the Director of Geological Survey, is attached to the small scale gemstone license and forms part of the conditions of the license.

Artisanal mining

Any citizen of Zambia who has identified a mineral deposit may apply for an artisan's mining right. An artisan's mining right will identify the minerals in respect of which it is granted and be granted over an area not exceeding two (2) Cadastre Units provided the area over which it is granted is not already subject to a mining right. An artisan's mining right is valid for a period of two (2) years and is renewable for a further two (2) year period.

Mineral processing license

A mineral processing license grants the holder the exclusive right to carry on mineral processing in the mineral processing area.

A mineral processing license states the date of the grant of the license, the period for which it is granted and the conditions on which it is granted, the minerals in respect of which it is granted and must include a description and plan of the mineral processing area. The programme of mineral processing operations, as approved by the Director of Geological Survey, is attached to the mineral processing license and forms part of the conditions of the license. A mineral processing license is valid for a maximum period of fifteen (15) years and is renewable, on application, for a further period of fifteen (15) years.

“The programme of mineral processing operations, as approved by the Director of Geological Survey, is attached to the mineral processing license and forms part of the conditions of the license.”

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Fiscal regime

The 2015/2016 Zambian budget is proposing to amend the definition of minerals, as well as a number of other changes, including an increase in the mineral royalty chargeable and the cancellation of corporate income tax.

The table below sets out the various year-on-year tax rates and the proposed 2015 changes:

Category	Tax year		
	2015	2014	2013
Mining corporate tax rate – Base metals/ gemstones/precious metals	0%	Thirty (30)% plus variable tax rate giving an effective rate up to forty five (45)%	Thirty (30)% plus variable tax rate giving an effective rate up to forty five (45)%.
Other mining operations	Thirty (30)% plus variable tax rate giving an effective rate up to forty five (45)%.	Thirty (30)% plus variable tax rate giving an effective rate up to forty five (45)%.	Thirty (30)% plus variable tax rate giving an effective rate up to forty five (45)%.
MINERAL ROYALTY RATES			
Mineral royalty on base metals, precious metals and gemstones – Underground mining	8%	6%	6%
Mineral royalty on base metals, precious metals and gemstones – open cast mining	20%	6%	6%
CAPITAL ALLOWANCES DEDUCTIONS			
Mining equipment and related capital expenditure (*claim when asset is brought into use)	Not applicable	25%*	100%
Commercial motor vehicle and other plant and machinery	Not applicable	25%	25%
Non-commercial motor vehicles	Not applicable	20%	20%
CARRY FORWARD OF TAX LOSSES			
Mining operations	Not applicable	10 years	10 years
Prospecting and exploration	Not applicable	5 years	5 years
OTHER SPECIAL INCENTIVES			
Import duty on certain mining equipment	Rebate	Rebate	Rebate
VAT deferment scheme	No	No	No
OTHER RATES			
Withholding tax on dividends	0%	0%	0%
Withholding tax on management fees to non- residents	20%	20%	15%
Export duty on Copper and Cobalt concentrates	10%	10%	10%
Export duty on all other unprocessed or semi processed mineral ores	10%	10%	10%
Thin capitalisation threshold	Not applicable	3:1	3:1
Taxation of hedging income	35%	35%	35%
Property transfer tax on sale or transfer of mining right	10%	10%	10%
Transfer pricing rules on interest payments made by mining companies to apply	Not applicable	Yes	No

The 2015/2016 Zambian budget is proposing to amend the definition of minerals, as well as a number of other changes.

The proposed amendment to section 2 of the Zambian Income Tax Act will align the definition of "minerals" to the definition provided in the Zambian M&MD Act as follows:

Current definition in the Zambian M&MD Act – *"minerals means any material substance, whether solid, liquid, or gaseous form, that occurs naturally in or beneath the surface of the earth, but does not include water, petroleum or any substance or thing prescribed by the Minister by regulation"*.

The table below sets out the various year-on-year tax rates and the proposed 2015 changes:

Mineral royalty introduced as a final tax

The Zambian Government proposes to redesign the mining fiscal regime by replacing the existing system with a simplified mining tax structure whereby a mineral royalty of eight (8)% and twenty (20)%, as a final tax, will be charged in respect of underground

mining operations and open cast mining operations respectively.

Corporate tax on income from tolling

The Zambian Government is proposing a thirty (30)% income tax rate on profits earned from tolling.

Corporate income tax on profits from processing of purchased mineral ores, concentrates and any other semi-processed minerals

A corporate income tax rate of thirty (30)% on profits earned from processing of purchased mineral ores, concentrates and any other semi-processed minerals currently taxed as income from mining operations is proposed to be introduced.

Mineral royalty on industrial minerals

Mineral royalty tax on companies mining industrial minerals has been maintained at six (6)%. Such companies will, however, still be liable for corporate profits tax on the income from their operations. This corporate profits tax will be due at thirty (30)% plus a variable profits rate giving an effective rate of up to forty five (45)%.

02 | Principal listing requirements and procedures

The LuSE Listings Requirements apply to Mineral Companies, subject to the additional requirements and concessions set out in Chapter 12: Mineral Companies.

Criteria for listing

Exploration Companies

The LuSE Board may admit to listing on the financial "Mining Prospecting" sector of the Main Market the securities of an applicant Exploration Company even if the applicant Exploration Company does not have a satisfactory profit history for the preceding three (3) financial years provided that:

1. The applicant Exploration Company has a subscribed capital of at least US\$40 860 (ZMW250 000);
2. At least one (1) million equity shares in issue and twenty five (25)% of its shares held by the public;
3. At least three hundred (300) equity shareholders;
4. The minimum initial issued price of the securities shall be agreed with the LuSE Board;
5. The applicant Exploration Company undertakes or proposes to undertake Prospecting;
6. The applicant Exploration Company demonstrates to the satisfaction of the LuSE Board that the applicant Exploration Company's managers have satisfactory experience in Prospecting; and
7. The applicant Exploration Company demonstrates to the satisfaction of the LuSE Board that the applicant Exploration Company is entitled to Prospect for the relevant minerals.

Mining Companies

The LuSE Board may admit to listing on the Main Board the securities of an applicant Mining Company even if the applicant Mining Company does not have a satisfactory profit history for the preceding three (3) financial years provided that:

1. The applicant Mining Company has a subscribed capital of at least US\$40 860 (ZMW250 000);
2. At least one (1) million equity shares in issue and twenty five (25)% of its shares held by the public;
3. At least three hundred (300) equity shareholders;
4. The minimum initial issued price of the securities shall be agreed with the LuSE Board;
5. The applicant Mining Company undertakes or proposes to undertake Mining;
6. The applicant Mining Company demonstrates to the satisfaction of the LuSE Board that the applicant Mining Company's managers have satisfactory experience in Mining; and
7. The applicant Mining Company demonstrates to the satisfaction of the LuSE Board that the applicant Mining Company is entitled to mine the relevant minerals.

LuSE CPR – Exploration Companies

A LuSE CPR prepared for an Exploration Company must contain the following information:

- › For individuals - Full name, address, professional qualifications and relevant experience of the LuSE Competent Person and the name and address of the professional association, institute or body of which he/she is a member;
- › For firms, companies or other legal entities - Full name and address of the firm or company and the full name, professional qualifications and relevant experience of the key director, partner or employee who has prepared the LuSE CPR and the name and address of the professional association, institute or body of which he/she is a member;
- › Be dated less than six (6) months prior to the date of publication of the LuSE PLS or Prospectus;
- › Be updated prior to publication of the LuSE PLS or Prospectus if further data becomes available;
- › If the LuSE Competent Person is not independent of the applicant Exploration Company, clearly disclose the nature of the relationship or interest;

If more than one (1) LuSE Competent Person is appointed, each LuSE Competent Person must comply with the relevant requirements.

The LuSE CPR must include:

- › A description of:
 - › The nature of the applicant Exploration Company's rights of Prospecting and the right to use the surface of the properties to which these rights relate; and
 - › Agreements, concessions, consents, permissions, permits or authorisations, required and where those have been obtained, and details of their principal terms and conditions.
- › Where applicable, a statement to the effect that:
 - › An environmental management programme, as required in terms of the Zambian M&MD Act and as read with the Environmental Protection and Pollution Control Regulations, 1997 made pursuant to the Environmental Protection and Pollution Control Act Chapter 204 of the Laws of Zambia, has been approved by the Director of Mine Safety or any other authorising agency of the State and the cost of such programme;

“To promote listing the Government has established tax incentives that only apply to listed companies and stocks.”

ASEA Yearbook 2014

- » Pending the approval of an environmental management programme, temporary authorisation to commence operations has been obtained; or
 - » An extension of time within which to obtain approval of an environmental management programme has been granted; and
 - » Exemption has been obtained from the requirements of Part IX: Safety, Health and Environmental Protection of the Zambian M&MD Act.
- › In respect of the applicant Exploration Company's Prospecting activities to date, a statement:
- » Of the nature of any relevant geophysical and geological evidence;
 - » Where applicable, of the results of drilling and sampling stating the number of holes drilled, sample pits or trenches and their location, with a description of their current status and a statement, whether or not those results support the existence of the relevant minerals; and
 - » Where applicable, of the names or the organisations that carried out the investigation and analysis.
 - » In respect of the issuer's future Prospecting activities, a description of the general methods to be employed for Prospecting; and
 - » In respect of each major property, maps and plans demonstrating its location, the nature and extent of workings thereon and all principal geological features.

LuSE CPR – Mining Companies

In addition to the requirements for a LuSE CPR for an Exploration Company detailed above, a LuSE CPR prepared for a Mining Company must contain the following additional information:

- › In respect of the applicant Mining Companies Mineral Resources and Reserves, a statement providing:
 - » The geological features of the occurrence, the type of deposit and its dimensions;
 - » An estimate of the volumes, tonnages and grades, as appropriate, and a general description of the methods used to estimate same;
 - » The anticipated mining tonnages or volumes; and
 - » The processing volumes or tonnages, together with the other principal assumptions relating to forecast revenues and operating costs.
- › A statement in relation to the applicant Mining Company:
 - » The production policy, including production rates of sites, mines and wells where production has already been commenced;
 - » The estimated production rates relating to new mines, or re-workings, or new drilling or work-overs;
 - » An estimate of the working lives of each major property;
 - » An indication of the bases on which these estimates have been arrived at; and
 - » The qualifications and experience of the key technical staff being, or to be, employed.
- › The date on which mining commenced, or is expected to commence, on the issuer's major properties.
 - › An indication of the progress of actual working, including analysis (both in narrative and numerical form) or previous exploration, development and mining carried out on the applicant Mining Company's major properties.
 - › Commentary on the reasonableness of the director's forecasts (if any) of the rates of mining of the applicant Mining Company's major properties.
 - › Commentary on the ownership, type, extent and condition of plant and equipment which is significant to the applicant Mining Company's operations and which is currently in use on the applicant Mining Company's major properties;
 - › Information on significant additional plant and equipment which will be required to achieve the forecast rates of mining;
 - › An assessment of the value of the plant and equipment owned by the applicant Mining Company currently in use for mining, save that such assessment will not be required if a statement is made confirming that the directors do not consider the plant and equipment to be of significance to an investor's assessment of the applicant Mining Company's operations.
 - › Basic information and/or valuation bases relating to all key criteria which may be used in arriving at a valuation based on a discounted cash flow mining model, also known as a net present value mining model.
 - › A statement setting out any additional information required for an appraisal of any special factors affecting the mining businesses of the applicant Mining Company, including difficulties of access to, or in recovery of, Mineral Resources and Reserves and special circumstances, such as difficulties in transporting or marketing the ore which may affect the economic viability of the project, or an appropriate negative statement.

03 | LuSE PLS or Prospectus

An application for a listing of securities by a Mineral Company on the Main Board must be accompanied by the relevant LuSE PLS or Prospectus which must comply with the relevant LuSE Listings Requirements applicable to LuSE PLS or Prospectuses for all listed companies as well as including the following additional information:

Exploration Companies

- › A LuSE CPR and, if the LuSE Competent Person, is not, in the opinion of the LuSE Board, independent of the applicant Exploration Company, the LuSE PLS or Prospectus must clearly disclose the nature of the relationship or interest;
- › Details of all management and service agreements.
- › The names of the applicant Exploration Company's directors and technical advisors;
- › Details of any direct or indirect interest, beneficial or non-beneficial, which each director, LuSE Competent Person and related party has or, within two (2) years of the date of the LuSE PLS or Prospectus, had:
 - › In any asset (including any right to prospect for minerals) which has been acquired or disposed of by, or leased to or by the applicant Mining Company, including any interest in the consideration passing to or from the applicant Mining Company;
 - › In the share capital of the applicant Mining Company; and
 - › In the promotion of the applicant Mining Company.
- › A statement of any legal proceedings that may have an influence on the rights to prospect for Minerals or an appropriate negative statement.
- › A glossary of the terms used in the LuSE PLS or Prospectus; and
- › A detailed estimate/statement of:
 - › The Prospecting funding requirements for at least two (2) years following publication of the LuSE PLS or Prospectus;
 - › The Prospecting expenditure incurred to date and/or budgeted for; and
 - › The projected adequacy of capital raised for Prospecting purposes.

Exploration Companies

In addition to the requirements for a LuSE PLS or Prospectus for an Exploration Company detailed above, a LuSE PLS or Prospectus prepared for a Mining Company must contain the following additional information:

- › An estimate of the mining and other related funding requirements for at least two (2) years following publication of the LuSE PLS or Prospectus; and
- › Particulars of the estimated cash flow for either:

- › The two (2) years following publication of the LuSE PLS or Prospectus or, if greater, and where applicable;
- › The period until the end of the first full financial year in which mining is expected to be conducted on an economic scale.

Such particulars must include relevant revenue, cost, capital expenditure, tax and other material financial details required to enable the arithmetic calculation of such cash flow.

04 | Continuing obligations

Announcements and circulars

In addition to the other requirements of the LuSE Listings Requirements, announcements by Mineral Companies:

- › Insofar as they relate to an mineral deposit, must include any information available to the issuer concerning the characteristics of the deposit;
- › Insofar as they relate to Mineral Resources and/or Reserves, must include a description of the nature of mineralisation; and
- › Insofar as they relate or refer to a LuSE CPR must:
 - » Be approved in writing in advance of publication by the relevant LuSE Competent Person; and
 - » If the LuSE Competent Person is not, in the opinion of the LuSE Board, independent of

the issuer, clearly disclose the nature of the relationship or interest.

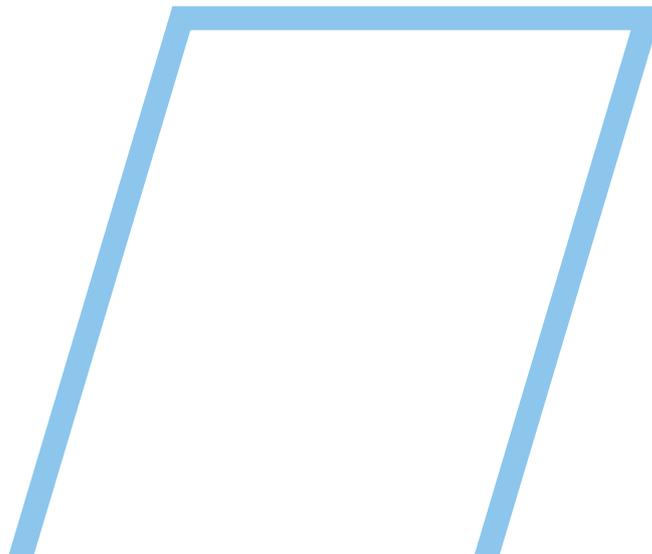
- › In addition to the other LuSE Listings Requirements, Mineral Company circulars in respect of category 1 and 2 transactions must:
 - » Include a LuSE CPR in compliance with the LuSE Listings Requirements, if the information in such LuSE CPR is relevant to the subject matter of the circular;
 - » If a LuSE CPR is included and the LuSE Competent Person is not, in the opinion of the LuSE Board, independent of the issuer, clearly disclose the nature of the relationship or interest; and
 - » Include a glossary of the terms used in the circular.

Quarterly reports

- › In the case of Mineral Companies which report to shareholders on a quarterly basis, the quarterly reports must be published and distributed to all shareholders as soon as possible after the expiration of each quarter.
- › Quarterly reports that are in respect of the second quarter, must be published and distributed to shareholders within three (3) months after the expiration of such period.

Net assets per share

- › For purposes of the balance sheets required in terms of the LuSE Report on an applicant Mineral Company, mineral rights and any other mining assets may be treated as tangible assets.



Zimbabwe

Mega Trends 2014 Quarter 2

Population

- › 13,771,721 (July 2014 est.); Age 15 - 64: 58%

Population growth rate (%)

- › 4.36% (2014 est.)

Life expectancy at birth

- › Total population: 55.68 years; male: 55.4 years; female: 55.97 years (2014 est.)

HIV/AIDS

- › Adult prevalence rate: 14.7%; People living with HIV/AIDS: 1.4 million (2012 est.)

Adult literacy rate (age 15 and over can read and write)

- › Total population: 83.6%; male: 87.8%; female: 80.1% (2011 est.)

Urbanisation

- › Urban population: 39.6% of total population (2013); Urban population growth: 4.3% (2013)

Population below national poverty line

- › 72.3% (2011 est.)

Unemployment rate

- › 10.7% (2012 est.)

Employment (% of total)

- › Agriculture: 71.8%; Manufacturing: 7.6%; Services: 20.6% (2011)

Labour participation rate (% of total population ages 15+)

- › 86.4% (2012)

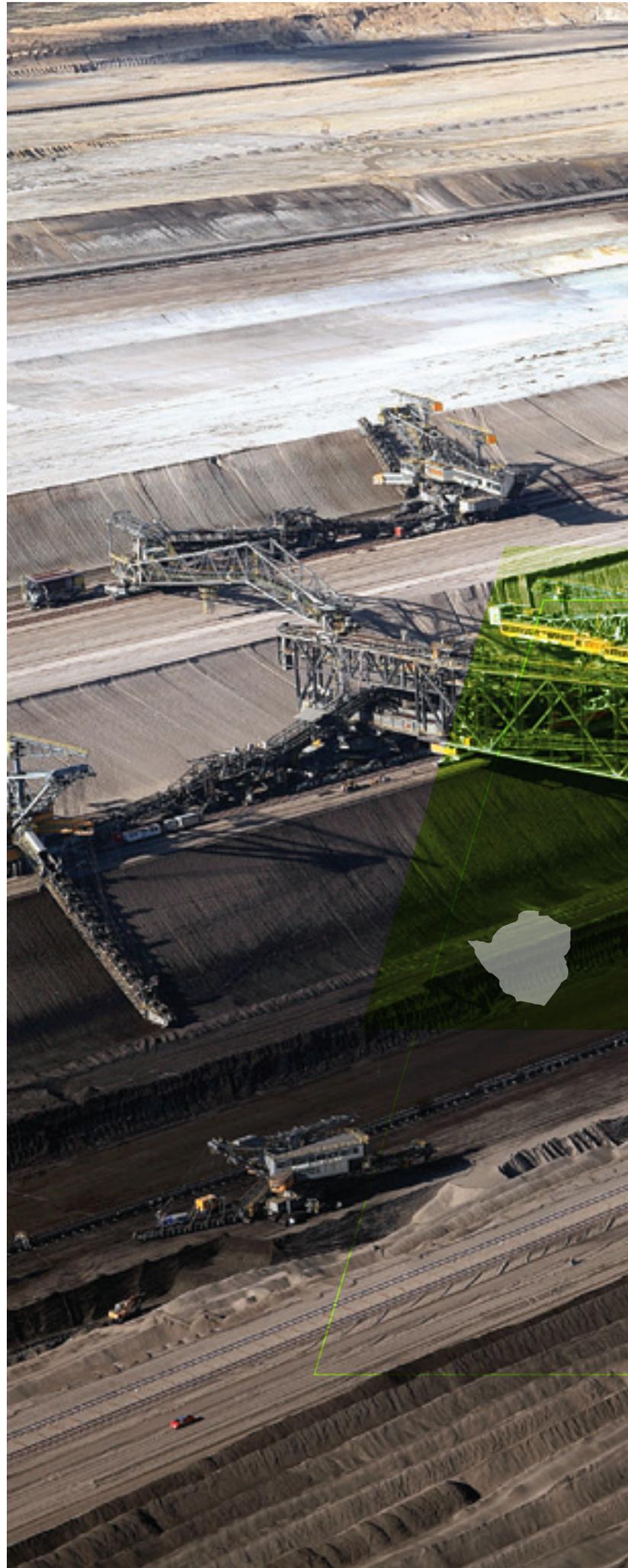
Business languages

- › English, Shona, Sindebele

Telephone & Internet users

- › Main lines in use: 304,162; Mobile cellular: 13.63 million; Internet users: 2.55 million (2013)

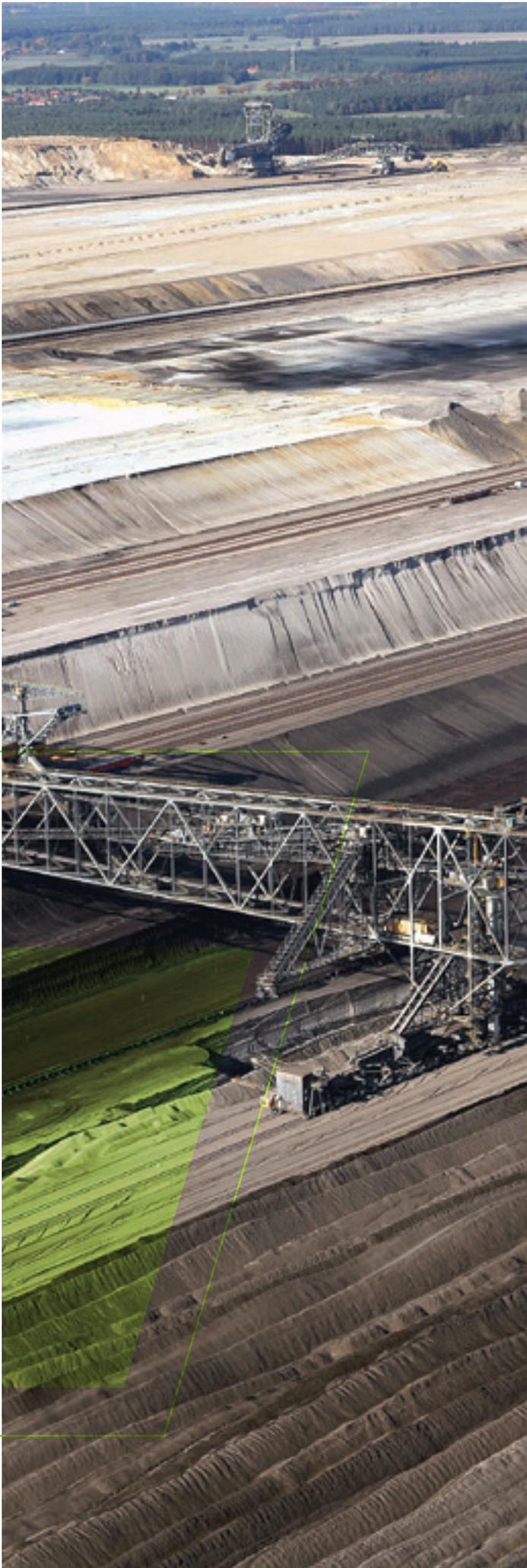
Sources: CIA World Factbook, World Bank, UNESCO, ITU, UNAIDS, UNDP, ZIMSTAT & NKC Research





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01 | Overview of Zimbabwe as a mining destination

Introduction

Zimbabwe's economic growth has seen an upward trend since 2009, however, it is estimated that Zimbabwe's GDP declined to three point seven (3.7)% in 2013. The World Bank has projected that Zimbabwe's economic growth will be approximately three point one (3.1)% in 2014. Zimbabwe's GDP growth is supported by developments in key sectors such as the Mining industry, which contributes approximately fifteen (15.0)% to Zimbabwe's GDP.

Zimbabwe has one of the largest gold reserves in Africa, the world's 2nd largest platinum reserves and there are a large number of foreign companies involved in the extraction of gold, platinum, nickel, diamonds and other minerals in the country. The Zimbabwe Mining Sector is the leading exporter in the country, contributing approximately US\$ one point nine billion (US\$1.9 billion) in export receipts or fifty two (52)% of total exports, employs approximately forty five thousand (45 000) people and generates revenue of approximately US\$ four hundred and fifty million (US\$450.0 million).

The Mining Sector however continues to face systemic challenges which include, inter alia, depressed mineral prices, inadequate funding and capital expenditure, frequent power outages, escalating operating costs (power, labour etc.) and high regulatory taxes, fees, levies and royalties.

The Zimbabwe Government has formulated an economic blue print known as the Zimbabwe Agenda for Sustainable Socio-Economic Transformation plan, known as the ZimAsset, to achieve sustainable development and social equity with a focus on indigenization, empowerment and employment creation. Through the ZimAsset, the Zimbabwe Government forecasts the Mining Sector to grow on average by approximately ten (10)% between 2014 and 2018.

"Through the ZimAsset, the Zimbabwean Government forecasts the Mining Sector to grow on average by approximately ten (10%) between 2014 and 2018."

KPMG

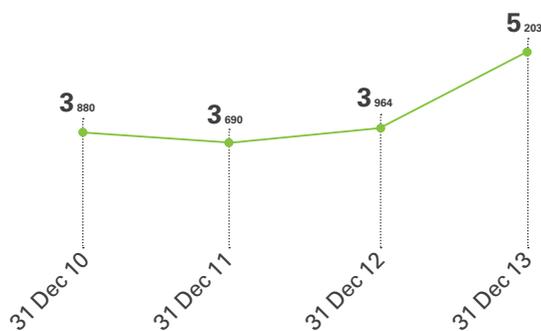
To facilitate the financing of the implementation of the ZimAsset, the Zimbabwe Sovereign Wealth Fund Act was gazetted in November 2014. This Act provides for the allocation of a quarter of the royalties levied on companies mining gold, diamonds, coal, coal-bed methane gas, nickel, chrome, platinum and other minerals to the fund. In addition to this, the

ZimAsset requires that foreign Mining Companies provide a fifty one (51)% stake in their operations to local Zimbabweans. This along with many other factors pertaining to the ZimAsset constitutes significant threats to foreign companies as well as investor sentiment into the Zimbabwe Mining Sector.

Total market capitalisation of the ZSE

The chart below sets out the total market capitalisation of the ZSE as at 31 December 2010, 2011, 2012, 2013 (based on the annual financial data provided by the ASEA):

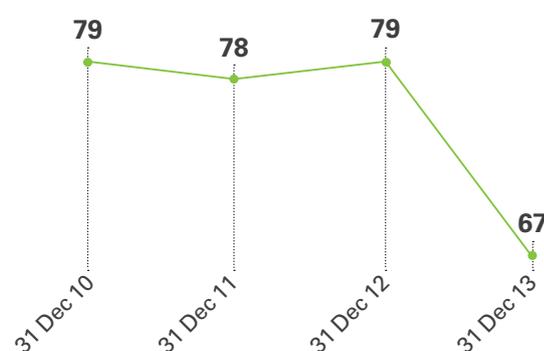
Total market capitalisation of the ZSE as at 31 December 2010, 2011, 2012 and 2013 (in US\$ millions)



The total market capitalisation of the ZSE has increase by approximately thirty four point one (34.1)% between 31 December 2010 and 31 December 2013.

The chart below sets out the total number of issuers on the ZSE as at 31 December 2010, 2011, 2012 and 2013 (based on the annual financial data provided by the ASEA):

Total number of issuers on the ZSE as at 31 December 2010, 2011, 2012 and 2013

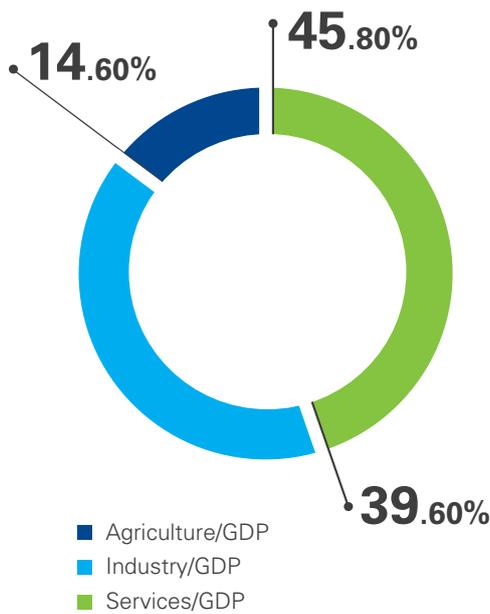


The total number of issuers on the ZSE has declined by approximately fifteen point two (15.2)% between 31 December 2010 and 31 December 2013 due to the delisting of some companies and suspension of others following their placement under judicial management.

Equity market capitalisation of the ZSE

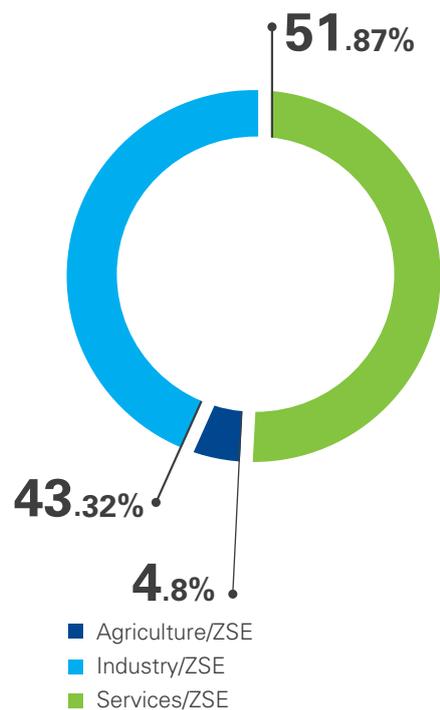
Set out below is the economic structure as a percentage of GDP (2013 estimate) based on research by NKC Independent Economists:

Economic structure as a percentage of GDP



Set out below are the ZSE industry sectors as a percentage of the total equity market capitalisation grouped in the same categories as the economic structure as a percentage of GDP:

ZSE industry sectors as a percentage of the total equity market capitalisation



- › Services comprises of the following industry sectors: consumer goods, financials, consumer services and technology;
- › Industry comprises of the following industry sectors: basic materials (one point nine (1.9)% and industrials;
- › Agriculture comprises of tobacco, farming and plantations. There are no forestry issuers listed on the ZSE.

As illustrated by the diagrams above, the ZSE industry sectors as a percentage of the total equity market capitalisation do not correlate to the economic structure of Zimbabwe as a percentage of GDP. Industry contributes approximately thirty nine point six (39.6)% to the economic structure as a percentage of GDP compared to the insignificant four point eight (4.8)% contribution by the industry sector issuers to the total equity market capitalisation of the ZSE.

The services sector, which contributes forty five point eight (45.8)% to the GDP, constitutes fifty one point nine (51.9)% of the industry sector composition of the ZSE. Agriculture, which constitutes fourteen point six (14.6)% of the economic structure of Zimbabwe as a percentage of GDP, comprises a huge forty three point three (43.3)% of the industry sector composition of the ZSE.

The misalliance between the major contributors to the GDP and the sector composition of the ZSE has the result that foreign investors seeking to invest in certain significant sectors of the Zimbabwean economy, such as mining, cannot do so through investing in the ZSE.



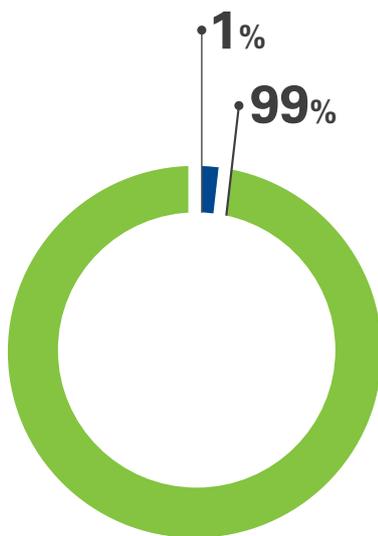
Equity market capitalisation of the Mining Sector of the ZSE

As at June 2014, the equity market capitalisation of the ZSE amounted to approximately US\$ four thousand six hundred and nineteen million (US\$4 619.0 million) of which US\$ fifty six point six million (US\$56.6 million), in respect of four (4) equity issuers, relates to the Mining Sector, all of which are domestic issuers.

A diagrammatic overview of the split of the equity market capitalisation of the ZSE between the Mining Sector and the other sectors is set out below:

The largest Mining Sector issuer with an equity market capitalisation of US\$ thirty seven point two million (US\$37.2 million) is Bindura Nickel Corporation Limited and the second largest Mining Sector issuer is RioZim Limited with an equity market capitalisation of US\$ ten point one million (US\$10.1 million). There are no industrial metals and mining companies or oil and gas companies currently listed on the ZSE.

Equity market capitalisation attributable to each of the Mining Sector and the other sectors (in US\$ millions)



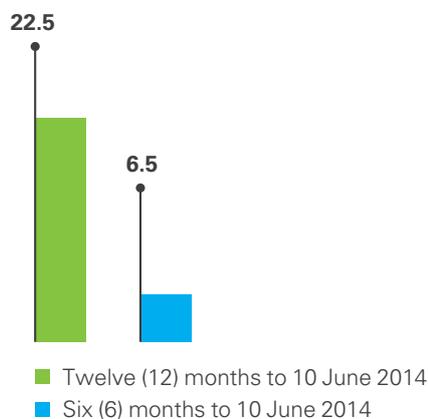
- Other Sectors
- Mining Sector

"In March 2013, the ZSE launched an improved website as part of an effort to address the information gap regarding the [Zimbabwean market]. By using comprehensive data on [its] listed companies, world-class functionality, social media and continuously engaging [its] investment communities individually online, [it] hopes to go a long way in providing information about investing on the ZSE."

Volumes of equity shares traded by Mining Sector issuers

The volumes of the Mining Sector issuers' equity shares traded on the ZSE for the twelve (12) months to 10 June 2014 and for the six (6) months to 10 June 2014 are set out below:

Volume of equity shares traded by Mining Sector issuers (in millions)



During the twelve (12) months to 10 June 2014, one thousand six hundred and seventy nine point eight million (1 679.8 million) shares traded on the ZSE out of a total of thirty seven thousand four hundred and eight point eight million (37 408.8 million) issued shares (approximately four (4)% of the cumulative issued shares at 10 June 2014). Of the total equity shares traded, twenty two point five million (22.5 million) related to Mining Sector issuers which equates to zero point one (0.1)% of the total equity shares traded.

During the six (6) months to 10 June 2014, three hundred and thirty four point eight million (334.8 million) shares traded on the ZSE out of a total of thirty seven thousand four hundred and eight point eight million (37 408.8 million) issued shares (approximately one (1)% of the cumulative issued shares at 10 June 2014). Of the total equity shares traded, six point five million (6.5 million) related to Mining Sector issuers which equates to zero point two (0.2)% of the total equity shares traded.

The trading equity statistics for the ZSE for the years ended 31 December 2013, 2012, 2011 and 2010, as extracted from the ASEA Yearbook 2014, are set out below:

Trading equity statistics for the ZSE for the years ended 31 December 2013, 2012, 2011 and 2010

Indicators	2013	2012	2011	2010
Total value traded US\$	485 719 802	448 179 266	477 523 919	391 572 192
Total volume traded	2 996 886 088	3 513 176 891	4 610 008 413	6 800 155 462
Total number of transactions	19 000	21 426	30 983	39 655
Number of traded companies	63	70	74	76

The split of foreign versus local investors on the ZSE for the year ended 31 December 2013, as extracted from the ASEA Yearbook 2014, is 50:50.

Attractiveness as a mining destination

The World Investment Report, 2014 stated that Zimbabwe received US\$ four hundred million (US\$400.0 million) of FDI during 2013 and 2012, an increase of approximately three (3.0)% from 2011. There was US\$ five million (US\$5.0 million) worth of cross-border net sales merger and acquisition transactions involving Zimbabwean companies during 2013. The value of world as source funded Greenfield Investment projects in Zimbabwe in 2013 was US\$ four hundred and eighty million (US\$480.0 million).

Zimbabwe ranked as the thirty eighth (38th) most attractive country for investment in Africa in terms of the RMB Global Markets Research Where to Invest in Africa Report 2014/2015. The RMB Global Markets Research Where to Invest in Africa Report 2014/2015 assigns investment attractiveness scores to each of the fifty three (53) countries in the survey through a multiplicative combination of market size (GDP), economic growth (GDP growth forecasts over the next five (5) years) and an operating environment index.

"The Zimbabwe Mining Sector is the leading exporter in the country."

KPMG

World Bank Ease of Doing Business Index

Zimbabwe was ranked 171st (172nd – 2013) out of one hundred and eighty nine (189) countries in the World Bank Ease of Doing Business Index as at June 2014. The 1st ranked country (with the lowest scores for each of the ten (10) topics) in the World Bank Ease of Doing Business Index is deemed to have the regulatory environment that is the most conducive and the 189th ranked country (with the highest scores for each of the ten (10) topics) is deemed to have the regulatory environment that is the least conducive to the starting and operation of a local firm in that country.

Zimbabwe experienced an upward movement of one (1) place in its ranking in the Ease of Doing Business Index in 2014.

Zimbabwe experienced lower scores in the areas of starting a business, dealing with construction permits, protecting minority investors, paying taxes, trading across borders and resolving insolvency. Zimbabwe, however, experienced a significant increase in its score relating to getting credit and slight increases in its scores relating to getting electricity and registering property.

Frazer Institute Survey of mining companies 2013's Policy Perception Index

Zimbabwe ranked 106th out of one hundred and twelve (112) jurisdictions, one of three (3) African countries, along with Ivory Coast 105th and Madagascar 103rd, ranked in the bottom ten (10) of the survey rankings in the Frazer Institute Survey of

mining companies 2013's Policy Perception Index. The Policy Perception Index measures the overall policy attractiveness of a jurisdiction.

"Zimbabwe's lowest scores on the Survey of Mining Companies 2013 were for uncertainty concerning environmental regulations, the legal system, the taxation regime and disputed land claims, as well as infrastructure, trade barriers and quality of geological survey."

Alana Wilson, Fraser Institute

Zimbabwe's scores in respect of the various policy factors considered in the Policy Perception Index were as follows:

	Encourages investment	Not a deterrent to investment	Mild deterrent	Strong deterrent	Would not pursue investment due to this factor
Mineral potential, assuming current regulation/land use restrictions	3%	24%	7%	28%	38%
Mineral potential, assuming policies based on "best practice"	31%	35%	10%	14%	10%
Uncertainty concerning the administration, interpretation and enforcement of existing regulations	3%	3%	15%	24%	55%
Uncertainty concerning environmental regulations	6%	34%	31%	13%	16%
Regulatory duplication and inconsistencies	0%	22%	28%	19%	31%
Legal system (legal processes that are fair, transparent, non-corrupt, timely and efficiently administered)	0%	9%	9%	30%	52%
Taxation regime (including personal, corporate, payroll, capital and other taxes and complexity of tax compliance)	0%	13%	23%	37%	27%
Uncertainty concerning disputed land claims	0%	3%	20%	40%	37%
Uncertainty over which areas will be protected as wilderness, parks or archaeological sites	3%	45%	28%	10%	14%
Quality of infrastructure (includes access to roads and power availability)	0%	23%	30%	37%	10%
Socioeconomic agreements/ community development conditions	4%	14%	25%	32%	25%
Trade barriers – tariff and non-tariff barriers, restrictions on profit repatriation, currency restrictions, etc.	0%	4%	15%	30%	52%
Political stability	3%	0%	3%	35%	59%
Labour regulations, employment agreements and labour militancy/work disruptions	4%	18%	29%	21%	29%
Quality of geological database (includes quality and scale of maps, ease of access to information, etc.)	0%	21%	38%	28%	14%
Security situation (includes physical security due to the threat of attack by terrorists, criminals, guerrilla groups, etc.)	3%	17%	24%	24%	31%
Availability of labour and skills	7%	14%	36%	25%	18%

Zimbabwe achieved extremely low scores in most areas which supports their rating of 106th out of one hundred and twelve (112) jurisdictions. Zimbabwe was also amongst the bottom ten (10) in 2012, when it ranked 91st out of ninety six (96) jurisdictions.

Alana Wilson, a senior economist at the Fraser Institute, said: "Zimbabwe's lowest scores on

ResourceStocks world risk survey

Zimbabwe came 38th place in the 2013 ResourceStocks Magazine world risk survey which covers the following areas: financial risk, sovereign risk, land access, green tape, land claims, red

the Survey of Mining Companies 2013 were for uncertainty concerning environmental regulations, the legal system, the taxation regime and disputed land claims, as well as infrastructure, trade barriers, and the quality of the geological survey. For each of these factors, no respondents rated that these factors 'encouraged investment'."

tape, social risk, infrastructure, civil unrest, natural disasters and labour relations.

Zimbabwe's highest perceived risk areas are sovereign, red tape, land access and financial risk.

Corruption Perceptions Index 2014

According to the 2014 Corruption Perceptions Index prepared by Transparency International, Zimbabwe ranks one 156th out of one hundred and seventy five (175) jurisdictions. Zimbabwe's score was 21/100 (where 0 is very corrupt and 100 is very clean).

Zimbabwe ranked 157th out of one hundred and seventy seven (177) jurisdictions in the 2013 Corruption Perceptions Index with a score of 21/100.

Credit rating

Zimbabwe is not currently rated by any of the three (3) major rating agencies. It is unlikely that a rating will be requested over the medium term.

RisCura 2014 Bright Africa Report: A guide to equity investing on the continent

The Riscura 2014 Bright Africa Report rates each stock exchange in terms of the completeness of data, number of companies listed, value traded, World Federation of Exchanges membership, regulation, financing through the stock exchange, openness to foreign ownership, ease of capital inflows/outflows and efficiency of the operation

framework. The quality of the ZSE is rated as an F (where A is the highest quality and G is the lowest).

The Explicit Costs of "round trip" trading (buying and then selling) on the ZSE was measured at approximately three point one (3.1)% of value traded, being the highest in Africa.

Mining authority

Companies listed in the Mining Sector of the ZSE must comply with the ZSE Listings Requirements as interpreted, administered and enforced by the ZSE.

The Ministry of Mines and Mining Development is the Zimbabwe Government ministry, responsible for mines and mining in Zimbabwe. The Ministry regulates the Mining Sector, and the administration of mining laws and provides potential investors with the information they need to invest in the Zimbabwean Mining industry. The Ministry is also responsible for the safety and health inspectorate function and also reviewing license applications.

In addition the Ministry of Mines and Mining Development, Zimbabwe has other bodies which are focused in the Mining Sector, these include, inter alia, the Chamber of Mines of Zimbabwe, Minerals Marketing Corporation of Zimbabwe, Zimbabwe Mining Development Corporation and the Mining Affairs Board.

The applicable legislation for mining and exploration companies in Zimbabwe is the Mines and Minerals Act Vol. 21 No. 5, which is currently being revised, whereby it intends to:

- › Provide for an improved and competitive mining legislative framework;
- › Guarantee increased capacity in mineral production, continuous exploration, beneficiation and value add; and
- › Make it more investment focused, addressing issues surrounding levies and taxes.

The Zimbabwe Government is also in the process of finalising the development of a comprehensive Mineral Development Policy to provide guidance on sustainable Mining activities. Other legislation which governs the Mining Sector include, inter alia, the Zimbabwe Investment Authority Act, the Indigenization and Empowerment Act, the Minerals Marketing Corporation Act, The Zimbabwe Mining Development Corporation Act and the Precious Stones Trade Act.

Types of mining titles

Zimbabwe has six (6) types of mining titles, as follows:

Title	Area	Minerals	Tenure
Ordinary/Special Prospecting licences	<ul style="list-style-type: none"> › Ten (10) ha precious metal/stone › Twenty five (25) ha base metal 	All	Two (2) years
Exclusive Prospecting Order	› Sixty five thousand (65 000) ha	All (except coal)	Initial period of three (3) years. Renewable for a maximum period of an additional three (3) years
Mining Lease	› Amalgamation of contiguous mining locations	All	Perpetual annual renewal
Special Mining Lease	› Amalgamation of contiguous mining locations	All	Perpetual annual renewal
Special Grant	› Any define area (including reserved area)	All	Perpetual annual renewal
Special Grant	<ul style="list-style-type: none"> › Twenty thousand (20 000) ha for coal › One hundred thousand (100 000) ha for Natural Gas and Coal Bed Methane 	Coal, Mineral Oils and Natural Gas	Perpetual annual renewal

Prospecting licence

Any person who is a permanent resident of Zimbabwe or any duly appointed agent of such person may take out one or more prospecting licences.

Prospecting license holders are entitled to the right of Prospecting and searching for any minerals, mineral oils and natural gases on land open to

Prospecting, but not of removing or disposing of any mineral discovered save for the bona fide purpose of having it assayed or of determining the nature thereof or with the permission in writing of the mining commissioner. No drilling or excavation work, whether at the surface or underground, shall be undertaken by the holder of a prospecting licence.

Exclusive Prospecting Order (“EPO”)

An EPO provides the holder with an exclusive right to prospect for specified minerals in any defined area in Zimbabwe.

Mining Lease

The holder of a registered Mining location or of contiguous registered Mining locations may apply for a mining lease in respect of a defined area within which such Mining location or locations are situated.

Special Grant

The holder of a special grant may carry out prospecting operations or Mining operations or any other operations for Mining purposes.

Fiscal regime

Royalty rates

Zimbabwe implements one of the highest mining sector royalty rates in Africa and with the weak commodity prices these royalty rates are fairly

burdensome for Mineral Companies. Royalty is calculated as a percentage of the gross fair market value of minerals produced and sold, as follows:

Mineral	Royalty rate
Precious stones	Ten (10)%
Gold	Five (5)%
Other precious metals	four (4)%
Diamonds	fifteen (15)%
Platinum	Ten (10)%
Base Metals	Two (2)%
Industrial Metals	Two (2)%
Coal Bed Methane Gas	Two (2)%
Coal	One (1)%

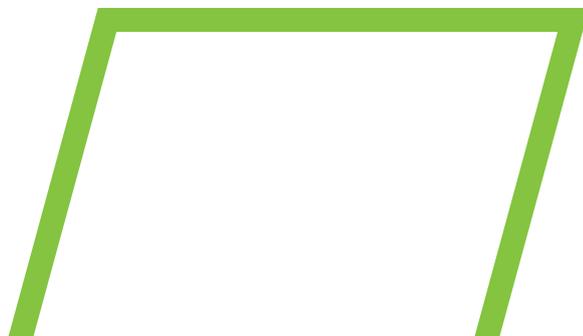
Mining Tax

Tax is levied on a source or deemed source basis.

- › Residents are taxed on domestic-source income and certain types of foreign income.
- › Non-residents are taxed on Zimbabwe-source income and are subject to a range of withholding taxes, some of which may be reduced in terms of a double tax treaty negotiated with the country of the recipient.

In addition to Royalties, the following also applies to Mineral Companies in Zimbabwe:

- › The income tax rates for mining companies are levied at fifteen (15)% for special mining lease holders and twenty-five (25)% for other Mining title holders.
- › All capital expenditure incurred exclusively for Mining operations is deductible at a rate of one hundred (100)%.
- › Mineral Companies can indefinitely carry forward tax losses in respect of mining operations.
- › Investors are allowed to borrow locally for working capital purposes, however offshore borrowings requires Reserve Bank approval. Deduction of interest on borrowings is restricted to the interest on the portion of debt which makes the debt/equity ratio not more than three to one (3:1).
- › The excess interest would be classified as a dividend and subject to the dividend withholding tax of fifteen (15)%.
- › Specified assets acquired prior to 1 February 2009 will be subject to CGT at five (5)% on the gross proceeds on disposal. Specified assets acquired after this date will be subject to CGT at twenty (20)% on disposal.
- › Listed securities will be subject to a capital gains withholding tax at one (1)% on the gross proceeds. The sale of other securities will be subject to capital gains withholding tax at five (5)%. Listed securities which have been subjected to the one (1)% capital gains withholding tax will be exempt from the normal twenty (20)% CGT. Immovable property acquired on or after 1 February 2009 will be subject to fifteen (15)% withholding tax on gross proceeds. The withholding tax will be credited against the final twenty (20)% CGT on the actual capital gain on assessment.
- › Zimbabwean resident individuals and corporates are subject to tax in Zimbabwe on foreign interest and dividends. Foreign dividends are subject to tax at a flat rate of twenty (20)%. Dividends between resident firms are exempt.



02 | Principal listing requirements and procedures

The ZSE Listings Requirements apply to Mineral Companies, which include exploration companies and/or mining companies, subject to the additional requirements and concessions set out in Section 12: Mineral Companies.

Criteria for listing

The ZSE Committee may admit the securities of an applicant issuer to listing on the Mining Sector of the ZSE subject to the following separate criteria for listing of Exploration Companies and Mining

Exploration Companies

The ZSE Committee may admit the securities of an applicant Exploration Company to listing on the Mining Sector of the ZSE, notwithstanding that the applicant Exploration Company does not have a satisfactory profit history for the preceding five (5) financial years, provided that:

- › The applicant Exploration Company:
 - › Has a subscribed capital (including reserves but excluding minority interests, revaluations of assets that are not supported by a valuation by an independent professional expert, prepared in the last six (6) months and intangible assets) of at least US\$ fifty million (US\$ 50.0 million);
 - › Must not have less than 10 (ten) million equity shares in issue;
 - › Must have public shareholders of at least three hundred (300) for equity shares, twenty five (25) for preference shares (if applicable) and ten (10) for debentures (if applicable);

Mining Companies

The ZSE Committee may admit the securities of an applicant Mining Company to listing on the Mining Sector of the ZSE, notwithstanding that the applicant Mining Company does not have a satisfactory profit history for the preceding five (5) financial years, provided that:

- › The applicant Mining Company:
 - › Has a subscribed capital (including reserves but excluding minority interests, revaluations of assets that are not supported by a valuation by an independent professional expert, prepared in the last six (6) months and intangible assets) of at least US\$ fifty million (US\$50.0 million);
 - › Must not have less than 10 (ten) million equity shares in issue;
 - › Must have at least thirty (30)% of each class of equity shares held by the public, unless otherwise agreed with the ZSE Committee or where the applicant Mining Company had a private placement prior to the IPO, at least twenty (20)% of the total issued shares must be offered to the public;

Companies. In the event that an applicant issuer is both an Exploration and Mining Company, both sets of requirements apply.

- › must not have a minimum initial issue price of securities less than one hundred (100) cents per security, unless agreed otherwise with the ZSE Committee;
- › The applicant Exploration Company undertakes or proposes to undertake exploration;
- › The applicant Exploration Company demonstrates to the satisfaction of the ZSE Committee that the applicant Exploration Company's managers have satisfactory experience in exploration; and
- › The applicant Exploration Company demonstrates to the satisfaction of the ZSE Committee that the applicant Exploration Company is entitled to explore the relevant minerals.

All issues by the applicant Exploration Company must be underwritten and the details of the underwriters as required by the Zimbabwe Act must be provided to the ZSE Committee.

- › Must have public shareholders of at least three hundred (300) for equity shares, twenty five (25) for preference shares (if applicable) and ten (10) for debentures (if applicable);
- › Must not have a minimum initial issue price of securities less than one hundred (100) cents per security, unless agreed otherwise with the ZSE Committee;
- › The applicant Mining Company undertakes or proposes to undertake Mining;
- › The applicant Mining Company demonstrates to the satisfaction of the ZSE Committee that the applicant Mining Company's managers have satisfactory experience in Mining; and
- › The applicant Mining Company demonstrates to the satisfaction of the ZSE Committee that the applicant Mining Company is entitled to mine the relevant minerals.

03 | ZSE CPR

Exploration Companies

The following information must be included in the ZSE CPR for applicant Exploration Companies:

- › Details of the ZSE Competent Person:
 - » The full name, address, professional qualifications and relevant experience of the ZSE Competent Person, if the ZSE Competent Person is an individual, and the name and address of the professional association, institute or body of which he or she is a member;
 - » The full name and address of the firm or company and the full name, professional qualifications, if the ZSE Competent Person is a firm, company or other legal entity, and relevant experience of the key director, partner or employee who has prepared the report, the name and address of the professional association, institution or body of which he or she is a member;
- › Be dated less than six (6) months prior to the date of publication of the ZSE Listing Particulars;
- › Be signed by the ZSE Competent Person or the person or persons authorised to sign the ZSE CPR on behalf of the firm, company or other legal entity, together with the key director, partner or employee who has prepared the ZSE CPR;
- › Be updated prior to publication of the ZSE Listing Particulars if further data becomes available, unless the ZSE Listing Particulars sets out and explains the effect of such further data;
- › If the ZSE Competent Person is not independent of the applicant Exploration Company, clearly disclose the nature of the relationship or interest;
- › A description of:
 - » The nature of the applicant Exploration Company's rights of Exploration and the right to use the surface of the properties to which these rights relate; and
 - » Agreements, concessions, consents, permissions, permits or authorisations, required and where those have been obtained, and details of their principal terms and conditions;
- › Where applicable, a statement to the effect that:
 - » An environmental management program as required by law has been approved by the Mining Department concerned and the cost of such program; or
 - » Pending the approval of an environmental management program, temporary authorisation to commence operations has been obtained; or
 - » An extension of time within which to obtain approval of an environmental management program has been granted.
- › In respect of the applicant Exploration Company's Exploration activities to date, a statement:
 - » Of the nature of any relevant geophysical and geological evidence;
 - » Where applicable, of the results of drilling and sampling, stating the number of holes drilled, sample pits or trenches and their location, with a description of their current status, and a status, and a statement whether or not those results support the existence of the relevant minerals; and
 - » Where applicable, of the names or the organisations that carried out the investigation and analysis;
- › In respect of the applicant Exploration Company's future exploration activities, a description of the general methods to be employed for Exploration; and
- › In respect of each major property, maps and plans demonstrating its location, the nature and extent of workings thereon and all principal geological features.



Mining Companies

The provisions above shall, mutatis mutandis, apply in respect of the content of a ZSE CPR for Mining Companies, save that the term "Exploration" shall be substituted with that of "Mining".

In addition to those requirements above, the ZSE CPR for a Mining Company must include:

- › In respect of the applicant Mining Company's mineral resources and reserves, a statement providing:
 - › The geological features of the occurrence, the type of deposit and its dimensions;
 - › An estimate of the volumes, tonnages and grades, as appropriate;
 - › A general description of the methods by which the volumes, tonnages and grades were estimated;
 - › The anticipated Mining tonnages or volumes; and
 - › The processing volumes or tonnages, together with the other principal assumptions relating to forecast revenues and operating costs;
- › A statement in relation to the applicant Mining Company, providing:
 - › The production policy, including production rates of sites, mines and wells where production has already been commenced;
 - › The estimated production rates relating to new mines, or re-workings, or new drilling, or work-overs;
 - › An estimate of the working lives of each major property;
 - › An indication of the bases on which these estimates have been arrived at; and
 - › The qualifications and experience of the key technical staff being, or to be employed.
- › The date on which Mining commenced, or is expected to commence, on the applicant Mining Company's major properties;
- › An indication of the progress of actual working, including analysis (both in narrative and numerical form) of previous exploration, development and Mining carried out on the applicant Mining Company's major properties;
- › Commentary on the reasonableness of the directors' forecasts (if any) of the rates of Mining of the applicant Mining Company's major properties;
- › Commentary on the ownership, type, extent and condition of plant and equipment which is significant to the applicant Mining Company's operations and which is currently in use on the applicant Mining Company's major properties;
- › Information on significant additional plant and equipment which will be required to achieve the forecast rates of Mining;
- › An assessment of the value of the plant and equipment owned by the applicant Mining Company currently in use for Mining, save that such assessment will not be required if a statement is made confirming that the directors do not consider the plant and equipment to be of significance to an investor's assessment of the applicant Mining Company's operations;
- › Basic information and/or valuation bases relating to all key criteria which may be used in arriving at a valuation based on a discounted cash flow mining model/net present value Mining model; and
- › A statement setting out any additional information required for an appraisal of any special factors, affecting the Mining businesses of the applicant Mining Company, including difficulties of access to, or in recovery of, Mineral Resources and Reserves and special circumstances, such as difficulties in transporting or marketing the ore which may affect the economic viability of the project, or an appropriate negative statement.



04 | Listing process

The usual process for a listing on the ZSE will apply to Mineral Companies. The ZSE CPR does not require a separate submission for approval.

ZSE Listing Particulars

Exploration Companies

An application for a listing of securities by an Exploration Company on the ZSE must be accompanied by the relevant ZSE Listing Particulars which must comply with the relevant ZSE Listings Requirements applicable to ZSE Listing Particulars for all issuers as well as including the following additional information:

- › A ZSE CPR, and, if the ZSE Competent Person is not, in the opinion of the ZSE Committee, independent of the applicant Exploration Company, the ZSE Listing Particulars must clearly disclose the nature of the relationship or interest;
- › Details of all management and service agreements;
- › The names of the applicant Exploration Company's directors and technical advisors;
- › Details of any direct or indirect interest, beneficial or non-beneficial, which each director, ZSE Competent Person and related party has or, within two (2) years of the date of the ZSE Listing Particulars, had:
 - » In any asset (including any right to explore for minerals) which has been acquired or disposed of by, or leased to or by the applicant Exploration Company, including any interest in the consideration passing to or from the applicant Exploration Company;
 - » In the share capital of the applicant Exploration Company; and
 - » In the promotion of the applicant Exploration Company;
- › A statement of any legal proceedings that may have an influence on the rights to explore for minerals, or an appropriate negative statement;
- › A glossary of the terms used in the ZSE Listing Particulars; and
- › A detailed estimate/statement of:
 - » The Exploration funding requirements for at least two (2) years following publication of the ZSE Listing Particulars;
 - » The Exploration expenditure incurred to date and/or budgeted for; and
 - » The projected adequacy of capital raised for Exploration purposes.

Mining Companies

In addition to requirements set out above (excluding the details in respect of the last point above), the following information must be included in the ZSE CPR for Mining Companies:

- › An estimate of the Mining and other related funding requirements for at least two (2) years following publication of the ZSE Listing Particulars; and
- › Particulars of the estimated cash flow for either the two (2) years following publication of the ZSE Listing Particulars or, if greater, and where

applicable, the period until the end of the first full financial year in which Mining is expected to be conducted on an economic scale. Such particulars must include relevant revenue, cost, capital expenditure, tax and other material financial details required to enable the arithmetic calculation of such cash flow.

Announcements

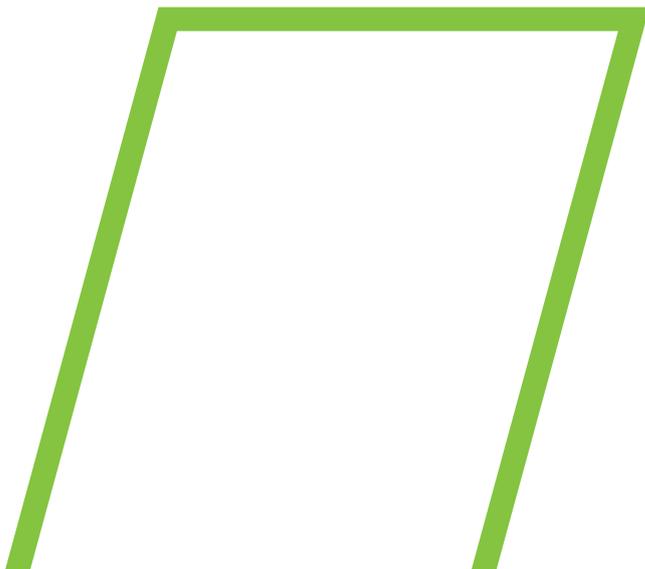
In addition to the other requirements under the ZSE Listings Requirements, press announcements by Mineral Companies must:

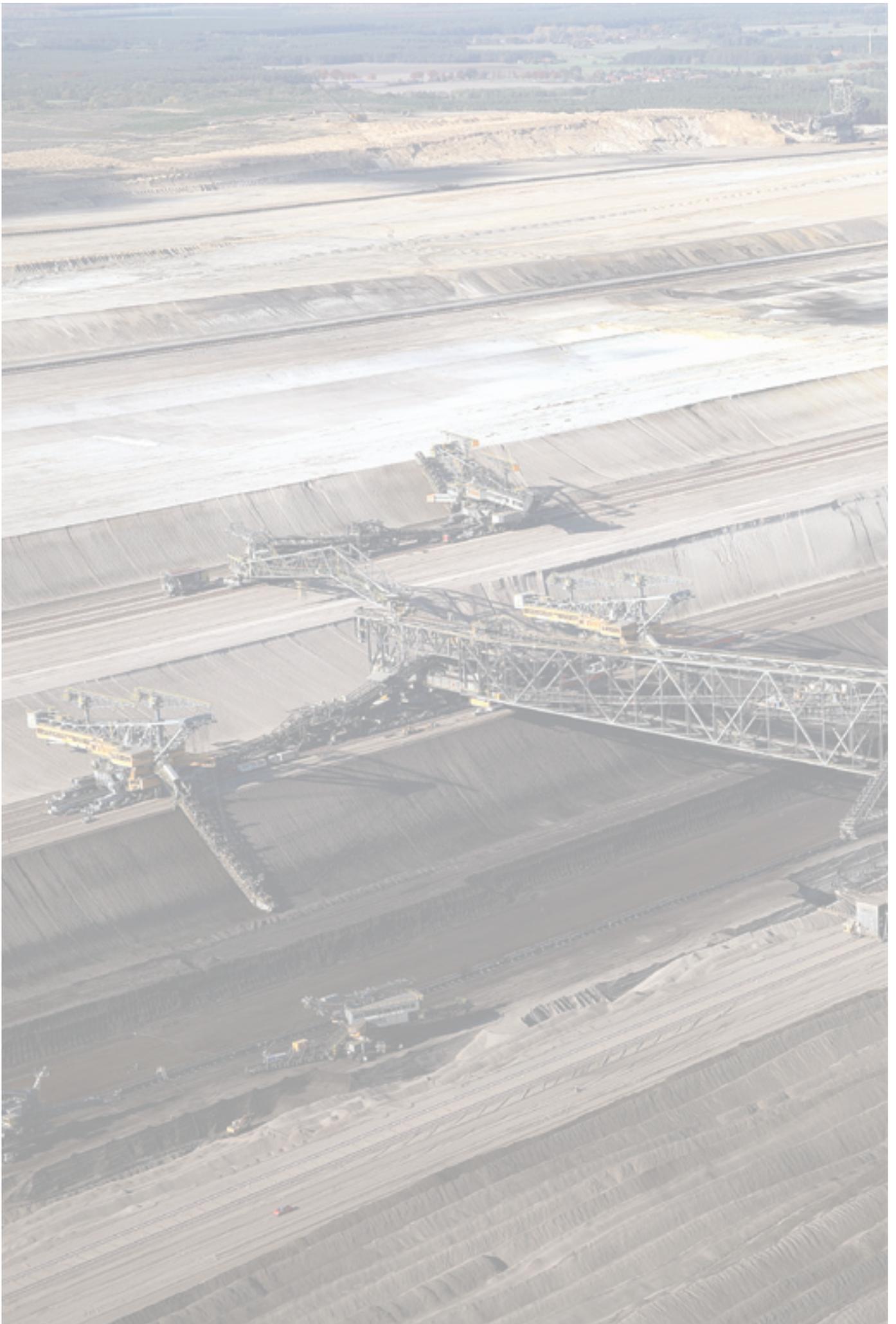
- › Insofar as they relate to any mineral deposit, must include any information available to the issuer concerning the characteristics of the deposit;
- › Insofar as they relate to Mineral Resources and/or Reserves, must include a description of the nature of mineralisation; and
- › Insofar as they relate or refer to a ZSE CPR must:
 - » Be approved in writing in advance of publication by the relevant ZSE Competent Person; and
 - » If the ZSE Competent Person is not, in the opinion of the ZSE Committee, independent of the issuer, clearly disclose the nature of the relationship or interest.

05 | Continuing obligations of a financial nature

In addition to the other requirements under the ZSE Listings Requirements the following additional requirements apply to Mineral Companies in respect of financial reporting:

- › Unaudited financial reports are not required to be reviewed by its auditors, unless otherwise requested by the ZSE Committee; and
- › Mineral Companies may treat mineral rights and any other mining assets as tangible assets.





Key sources

The following sources have been utilised in the preparation of this publication:

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- › ASEA Yearbook 2014;
- › ASEA Yearbook 2013;
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- › Frazer Institute Survey of mining companies 2013's Policy Perception Index
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- › World Bank Ease of Doing Business Index, June 2014 and 2013;
- › Ministry of Minerals, Energy and Water Resources in Botswana website;
- › Botswana Resource Sector Overview 2013/2014 prepared by Capital Resources;
- › Botswana Mineral Investment Promotion prepared by the Ministry of Minerals, Energy and Water Resources in Botswana;
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- › BSE webpage;
- › BSE draft Listing Requirements;
- › JSE webpage;
- › JSE Listing Requirements;
- › NSE webpage;
- › Zambian M&MD Act;
- › KPMG 2014 Zambian Budget Highlights;
- › PKF Worldwide Tax Guide 2014;
- › eServices Portal of the Government of Ghana;
- › Ghana Chamber of Mines website;
- › GSE website;
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- › TSX website;
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- › JSE Listings Requirements;
- › AIM Rules for Companies; and
- › Word Federation of Exchanges website.
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- › Nigeria Snapshot 2014 quarter 2 - KPMG and NKC;
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- › Chamber of Mines of Zimbabwe;
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- › Namibia Financial Institutions and Markets Bik, 2012;
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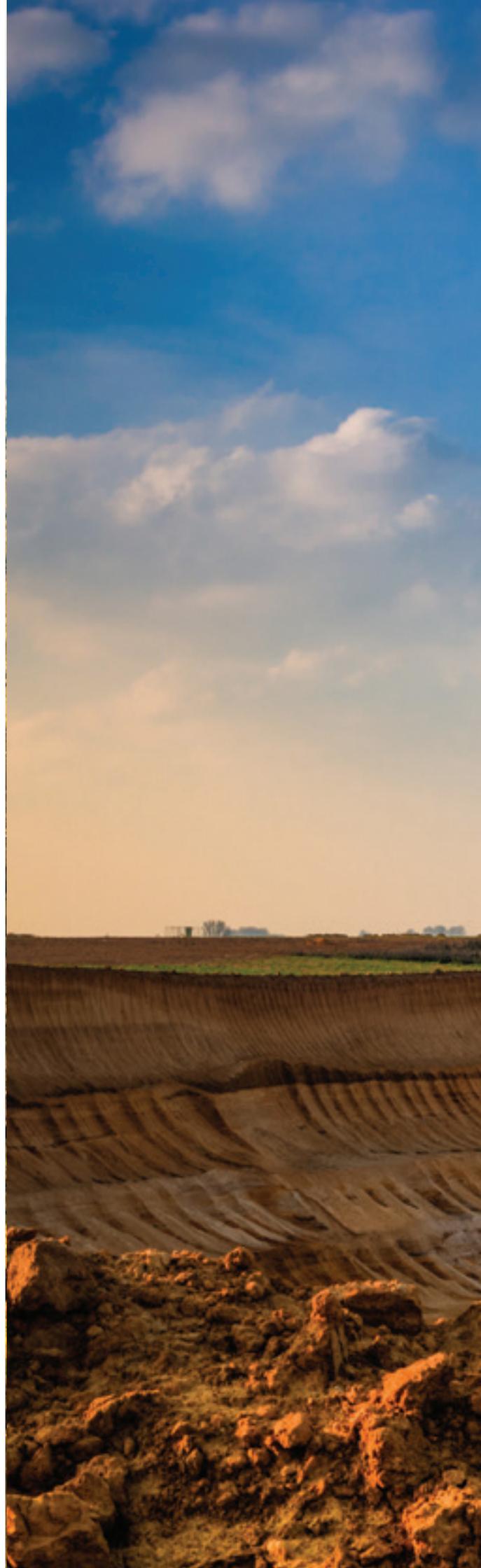
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