



Guide

To

Listing on POMSoX

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Chapter One: Listing on POMSoX

There are many benefits to being a listed public company. Some of the most common include:

1. Access to capital

A publicly listed and traded company can raise funds through the issue of shares or bonds in the public markets. Being a listed public company can give investors more confidence in investing in your company. When your share has a public price, it gives you a benchmark price to raise capital. Some listed public companies give investors who buy shares directly from the company in a private placement a discount from the prevailing market price. This gives investors a further incentive to invest. Money raised can be used for a variety of reasons including; growth or expansion, retiring existing debt, acquisition capital and others. Generally a listed public company's financing alternatives are greatly increased.

2. Increase in Company Value

The market value of a listed public company is usually higher compared to a private company with the same structure in the same industry. When you convert a private company to a listed public company, it results in a substantial increase in value to owners.

Investors in a private company will discount the value of its equity securities due to lack of liquidity driven by the absence of a public market for them. Hence, listed public companies often are valued higher than similar private companies in the same industry. Many institutional and individual investors prefer investing in listed public companies since they have a built-in "exit strategy," that is, they can sell their shares in the public market if they choose to do so. Many private companies that were about to be bought out by other bigger entities went public to be purchased at a much higher price.

3. Increase Level of Profile/ Publicity

Public companies are prominently featured in major newspapers and magazines than a private enterprise. The proper and timely use of company announcements, press releases and industry news stories can increase investor awareness, shareholder value and demand for the shares. A strong marketing strategy and awareness campaign coupled with smart public relations initiatives can potentially increase sales and thus increased revenue for companies.

Periodic analyst reports and publication of daily share prices contribute to increased publicity which leads to enhanced corporate image. Listed companies stories and news transit across borders and this allows for investors in other countries to become aware of your company. Publicly listed companies are subject to the rules of the Securities Commission and the Stock Exchange's self regulatory rules that provide investors with confidence.

4. Liquidity

In general, shares in a listed public company are much more liquid than in a private enterprise. Investors in a listed public company may be able to buy or sell shares more readily as there is a wide range and diversified group of investors in the market place at any time. Therefore liquidity is created for the investors, institutions, founders, and owners. Once a market is created for a listed company's shares, it provides an avenue for its existing shareholders and

potential investors to buy and sell shares. In some cases, institutional investors and lending agencies require a company to become public before committing funds.

Public company may borrow more easily and eliminate personal guarantees of principal shareholders. Liquidity can also provide an investor or company owner, acceptable exit strategy and portfolio diversity. Liquidity is one of the many reasons why public companies are typically valued higher than a private company.

5. Benefits to Employees

The allocation of shares and share option plans by publicly listed companies to its staff members provides an attractive incentive to recruit and retain talented employees. It is now becoming a common practice to recruit and compensate company executives with a combination of salary and shares. This form of compensation and reward system is attractive when the company is publicly listed and its shares traded on the open market. Shares can be a dominant factor in influencing, attracting and retaining strategic and technical personnel.

A share plan for employees demonstrates the company's efforts to promote corporate goodwill and allows employees to become partial owners in the company where they work. An employee share scheme can lead to increased productivity, morale and loyalty. This system of rewards links an employee's financial future to the company's growth and success.

6. Prestige & Reputation

Raising capital through an Initial Public Offer (IPO) increases a company's profile, perceived competitiveness and stability. A company's founders and owners and managers gain prestige from being associated with a listed public company. Prestige can be very helpful in recruiting key and talented employees, marketing products and services to key target markets. Increased and shared ownership of a public entity can enhance the company's reputation and increase its business opportunities. Your company can gain additional exposure and become better known. A listed company is perceived by lenders and suppliers as a safer credit risk; this will enhance the opportunities for favorable financing terms.

7. Personal Wealth

An important benefit of an Initial Public Offer (IPO) is the fact that the company's shares eventually become liquid, meaning that with a wide spread of new and existing shareholders and investors, the shares can be bought and sold more readily. It offers real rewards and financial freedom for the initial owners of the company.

A secondary public market provided by the Stock Exchange provides a potential exit strategy and liquidity to the investors. Even if a public company's shareholders do not realize immediate profits, publicly traded shares can be used as collateral to secure loans. Many feel it makes sense at an appropriate time for investors and entrepreneurs to cash out some of their equity in order to diversify their holdings or to enjoy life. Employees and officers have two ways to add to their wealth; by receiving a salary and selling shares or trading the shares for another type of asset.

8. Mergers and Acquisitions

Once a company completes its offer of shares to the public and subsequently lists on a market, it creates a market for its securities, which can be readily bought and sold. In this way, the securities can be considered as valuable as cash when acquiring other businesses. With increased valuation, a listed company increases its opportunity for other corporate actions such as mergers and acquisitions. An added advantage in mergers and acquisition of a publicly listed company is that it be purchased at a higher price using market statistics and valuation. In addition to acquiring companies, many other assets can be purchased with shares.

A company's obligation to disclose material information to the market gives investors added confidence in the entity. Information regarding a company's financial position and corporate strategy are outline in various market reports and annual reports.

9. Other Considerations

An entity may decide not to apply for listing because it considers listing is not appropriate in its circumstances. This can be attributed to cost and other issues associated with listing and the fact that some companies do not wish to disclose information that is considered private. We recommend that this should be discussed internally and if need be seek advice from professional advisors before any move is made to proceed with listing.

Chapter Two: Conditions and Criteria for Listing

An entity may consider listing under any of the following admission categories;

General Admission – This is the main admission category. Companies can be admitted under the Net Tangible Assets Test or the Profit Test. Under the Net Tangible Assets Test, a company must show that it has assets of at least K1.5million. For the Profits Test, the company must prove that profits from existing operations for the last three full years must be at least K600,000.

Debt Issuer Admission – This is the admission category of entities seeking to list and quote debt securities.

Exempt Foreign Entity Admission – This is the category for foreign entities seeking listing who satisfy the Net Tangible Assets Test of K50 million or the Profits Test of K10million generated over the previous three years. Companies whose home exchange is Australian Stock Exchange (ASX) or New Zealand Stock Exchange (NZX) are exempted from this requirement.

Under the three categories, there are several conditions that must be met to the Exchange's satisfaction. A full list of these conditions can be found in the POMSoX Listing Rules - Chapter 1. – Admission, or on the website under Company Information.

Type of Listing

Companies can choose an appropriate type of listing depending on their requirements and circumstances. There are two ways for a company to seek listing:

1. Compliance Listing

This is a listing without simultaneously raising capital, meaning that the company applies for and is granted quotation of its existing shares. Many companies raise investment capital at the time they first become public. There are certain companies, however, which wish to become public without raising capital at that time.

These include:

- Companies that cannot currently find an underwriter on acceptable terms due to market conditions, the lack of history of the company, or other reasons. Smaller companies in particular may find it difficult to find an underwriter.
- Companies that do not want to dilute their holdings by a public offering now but prefer to increase the value of their shares in the public market before raising capital.
- Companies whose primary reason for becoming public is to use their shares for acquisitions or for other reasons than raising capital, such as establishing liquidity for current shareholders, including the principal owners.

- Companies that want various benefits of a public company, such as exposure to the financial community, flexibility in certain types of qualified employee stock option plans, and greater ease in borrowing funds.

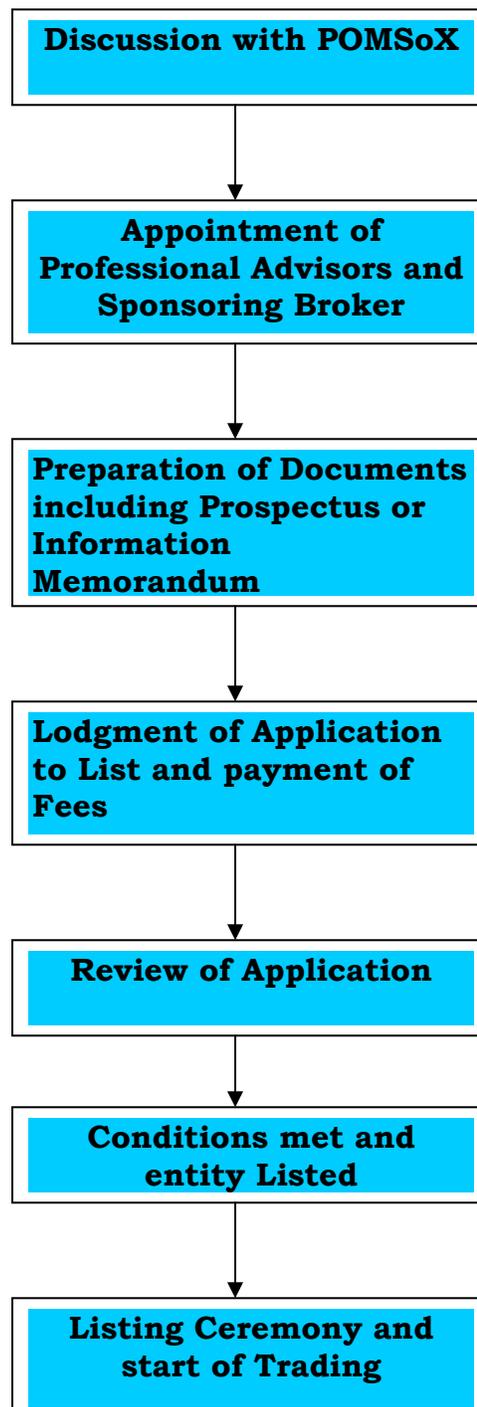
A compliance listing on POMSoX is relatively inexpensive and can be done within a 4 – 6 weeks period.

2. Initial Public Offer Listing

This is the normal process by which a company seeks listing after raising capital through an Initial Public Offering (IPO). Most Companies undertake this process to raise funds for expansion and growth.

Chapter Three: Process and Steps in Listing

There are a number of steps involved in the process of getting a company listed. These are highlighted below



Contact POMSoX

Companies are urged to contact the Stock Exchange's Listing Officers to discuss their intentions prior to making any moves to seek listing. The POMSoX Listing Manager will assist if you have any queries and avenues of addressing these during the preliminary stage.

Before submitting a formal application, a company may want to discuss specific aspects of its application. *E.g. whether the proposed structure is appropriate for a listed entity.*

Professional Advice.

Company may have to consult professional advisors to help with the proposed listing. Advisors can provide a range of views on issues in respect to legal matters, corporate governance issues, financial and accounting matters, due diligence, underwriting, marketing and preparation of associated documents to support application.

Professional advice is usually sought from lawyers, accountants, stockbrokers, underwriters and specific industry advisors.

Information to be given to POMSoX

Companies seeking to list on the POMSoX need to submit a formal application for listing. This application must comply with the POMSoX Listing Rules under Chapter One.

An application can be lodged under designated Appendixes contained in the Listing Rules

Appendix 1A – General Admission Application and Agreement

Appendix 1B – Debt Issuer Application and Agreement

Appendix 1C – Exempt Foreign Entity Application and Agreement

The application forms must be supported by relevant information including a prospectus and/or an Information Memorandum and appropriately disclose supporting and material information required by the application.

Provided that all relevant documents and information is submitted, the Listing Manager will review the application together with supporting documentation and discuss any matters arising from the review. Once the application is finalized, it will then be presented to the Board of Directors of POMSoX for deliberation.

Approval Process.

Once the Board of Directors of POMSoX formally approves the application, it will issue the terms of the Listing, either conditional or unconditional. In some cases, companies do not meet certain admission requirements and the Exchange imposes conditions for the attainment of these requirements over a specific timeframe upon being admitted to the Exchange's Official List.

Some of the most common requirements that companies face are meeting the requirements for shareholder spread, requirements for CHES approved securities issue and allotment of securities and the type of registers to be maintained.

Once the conditions are met, POMSoX releases the conditions of listing and recognizes the company as a fully-fledged listed company.

Chapter Four: Companies' Obligations after Listing

To protect market integrity, a listed entity is required to comply with the ongoing requirements contained in the POMSoX Listing Rules. These are based on the listing principles, which include the following;

- Timely disclosure of information which may affect securities values or investment decisions, and information in which security holders, investors and POMSoX have a legitimate interest.
- Practices must be adopted and pursued which protect the interests of security holders, including ownership interest and the right to vote.
- Security holders must be consulted on matters of significance
- Market transactions must be commercially certain.
- Minimum standards of quality, size, operations and disclosure must be satisfied.

Maintenance of an Informed and Orderly Market.

One of the major tasks of POMSoX is to ensure and maintain a fully informed and orderly market at all time. This can only be attained if companies adhere to the Continuous Disclosure requirements contained in the Listing Rules. There is a general requirement to disclose to the market any information that is material. There is a requirement to disclose specific information in defined circumstances.

POMSoX regards the timely disclosure of relevant information as of prime importance in the operation of an efficient and a well-informed market. A listed entity must immediately give POMSoX any information that it becomes aware of, which a reasonable person would expect to have a material effect on the price or value of the entity's securities. In effect it is any information that might reasonably influence investment decisions. Different rules apply to POMSoX Debt Listings. At this point in time, Debt Securities are not listed on the POMSoX Market. However, similar rules apply to Debt issuers. Debt issuers must give to POMSoX any information material to its Debt Instruments.

Periodic and Continuous Disclosures

All material information must be disclosed to the market. The table below provides an overview of a listed entity's core periodic reporting obligations;

Periodic Disclosure Requirements

Disclosures	Deadline	Document
Full Year Report	75 days after balance date	Appendix 4B
Half Year Report	75 days after balance date	Appendix 4B
Quarterly Report for Mining Companies	1 month after end of each quarter	Appendix 5B
Annual Report (hard copy)	19 Weeks after balance date	2 x hard copy

Other Documents

POMSoX requires other documents to be lodged from time to time. This includes notices to security holders; a copy of all correspondence to security holders must be submitted to POMSoX prior to dissemination to shareholders. In some cases, these documents must be approved by POMSoX before dissemination.

All mining exploration companies are required to submit a quarterly activities report at the end of each quarter. This report must include cash flow reports.

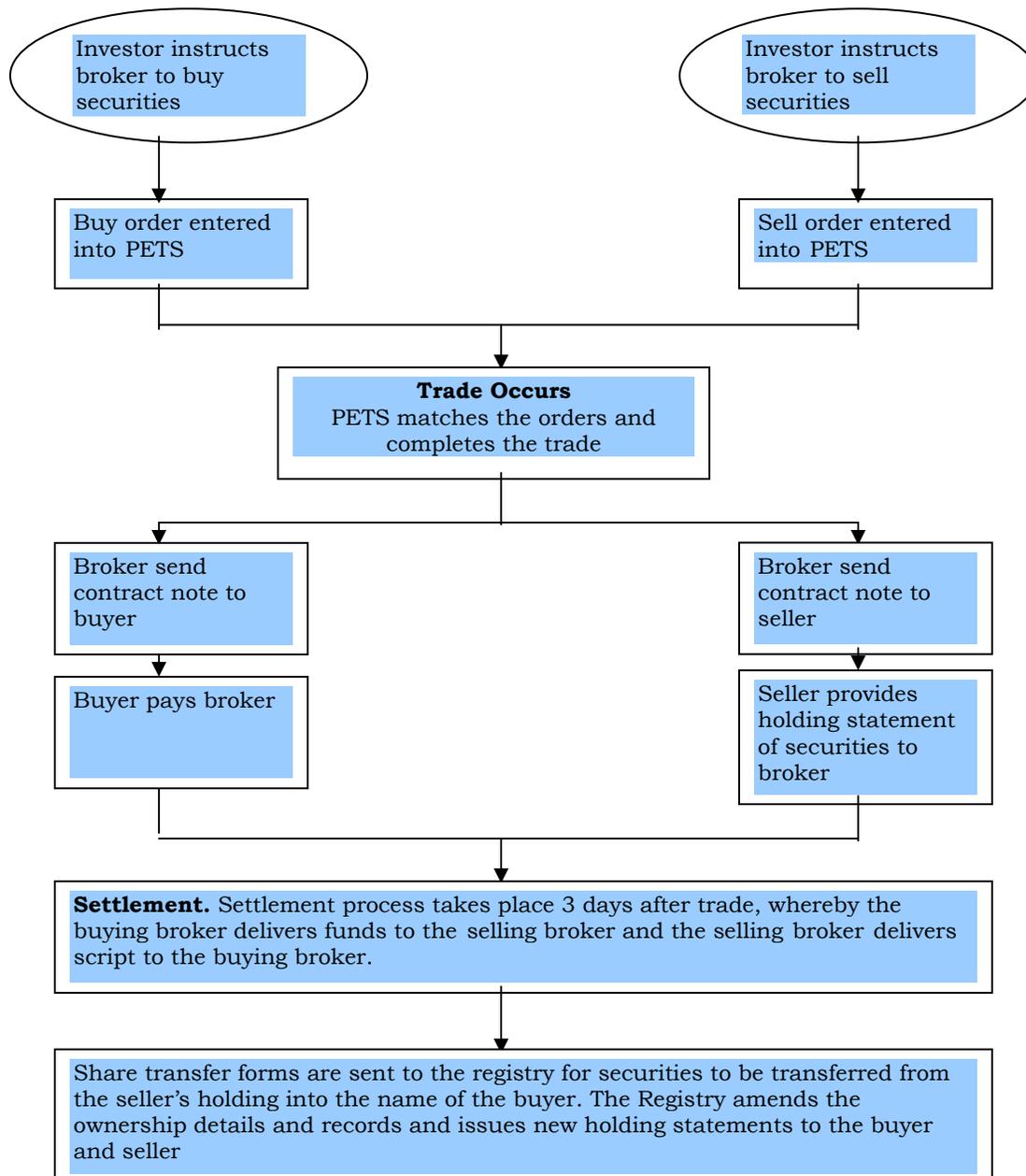
Corporate Programs.

The POMSoX Listing Rules also contains timetables for various corporate actions and programs. Companies are required to discuss any program with POMSoX before undertaking such actions and to comply with timetables to ensure the maintenance of an orderly market at all times

Chapter Five: Market Operations

POMSoX operates a market in which the securities of listed companies can be bought and sold. To buy or sell shares, investors place their buy or sell orders with a stockbroker who enters the order via the Port Moresby Stock Exchange Electronic Trading System (PETS).

A trade takes place, when a buy and sell order is matched. Settlement normally takes place on the third day after the trade. Settlements are currently performed through a manual system. The following charts sets out a normal market transaction.



Trading System (PETS)

POMSoX operates an electronic trading system called the Port Moresby Stock Exchange Trading System (PETS). This system reports all trading activities on the market provided by POMSoX. It provides easy access for brokers to input buy and sell orders. It provides information on pricing, number of buyers and sellers in the market for a particular security in an entity and it displays brief overview of company announcements and trading messages released by the Stock Exchange.

Normal trading is between 10.00am and 4.00pm each business day. The system does not operate on Weekends and Public Holidays.

Chapter Six: Cost of Listing

▪ General

The cost of listing will vary across entities depending on type of listing, size of entity, and a number of other factors including fees for professional advisors, logistics and underwriters' and stockbrokers' fees.

POMSoX Fees

Types of Fees

There are a number of fees charged by POMSoX for entities admitted to the Official List. These include

1. Initial Listing Fees

This fee is based on the total value of securities to be quoted on the market. It is payable at time the entity lodges its application. The Table is set out below

2. Annual Listing Fees

This is payable at the anniversary of the entity's listing and thereafter. Annual Fees are payable in advance for each year.

3. Subsequent Listing Fees

If an entity issues additional securities after and during the period of listing, these fees are applied when the entity issues additional securities. Fees are payable for the quotation of these securities

4. General Fees

These fees are charged for the review of listing application and supporting documents. POMSoX does not charge these fees after the company is listed. However, fees can be applied if significant documents are submitted for review.

SCHEDULE OF FEES UNDER THE LISTING RULES OF POMSoX

Listing Rules 1.18 & 16

Table 1. Initial listing fees

Value of Equity securities for which quotation is sought	Fee payable on Application for Quotation of securities
Up to K3m	K10,000
K3,000,001 to K10m	K10,000 + 0.2% on excess over K3m
K10,000,001 to K50m	K24,000 + 0.06% on excess over K10m
K50,000,001 to K100m	K48,000 + 0.03% on excess over K50m
K100,000,001 to K1,000m	K63,000 + 0.017% on excess over K100m
Over K1,000m	K216,000 + 0.01% on excess over K1,000m

Table 2. Fee on quotation of additional equity securities

Value of Equity securities for which quotation is sought	Fee payable on Application for Quotation of Additional securities
Up to K100,000	K500
K100,001 to K500,000	K500 + 0.2% on excess over K100,000
K500,001 to K2.5m	K1,300 + 0.07% on excess over K500,000
K2,500,001 to K10m	K2,700 + 0.028% on excess over K2.5m
K10,000,001 to K50m	K4,800 + 0.008% on excess over K10m
K50,000,001 to K100m	K8,000 + 0.004% on excess over K50m
Over K100m	K10,000 + 0.003% on excess over K100m

Table 3. Valuing securities for Tables 1 and 2

Type of security	How to calculate value per security
Share or unit	The highest of: Issue price (if issued for non-cash consideration, the amount fixed by POMSoX); Sale price (if sold for non-cash consideration, the amount fixed by POMSoX)* K0.20 Nominal Value if any
Options over shares or units	Issue price (if issued for non-cash consideration, the amount fixed by POMSoX) plus the highest of: Exercise price K0.20 Nominal value if any of underlying security
Convertible Note or Preference security	Issue price (if issued for non-cash consideration the amount fixed by POMSoX)

** POMSoX ordinarily fixes the amount by reference to the first sale price of the securities after announcement of the reason for the issue (for example in the case of an Acquisition or Takeover offer)*

Table 4. Annual Fees for Equity Securities

Value of quoted Equity securities (i.e.; Total market Capitalization)	Annual Fee payable
Up to K3m	K10,000
K3,000,001 to K10m	K10,000 + 0.1% on excess over K3m
K10,000,001 to K50m	K15,000 + 0.05% on excess over K10m
K50,000,001 to K100m	K30,000 + 0.03% on excess over K50m
K100,000,001 to K1,250m	K40,000 + 0.01% on excess over K100m
Over K1,250m	K350,000

Table 5. Initial and Annual Listing Fees (Debt Securities)

Face value of quoted Debts securities	Fee payable on Application for quotation of securities
Initial Admission Fee	K25,000
Annual Fees	K10,000
Quotation of Issue	K5,000

Table 6. Valuing Securities for Table 4 & 5

Type of quoted security	How to calculate value per security
Share or unit	The higher of: K0.20; nominal value (if there is no nominal value, the amount fixed by POMSoX at the time of first quotation)
Option over shares or units	The higher of: K0.20; nominal value of underlying security (if there is no nominal value, the amount fixed by POMSoX at the time of first quotation)
Convertible Note or Preference security	Issue price (if issued for non-cash consideration, the amount fixed by POMSoX)
Debt security	Face value

Table 7. Additional (General) Fees

Document/Activity	Minimum Charge	Hours in Minimum Charge
Application Fees for an “in principle” decision (e.g., a Listing Rule waiver) by and unlisted entity	K5,000	If listing proceeds, all of this amount may be set off against the minimum application fee
Document Review fees for the review of Prospectus, Information Memorandum, Material Contracts, and other material documents in relation to an application for listing but excludes the review of the entity’s Constitution which is separately itemized	K5,000 (part of the initial listing fee)	25
Review of a company Constitution if tailored to individual entity	K800	4
If based on a pro-forma approved by POMSoX	K200	1
Review of a Trust’s Constitution	K2,000	10
Examination of documents	K200	1
Other matters (e.g. Listing Rule waiver applications and reinstatement applications)	K200	1

NOTE

POMSoX adopted the Schedule of Fees in February 1998 from the Guidance Notes on Fees issued by ASX on 28 October 1996. The fees were amended in 2012 and remain current for POMSoX notwithstanding reviews by ASX of the fees thereafter the adoption of the Fee Schedule by POMSoX.

Chapter Seven: Contact Information

There are a number of services offered by the Stock Exchange to facilitate a well-informed market. Companies who are interested in exploring the possibilities of listing on the market should contact POMSoX to discuss their intentions. You may contact the Stock Exchange at the following addresses

Head Office

Level 4, Defens Haus
Corner of Champion Parade & Hunter Street
Port Moresby
National Capital District
PNG

Mailing Address

P O Box 1531
PORT MORESBY 121
National Capital District
PNG

POMSoX Website

Additional information on share prices, information on stockbrokers and others can be found at our website. Simply log onto our website at www.pomsox.com.pg.

Investor Education

POMSoX runs educational programs for potential investors with limited understanding for the share market. The program is called “**First Time Investor Seminar**”. This program covers topics from the definition of shares to understanding the operations of the share market including reading and understanding share prices of stocks and the risks and benefits of investment in shares. For more information visit our educational section on the site

The program is carried out in collaboration with member organizations of POMSoX. It is held at various times during a year in major towns of Papua New Guinea. It is aimed at promoting a greater understanding of the share market. Advanced programs would be carried out for sophisticated investors in future as the market grows and the need and demand for specific information increases.

For general enquiries, contact our Customer Services Officers on Ph: 320 1980 or email pomsox@pomsox.com.pg