STOCK EXCHANGE
AIM DISCIPLINARY NOTICE

PUBLIC CENSURE – MINMET PLC

AIM DISCIPLINARY COMMITTEE

PUBLIC CENSURE

In relation to the conduct of

MINMET PLC

for

Breaches of Rules 10, 11, 12, 13, 14 and 31 of the
AIM Rules for Companies (the “AIM Rules”)

SUMMARY

1. The London Stock Exchange plc (the “Exchange”) of 10 Paternoster Square, London, EC4M 7LS, announces for the reasons listed below, and having agreed with Minmet Plc (“Minmet” or the “Company”) the facts and matters set out below, that on 2 December 2008 the AIM Disciplinary Committee (“ADC”) approved a consent order agreed between the above parties which imposes a public censure on Minmet.

2. These sanctions were imposed on Minmet in respect of breaches of AIM Rules 10, 11, 12, 13, 14 and 31 during the period from October 2006 to

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1 References to the AIM Rules in this Consent Order refer to the AIM Rules for Companies in force at the relevant time.
January 2008 (the “Relevant Period”). As set out in this public censure, these breaches related to various transactions during the Relevant Period, in respect of which the Company:

- failed to release announcements without delay regarding a reverse takeover and certain substantial and/or related party transactions;
- failed to include material information in certain announcements when made;
- failed to comply with the requirements of the AIM Rules concerning reverse takeovers, including (but not limited to) seeking shareholder consent for the transaction; and
- failed on certain occasions to liaise appropriately with its nomad in respect of the above matters.

RELEVANT REGULATORY PROVISIONS

3. Under the AIM Disciplinary and Procedures Handbook (the “Handbook”), if the Exchange considers that an AIM company has breached its responsibilities under the AIM Rules, it can refer the matter to the AIM Disciplinary Committee (“ADC”).

4. Pursuant to the Handbook, if the ADC finds, on the balance of probabilities, that the AIM company has breached the AIM Rules it may impose one or more of the following sanctions:

- a fine;
- a censure;
- publish the fact that the AIM company has been fined and/or censured and the reasons for such fine or censure; and/or
- cancel the admission of the company’s AIM securities.

5. Under AIM Rule 10, an AIM company must, inter alia, take reasonable care to ensure that any information it notifies is not misleading, false or deceptive and does not omit anything likely to affect the import of such information.

6. Under AIM Rule 11, an AIM company must issue notification without delay of any new developments which are not public knowledge concerning a change in:

- its financial condition;
- its sphere of activity;
- the performance of its business; or
- its expectation of its performance,
which, if made public, would be likely to lead to a substantial movement in the price of its AIM securities.

7. Under AIM Rule 12, an AIM company must issue notification without delay as soon as the terms of any substantial transaction are agreed, disclosing the information specified by Schedule Four to the AIM Rules. AIM Rule 12 provides that a substantial transaction is one which exceeds 10% in any of the class tests which appear in Schedule Three to the AIM Rules. It includes any transaction by a subsidiary of the AIM company but excludes any transactions of a revenue nature in the ordinary course of business and transactions to raise finance which do not involve a change in the fixed assets of the AIM company or its subsidiaries.

8. Under AIM Rule 13, an AIM company must issue notification without delay of any transaction whatsoever with a related party2 which exceeds 5% in any of the class tests contained in Schedule Three to the AIM Rules. The notification must disclose the following:

- the information specified by Schedule Four to the AIM Rules;
- the name of the related party concerned and the nature and extent of their interest in the transaction; and
- a statement that with the exception of any director who is involved in the transaction as a related party, its directors consider, having consulted with its nominated adviser, that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

9. Under AIM Rule 14, a reverse take-over is an acquisition or acquisitions in a twelve month period which would *inter alia*:

- exceed 100% in any of the class tests; or
- result in a fundamental change in its business, board or voting control.

Any agreement which would effect a reverse take-over must be:

- conditional on the consent of its shareholders being given in general meeting;
- notified without delay disclosing the information specified by Schedule Four and insofar as it is a related party, the additional information required by AIM Rule 13; and
- accompanied by the publication of an admission document in respect of the proposed enlarged entity and convening the general meeting.

Where shareholder approval is given for the reverse take-over, trading in the AIM securities of the AIM company will be cancelled. If the enlarged

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2 Definition of related party under the AIM Rules includes, *inter alia*, a director and a substantial shareholder of the AIM Company.
entity seeks admission, it must make an application in the same manner as any other applicant applying for admission of its securities for the first time.

10. Under AIM Rule 31, an AIM company must, *inter alia*, ensure that each of its directors seeks advice from its nomad regarding its compliance with these rules wherever appropriate and takes that advice into account.

BACKGROUND

11. The Company is registered in the Republic of Ireland and was admitted to trading on AIM on 16 December 2005.

12. The Company’s principal activity is oil and gas, mineral and mining exploration around the world, but its current operating interests are located in Brazil, Peru, Sweden and the United States.

13. On 11 October 2007, the Company’s shares were suspended from trading on AIM “pending the announcement of a transaction”\(^3\). The shares were subsequently restored to trading on 2 November 2007 following the Company’s announcement on that date regarding the dissolution of certain arrangements with Gold Oil plc (“Gold Oil”).

14. On 21 December 2007, the Company’s shares were again suspended from trading “pending the announcement of transactions entered into”\(^4\). On 21 January 2008, the Company released an announcement identifying a number of transactions entered into by the Company, the majority of which had not been previously announced to the market in accordance with the AIM Rules. The Company’s shares remained suspended pending a proposed reverse takeover and were subsequently restored to trading on 14 April 2008.

PARTICULARS OF BREACHES

The Alaska Agreement

15. On 23 August 2007, the Company entered into a conditional sale and purchase agreement (the “Alaska Agreement”) with Carbon Energy Investment Limited (“Carbon”) for the acquisition of Alaska Oil and Gas Resources Limited (“Alaska”). Alaska held a 75% interest in a joint venture owning three oil and gas exploration licences in Alaska, USA.

16. Pursuant to the terms of the Alaska Agreement, the Company agreed to pay Carbon a returnable deposit of US$4.35 million on signing the agreement (the “Alaska Deposit”) and US$83.14 million by way of fully

\(^3\) As announced by the Company on 11 October 2007.
\(^4\) As announced by the Company on 21 December 2007.
paid shares in Minmet on completion. Due to the size of this transaction, the Alaska Agreement constituted a reverse takeover pursuant to AIM Rule 14 and payment of the Alaska Deposit amounted to a substantial transaction under AIM Rule 12.

17. The parties subsequently agreed to cancel the Alaska Agreement on 9 October 2007 (although this agreement was only formally documented on 31 December 2007). The cancellation agreement provided that either:

(a) the Alaska Deposit would be repaid within 180 days of 31 December 2007, together with interest accruing from 1 March 2008 until repayment; or

(b) the Company be permitted to elect (at its sole discretion) to accept repayment in new ordinary shares in a new vehicle which would own Alaska.5

18. The Company obtained security for the repayment of the Alaska Deposit from Tucumcari Investments Limited ("TIL"), by way of a charge over 50% of TIL’s shareholding in Tucumcari Exploration LLC ("TUCX"). The Chairman of the Company at the relevant time was also a director and the sole shareholder of TIL. As a result, and given the size of the transaction, the provision of this security constituted a related party transaction under AIM Rule 13.

19. None of the above matters referred to at paragraphs 15 to 18 were announced until the Company’s announcement on 21 January 2008 (up to 5 months after the relevant events took place).

20. By failing to announce without delay the Alaska Agreement and the payment of the Alaska Deposit, the Company breached AIM Rules 14 and 12 respectively. Furthermore, the Company did not comply with the other provisions of AIM Rule 14 requiring, inter alia, shareholder consent to the transaction, suspension of the Company’s shares and publication of an admission document in respect of the proposed enlarged entity.

21. By failing to announce without delay the cancellation of the Alaska Agreement and the associated security provided by TIL, the Company also breached AIM Rules 11 and 13 respectively.

The Gold Oil Transaction

22. On 12 February 2007, the Company announced that, through its wholly owned subsidiary, Minmet (Isle of Man) Limited, it had acquired part of Gold Oil’s oil and gas interests in Cuba and Latin America (the "Gold Oil Transaction").

5 As announced by the Company on 15 September 2008, the Company still remains in talks with Carbon regarding the repayment of the Alaska Deposit.
23. On 2 November 2007, the Company announced that the Gold Oil Transaction had been dissolved on 2 October 2007. The announcement also referred to a guarantee provided by a shareholder in the Company, Westcoast Group Limited ("Westcoast"), to indemnify the Company against any loss suffered as a result of the dissolution of the Gold Oil Transaction (the "Westcoast Guarantee"). The announcement went on to state that "The Westcoast Guarantee will be secured by a charge over certain assets which will, in the opinion of Minmet’s board, be sufficient to cover the Company’s maximum possible loss under the (Gold Oil) Transaction."

24. The Westcoast Guarantee was, in fact, secured by a charge over TIL’s shareholding in TUCX. For the same reasons as those identified at paragraph 18 above, the provision of this security constituted a related party transaction under AIM Rule 13. It was not, however, mentioned in the announcement on 2 November 2007.

25. By failing to update the market without delay as to the dissolution of the Gold Oil Transaction, the Company breached AIM Rule 11.

26. By failing to announce the associated security provided over TIL’s shareholding in TUCX, the Company was in breach of AIM Rule 13 and also breached AIM Rule 10 by omitting material information from the announcement on 2 November 2007.

**Disposal of the Company’s interest in TIL**

27. On 31 March 2006, the Company acquired a 25% interest in, and advanced funds by way of a loan to, TIL for an aggregate investment of approximately US$2.75 million, which was advanced to TIL by way of a shareholder loan.

28. By two separate transactions completed on 6 July and 20 September 2006, the Company disposed of its 25% interest in TIL and assigned its US$2.75 million shareholder loan and other assets to Charms Investments Limited ("CIL") for a total consideration of US$3.35 million. At the relevant time, CIL was a substantial shareholder in both Carbon and TIL.

29. The first disposal of the Company’s interest in TIL was announced to the market on 20 July 2006. The second disposal of the Company’s remaining interest in TIL was agreed on 20 September 2006, but no announcement was made by the Company until 12 February 2007 (over 4½ months later).

30. By failing to announce without delay the second disposal of its interest in TIL, the Company breached AIM Rule 11.6

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6 As announced by the Company on 30 June 2008, the consideration for the disposals was never paid. The Company subsequently cancelled the disposals and recovered its 25% interest in TIL and the benefit of its shareholder loan.
The TIL Deposit

31. On 10 October 2007, the Company advanced approximately US$6 million to TIL in the form of a returnable deposit (the “TIL Deposit”). The TIL Deposit constituted a substantial transaction under AIM Rule 12. Furthermore, for the same reasons as those identified at paragraph 18 above, it also constituted a related party transaction under AIM Rule 13.

32. The TIL Deposit was not announced until 21 January 2008 (some 3 months later).

33. By failing to announce the TIL Deposit without delay, the Company breached AIM Rules 12 and 13.

The Crucial Plan Subscription

34. On 30 November 2007, the Company’s wholly owned subsidiary, Minmet (Isle of Man) Limited, subscribed for 3,333,333 ordinary shares in Crucial Plan plc (“Crucial Plan”) for £100,000 (the “Crucial Plan Subscription”). The Chairman of the Company at the time was a director and substantial shareholder in Crucial Plan. The Crucial Plan Subscription therefore constituted a related party transaction under AIM Rule 13.

35. The Company did not announce the Crucial Plan Subscription until 30 June 2008 (some 7 months later). When made, the announcement did not identify that it was a related party transaction or comply with the other requirements of AIM Rule 13, including the requirement to include a statement that the Company’s directors, having consulted with the nominated adviser, considered that the terms of the transaction were fair and reasonable insofar as its shareholders were concerned.

36. By failing to announce the subscription without delay and by not including the required information in the announcement on 30 June 2008, the Company breached AIM Rule 13.

Failure to liaise with nomad

37. During the Relevant Period, the Company omitted on certain occasions to liaise appropriately with its nomad and to provide it with sufficient information to enable it to advise on the Company’s compliance with the AIM Rules. By failing to do so, the Company breached AIM Rule 31.

SANCTION

38. In determining the appropriate sanction against the Company in respect of the above breaches of the AIM Rules during the Relevant Period, the following matters have been taken into account:
- The Company committed a number of breaches of the AIM Rules over a prolonged period of time.
- The breaches set out in this public censure were serious in nature, including (but not limited to):
  - the omission of material information from the Company’s announcements;
  - failure to notify a reverse takeover and to comply with the associated requirements of the AIM Rules;
  - significant delays in notifying substantial and/or related party transactions; and
  - failure to liaise appropriately with its nomad.
- The number, nature and duration of the breaches evidence a disregard for the AIM Rules by the Company, amounting to reckless conduct during the Relevant Period.
- Following the restoration of the Company’s shares to trading on 14 April 2008, the share price opened at 6.5p and closed at 3.13p. This represented a 63% drop in share price from the pre-suspension share price of 8.5p in December 2007.
- The Company’s board of directors has undergone significant changes since the matters referred to in this public censure took place.
- As announced on 26 September 2008, the Company reported losses of US$5.6million for the six months ended 30 June 2008 and had a cash position of US$779,000 as at that date. The Company also announced that at least one investment had been sold in order to generate cash to meet working capital requirements and that further sales would be required to meet working capital needs. In light of the financial position of the Company, the Exchange has not, in this instance, sought the imposition of a fine.

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