



Australian Government

Takeovers Panel

MEDIA RELEASE

No: TP20/48

Friday, 24 July 2020

Adavale Resources Limited – Panel Receives Application

The Panel has received an application from Mr Matthew Boysen in relation to the affairs of Adavale Resources Limited.

Details of the application, as submitted by the applicant, are below.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

Details

Mr Boysen has approximately 5.3% voting power in Adavale. On 17 July 2020, Mr Boysen sent a s249D¹ notice to Adavale's directors to replace the incumbent board with three new directors. On 20 July 2020, Adavale announced a 1 for 1 fully underwritten non-renounceable rights issue² to raise approximately \$1.71 million at an issue price of \$0.01 per share (**Rights Issue**). On 23 July 2020, Mr Boysen arranged to resend his s249D notice and Adavale agreed to call the requisitioned meeting (**Requisition Meeting**).

Mr Boysen submits (among other things) that:

- The Rights Issue is an artifice designed either to frustrate the resolutions to be put at the Requisition Meeting or unlawfully to pass control of Adavale to the underwriter (CoPeak Corporate Pty Ltd as the trustee for Peak Asset Management Unit Trust³, the **Underwriter**) which is alleged to be associated with Adavale's existing directors.
- The Rights Issue is not particularly attractive to Adavale shareholders as there is no compelling reason to participate (other than to avoid being diluted), the amount sought under the Rights Issue is disproportionate to Adavale's current

¹ All statutory references are to the *Corporations Act 2001* (Cth)

² With a free attaching option exercisable at a price of \$0.03 at any time on or before 5pm (Sydney time) on 23 December 2023

³ being an authorised representative of Equity Underwriters Pty Ltd

financing needs, the dilutionary impact of the Rights Issue is significant and the lack of 'renounceability' is likely to result in a greater shortfall flowing through to the Underwriter.

- Adavale has not put in place sufficient dispersion strategies because, among other things, the allocation of any shortfall is at the absolute discretion of its board.
- It is not unforeseeable that the Underwriter will, on completion of the Rights Issue, hold in excess of 50% of Adavale's issued shares.

Mr Boysen seeks interim orders postponing the issue date under the Rights Issue and final orders requiring Adavale to withdraw the Rights Issue pending the results of the Requisition Meeting.

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