

SGX-ST Listing Rules

Practice Note 6.3

Disclosure Requirements for Mineral, Oil and Gas Companies

Details	Cross references
Issue date: 5 September 2013	Listing Rules 624, 749, 750, 1014(2) and 1207(21)
Effective date: 27 September 2013	

1. Introduction

- 1.1 This Practice Note sets out the disclosure requirements for mineral, oil and gas companies.
- 1.2 Where the mineral, oil and gas activity of the issuer and/or its subsidiaries, based on the issuer's latest audited consolidated financial statements: (i) represents 50% or more of the total assets, revenue or operating expenses of the group; or (ii) is the single largest contributor based on any of the tests in (i) above, the issuer may be considered to be principally in the business of exploration for or extraction of mineral, oil or gas assets.

The issuer is required to make an announcement when any of the above situation occurs and will thereafter be required to comply with all the continuing listing rules applicable to mineral, oil and gas companies.

2. General Requirements for Disclosure of Reserves, Resources or Exploration Results

- 2.1 All mineral, oil and gas companies must comply with the following requirements:
- (a) The basis upon which the existence of any minerals, oil or gas is asserted must be in terms of reserves, resources or exploration results. If estimated volumes of Prospective Resources are disclosed, relevant risk factors must be clearly stated. Economic values must not be attached to Prospective Resources.
 - (b) A qualified person's report must comply with the requirements as set out in paragraph 5 of this Practice Note.
 - (c) All statements and reports in relation to reserves, resources or exploration results must be prepared and presented in accordance with a Standard. The listing applicant or issuer must state in the offer document, circular or announcement, as the case may be, the Standard used.

- (d) The basis on which resource or reserve estimates are presented must be clearly indicated. Estimations of reserves must include presentation on an unrisks basis that is, before adjusting for the likelihood of commercial production. Estimations of resources must be disclosed with appropriate explanation of the accompanying risks that may have an impact on the conversion of such resources into reserves. Estimations of reserves and resources should be presented in the format as set out in Appendix 7.5.
- (e) Presentation of economic valuations on reserve or resource estimates must be accompanied with the following disclosures in the same offer document, circular or announcement released to shareholders:
- (i) name and qualification of the qualified person undertaking the valuation in accordance with the VALMIN Code, SPE-PRMS or an equivalent standard that is acceptable to the Exchange;
 - (ii) whether such qualified person is employed by the issuer or a third-party consultant;
 - (iii) the Standard used;
 - (iv) method of valuation and the reason for choice of the valuation method;
 - (v) principal assumptions used in arriving at the valuation, including but not limited to, assumed commodity prices, rate of discount and rate of inflation, and the basis for each assumption. Contracted commodity prices must be used where applicable and available. If unavailable, either forecast or constant prices may be used. Where forecast commodity prices are used, this should be accompanied by a statement by the qualified person that such forecast was arrived at after due and careful enquiry and reflects their view of a reasonable outlook of the future; and
 - (vi) analysis of the sensitivity of such valuations to variation in the principal assumptions provided in (v) above. In relation to commodity prices, the scenarios must include both constant and forecast prices. In relation to the rate of discount, the scenarios must include the weighted average cost of capital.
- (f) Reports of reserves, resources or exploration results for the first time must be made in accordance with the following requirements:
- Reserves**
- (i) Any estimates of reserves must include a precise description of the nature and quality of the reserve, including financial assumptions, method of estimation, the reason for choice of estimation method, modifying factors, exploitation methods/parameters and other information that would reasonably be required to allow investors to make informed decisions on the validity of the data presented.

- (ii) For financial assumptions, the key economic parameters of the analysis, such as operating or capital cost assumptions, and the assumed prices of the mineral, oil or other commodities which could be produced, must be provided. If the prices used differ from the current prices of the commodities, an explanation must be given, including the effect on the economics of the project if current prices were used. Sensitivity analyses may be used to provide a better understanding of the effects of changes in commodity prices on the economics of the project.
- (iii) Any estimates of reserves must be supported by a pre-feasibility study or an appropriate study to be done by a qualified person.

Resources

- (iv) Any statements of the existence of resources must be supported by details of all exploration results, geological and geophysical interpretations, drilling results, analyses or other evidence. The statement must include the information on the method of calculation and other relevant information such as cut-off grades, assumptions of continuity and geological and geophysical parameters used to derive the resource statement.

Exploration Results

- (v) Exploration results must contain sufficient information to allow investors to make an informed judgment of their significance. Exploration context, type and method of sampling, sampling intervals and methods, relevant sample locations, distribution, dimensions and relative location of all relevant assay data, data aggregation methods, land tenure status plus any other information relevant to an assessment, must be included.
- (g) Assay results must include disclosure of the analytical methods used and the name of the analytical laboratories which assayed the material sampled, together with details of their relationship, if any, to the listing applicant or issuer. The accreditation of each laboratory, or lack thereof, must also be disclosed.

3. Additional Disclosure Requirements for Offer Document

3.1 In addition to paragraph 2 of this Practice Note, the prospectus, offering memorandum or introductory document relating to a mineral, oil and gas company must include the following:

- (a) a listing applicant must disclose the basis upon which it asserts the existence of any minerals, oil or gas in a defined area where the listing applicant has exploration and exploitation rights, in accordance with the requirements set out in Practice Note 6.3;
- (b) the directors' opinion which must state, without requiring a profit forecast that in their reasonable opinion, the working capital available to the applicant is sufficient for the present requirements and for at least 18 months after listing;

- (c) a statement by the listing applicant that no material changes have occurred since the effective date of the qualified person's report. Where there are material changes, these should be prominently disclosed together with a statement that the listing applicant will as soon as practicable following its listing, announce the qualified person's report or the independent qualified person's report, as the case may be, on the material changes in accordance with Rule 750(1);
- (d) the listing applicant's plans and milestones to advance to production stage with capital expenditure for each milestone for an issuer applying for listing pursuant to Rule 210(9)(g). These plans must be substantiated by the opinion of an independent qualified person who meets the requirements in Rule 210(9)(b);
- (e) all material agreements with regard to the proposed exploitation of mineral bodies, the nature and extent of the listing applicant's rights and a description of the properties to which such rights attach, giving particulars of the duration and other principal terms of the concessions or other rights;
- (f) the listing applicant's policies and practices in relation to operating in a sustainable manner, including:
- (i) the listing applicant's policy with regards to environmental and social issues;
 - (ii) impact of the listing applicant's business practices on the environment and the communities in which it operates; and
 - (iii) environmental and social risks faced by the listing applicant.
- (g) In relation to a listing applicant whose principal activities consist of exploration for mineral, oil or gas, a clear and prominent statement on the front cover highlighting that fact, that the listing applicant may not progress to the next stage of development or to a stage where it is able to generate revenue; and industry-specific risks.
- (h) (i) a valuation report on the reserves of the listing applicant. The valuation report must be prepared by an independent qualified person in accordance with the VALMIN Code, SPE-PRMS or an equivalent standard that is acceptable to the Exchange. The effective date of the valuation report must not be more than 6 months from the date of lodgement of the offer document;
- (ii) With regard to any valuation, the following must be disclosed:
- An estimate of net present value. If the valuation is arrived at on an alternative basis, an explanation of the basis and the reasons for adopting the basis;
 - The principal assumptions on which the valuation was arrived at;
 - Information to demonstrate the sensitivity to changes in the principal assumptions;
 - Risk factor in the prospectus highlighting the uncertainties inherent in the assumptions made in arriving at the valuation and the effects they

may have on the valuation of the mineral, oil and gas assets and the value of the offering shares.

- (iii) The valuation report may form part of the independent qualified person's report.

4. Additional Continuing Obligations

- 4.1 In addition to paragraph 2 of this Practice Note, a mineral, oil and gas company must also comply with the following:
 - (a) Analytical results must be reported in a timely and responsible manner. If the issuer releases partial results, e.g. the first two holes of a six hole program, it must ensure that the balance of the results are disclosed in a timely manner whether the results are positive or negative. A summary of expenditure incurred on these activities must also be reported.
 - (b) Where work has been discontinued on properties about which the issuer has made prior disclosure, there must be further information provided as to any undisclosed results and reasons for the cessation of work.

5. Qualified Person's Report

- 5.1 The qualified person's report must be prepared in accordance with a Standard.
- 5.2 In preparing the qualified person's report, the qualified person must take into account all relevant information supplied to the qualified person by the directors of the listing applicant or issuer.
- 5.3 The qualified person must review the information contained in the offer document, circular or announcement, as the case may be, which relates to the qualified person's report and confirm that the information presented is accurate, balanced, complete and not inconsistent with the qualified person's report. The qualified person's report must not include blanket disclaimers or contain indemnities for fraud and gross negligence. If the qualified person's report includes a statement on the qualified person not accepting any responsibility for the completeness or adequacy of the information provided by the company and its advisors and for information extracted from public sources, this qualification must be subject to the qualified person having: (i) made reasonable enquiries and exercised their judgment on the reasonable use of such information; and (ii) found no reason to doubt the accuracy or reliability of the information.
- 5.4 A qualified person's report must include the following:
 - (a) Title page
 - (b) Table of contents

(c) Executive summary

(d) Introduction

- Full name, and if applicable, the partner/director in charge of the report; professional qualifications, years of relevant experience, Professional Society Affiliations and Membership (including details of a recognised professional association) of the qualified person and the address of the qualified person's firm/company;
- Statement of independence by the qualified person, if the report is prepared by an independent qualified person who meets the requirements in Rule 210(9)(b);
- Aim of the report;
- Scope of the report;
- Statement on the use of the report;
- Basis of the report – including data sources, data validation and reliance on other experts;
- Standard used; and
- Whether a site visit has been undertaken (if so, when the site visit was undertaken and by whom and if a site visit has not been undertaken a satisfactory reason as to why not).

(e) Property description, size, location, access, natural and cultural environment, including:

- listing applicant's/issuer's assets and liabilities, including the following summary table of assets:

Asset name/ Country	Issuer's interest (%)	Development Status	Licence expiry date	Licence Area	Type of mineral, oil or gas deposit	Remarks

- nature and extent of listing applicant's/issuer's rights of exploration or extraction; and
- description of the economic conditions for the working of the licenses, concessions or similar, with details of the duration and other principal terms and conditions of the concessions including fiscal conditions, environmental and rehabilitation requirements, abandonment costs and any necessary licenses and consents including planning permission.

(f) History of the property, including exploration history and any production history

- (g) Geological and geophysical setting, type and characteristics of the deposit/accumulation
- (h) Exploration data including drilling and sampling, sampling and analysis methods, sample preparation and security, quality assurance and quality control on the sample analyses.
- (i) Mineral processing and metallurgical testing, if applicable
- (j) Resource and reserve estimates and exploration results, as applicable, in accordance with the relevant Standard, including a summary of reserves and resources in the form of Appendix 7.5
- (k) Planned extraction method, processing method, capital costs, operating costs, considerations including social, environmental, health and safety factors that may affect exploration and/or exploitation activities; and production schedule, if applicable
- (l) Financial analysis of the operations, taxes, liabilities, marketing if applicable
- (m) Interpretation and conclusions
- (n) Recommendations, if any
- (o) References
- (p) Date and signature page
- (q) Illustrations - of sufficient clarity to graphically present the material within the text. Maps must include a geographical reference system and scale bar for clarity. Technical drawings must include a legend to explain features within the diagram.
- (r) Appendices and glossary of terms used, if required