

Amendments to the Rules Governing the Listing of Securities on
The Stock Exchange of Hong Kong Limited
(Additions Underlined and Deletions Struck Through)

Chapter 18

EQUITY SECURITIES

MINERAL COMPANIES

Scope

This Chapter sets out additional listing conditions, disclosure requirements and continuing obligations for Mineral Companies. The additional disclosure requirements and continuing obligations will apply to a listed issuer which becomes a Mineral Company by undertaking a Relevant Notifiable Transaction involving the acquisition of Mineral or Petroleum Assets. Certain continuing obligations will apply to listed issuers that publish details of Resources and/or Reserves.

The main headings are:

- 18.01 Definitions and interpretation
- 18.02-18.04 Conditions for listing of new applicant Mineral Companies
- 18.05-18.08 Contents of listing documents for new applicants
- 18.09-18.13 Relevant Notifiable Transactions involving the acquisition or disposal of Mineral or Petroleum Assets
- 18.14-18.17 Continuing obligations
- 18.18-18.27 Statements on Resources and/or Reserves
- 18.28-18.34 Reporting Standard

DEFINITIONS AND INTERPRETATION

18.01 For the purposes of this Chapter unless otherwise stated or the context otherwise requires:-

- (1) terms signifying the singular include the plural and vice versa;
- (2) the term mineral includes solid fuels; and
- (3) the following terms have the meanings set out below:-

"CIMVAL"

Standards and Guidelines for Valuation of Mineral Properties endorsed by the Canadian Institute of Mining, Metallurgy and Petroleum, February 2003 (final version) as amended from time to time.

<u>"Competent Evaluator"</u>	<u>a Competent Person undertaking valuations that satisfies rule 18.23.</u>
<u>"Competent Person"</u>	<u>a person that satisfies rules 18.21 and 18.22.</u>
<u>"Competent Person's Report"</u>	<u>the public report prepared by a Competent Person on Resources and/or Reserves, in compliance with this Chapter (rules 18.18 to 18.33) and the applicable Reporting Standard as modified by this Chapter.</u>
<u>"Contingent Resources"</u>	<u>those quantities of Petroleum estimated, at a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.</u>
<u>"Feasibility Study"</u>	<u>a comprehensive design and costing study of the selected option for the development of a mineral project in which appropriate assessments have been made of realistically assumed geological, mining, metallurgical, economic, marketing, legal, environmental, social, governmental, engineering, operational and all other relevant factors, which are considered in enough detail to demonstrate at the time of reporting that extraction is reasonably justified and the factors reasonably serve as the basis for a final decision by a financial institution to finance the development of the project.</u>
<u>"Indicated Resource"</u>	<u>that part of a mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence.</u>
<u>"Inferred Resource"</u>	<u>that part of a mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence, sampling and</u>

assumed but not verified geological and/or grade continuity.

"IOSCO Multilateral MOU" the International Organisation of Securities Commissions Multilateral Memorandum of Understanding Concerning Consultation and Co-operation and the Exchange of Information dated May 2002 as amended from time to time.

"JORC Code" the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 edition), as published by the Joint Ore Reserves Committee, as amended from time to time.

"Major Activity" an activity of an issuer and/or its subsidiaries which represents 25% or more of the total assets, revenue or operating expenses of the issuer and its subsidiaries. Reference should be made to the issuer's latest audited consolidated financial statements.

"Measured Resource" that part of a mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence.

"Mineral or Petroleum Assets" mineral assets and/or Petroleum assets or the equivalent as defined in either CIMVAL, the SAMVAL Code, or the VALMIN Code.

"Mineral Company" a new applicant whose Major Activity (whether directly or through its subsidiaries) is the exploration for and/or extraction of Natural Resources, or a listed issuer that completes a Relevant Notifiable Transaction involving the acquisition of Mineral or Petroleum Assets.

"Natural Resources" mineral and/or Petroleum.

"NPVs" net present values.

<u>"NI 43-101"</u>	<u>also referred to as National Instrument 43-101, the (Canadian) Standards of Disclosure for Mineral Projects, including Companion Policy 43-101 as amended from time to time.</u>
<u>"Petroleum"</u>	<u>a naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid or solid phase, as further defined in PRMS.</u>
<u>"Possible Reserves"</u>	<u>those quantities of Petroleum which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves.</u>
<u>"Pre-feasibility Study"</u>	<u>a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, for underground mining, or the pit configuration, for an open pit, has been established and an effective method of mineral processing has been determined. It includes a financial analysis based on realistically assumed or reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are enough for a Competent Person, acting reasonably, to determine if all or part of the mineral Resource may be classified as a mineral Reserve.</u>
<u>"PRMS"</u>	<u>the Petroleum Resources Management System published by the Society of Petroleum Engineers, American Association of Petroleum Geologists, World Petroleum Council, and Society of Petroleum Evaluation Engineers in March 2007 as amended from time to time.</u>
<u>"Probable Reserves"</u>	<u>(1) with regard to minerals, the economically mineable part of an Indicated, and in some circumstances, a Measured Resource.</u>

(2) with regard to Petroleum, those quantities of Petroleum which analysis of geoscience and engineering data show are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.

"Prospective Resources"

those quantities of Petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

"Proved Reserves"

(1) with regard to minerals, the economically mineable part of a Measured Resource.

(2) with regard to Petroleum, those quantities of Petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.

"Recognised Professional Organisation"

a self-regulatory organisation of professional individuals in the mining or Petroleum industry which admits individuals on the basis of their academic qualifications and experience, requires compliance with professional standards of competence and ethics established by the organisation and has disciplinary powers including the power to suspend or expel a member.

"Relevant Notifiable Transaction"

a transaction that falls into one of the classifications set out in rules 14.06(3) to (6), namely a major transaction, very substantial disposal, very substantial acquisition and reverse takeover.

"Reporting Standard"

a recognised standard acceptable to the Exchange, including:

(1) the JORC Code, NI 43-101, and the SAMREC Code, with regard to mineral Resources and Reserves;

- (2) PRMS with regard to Petroleum Resources and Reserves; and
- (3) CIMVAL, the SAMVAL Code, and the VALMIN Code, with regard to valuations.

“Reserve”

- (1) with regard to minerals, the economically mineable part of a Measured, and/or Indicated Resource, taking into account diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments to a minimum of a Pre-feasibility Study must have been carried out. Mineral Reserves are subdivided in order of increasing confidence into Probable Reserves and Proved Reserves.

Note: Although the term mineral Reserve is used throughout this Chapter it is recognised that the term ore reserve is used in the JORC Code.

- (2) with regard to Petroleum, those quantities of Petroleum anticipated to be commercially recoverable by the application of development projects to known accumulations from a given date forward under defined conditions.

“Resource”

- (1) with regard to minerals, a concentration or occurrence of material of intrinsic economic interest in or on the Earth’s crust in such form, quality and quantity that there are reasonable prospects for their eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources

are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured Resources, as defined in the JORC Code.

(2) with regard to Petroleum, Contingent Resources and/or Prospective Resources.

<u>"SAMREC Code"</u>	<u>the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (2007 edition) as amended from time to time.</u>
<u>"SAMVAL Code"</u>	<u>the South African Code for the Reporting of Mineral Asset Valuation (2008 edition) as amended from time to time.</u>
<u>"Scoping Study"</u>	<u>a preliminary evaluation of a mineral project, including an assessment of the economic viability of mineral Resources. Scoping Studies should include forecast production schedules and cost estimates based on data under which the Resources are identified.</u>
<u>"VALMIN Code"</u>	<u>the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (2005 edition), as prepared by the VALMIN Committee, a joint committee of The Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Mineral Industry Consultants Association as amended from time to time.</u>
<u>"Valuation Report"</u>	<u>the public valuation report prepared by a Competent Evaluator on Mineral or Petroleum Assets in compliance with this Chapter (rule 18.34) and the applicable Reporting Standard, as modified by this Chapter. It may form part of a Competent Person's Report.</u>

CONDITIONS FOR LISTING OF NEW APPLICANT MINERAL COMPANIES

18.02 In addition to satisfying the requirements of Chapter 8, a Mineral Company which has applied for listing must also satisfy the requirements of this Chapter.

18.03 A Mineral Company must:-

(1) establish to the Exchange's satisfaction that it has the right to participate actively in the exploration for and/or extraction of Natural Resources, either:-

(a) through control over a majority (by value) of the assets in which it has invested together with adequate rights over the exploration for and/or extraction of Natural Resources; or

Note: 'control over a majority' means an interest greater than 50%.

(b) through adequate rights (arising under arrangements acceptable to the Exchange), which give it sufficient influence in decisions over the exploration for and/or extraction of the Natural Resources;

(2) establish to the Exchange's satisfaction that it has at least a portfolio of:-

(a) Indicated Resources; or

(b) Contingent Resources,

identifiable under a Reporting Standard and substantiated in a Competent Person's Report. This portfolio must be meaningful and of sufficient substance to justify a listing;

(3) if it has commenced production, provide an estimate of cash operating costs including the costs associated with:-

(a) workforce employment;

(b) consumables;

(c) fuel, electricity, water and other services;

(d) on and off-site administration;

(e) environmental protection and monitoring;

(f) transportation of workforce;

(g) product marketing and transport;

(h) non-income taxes, royalties and other governmental charges; and

(i) contingency allowances;

Note: A Mineral Company must:

- set out the components of cash operating costs separately by category;
- explain the reason for any departure from the list of items to be included under cash operating costs; and
- discuss any material cost items that should be highlighted to investors.

(4) demonstrate to the Exchange's satisfaction that it has available working capital for 125% of the group's present requirements, that is for at least the next 12 months, which must include:-

- (a) general, administrative and operating costs;
- (b) property holding costs; and
- (c) the cost of any proposed exploration and/or development; and

Note: Capital expenditures do not need to be included in working capital requirements. Where they are financed out of borrowings, relevant interest and loan repayments must be included.

(5) ensure that its working capital statement in the listing document under Listing Rule 8.21A states it has available sufficient working capital for 125% of the group's present requirements, that is for at least 12 months from the date of its listing document.

18.04 If a Mineral Company is unable to satisfy either the profit test in rule 8.05(1), the market capitalisation/revenue/cash flow test in rule 8.05(2), or the market capitalisation/revenue test in rule 8.05(3), it may still apply to be listed if it can establish to the Exchange's satisfaction that its directors and senior managers, taken together, have sufficient experience relevant to the exploration and/or extraction activity that the Mineral Company is pursuing. Individuals relied on must have a minimum of five years relevant industry experience. Details of the relevant experience must be disclosed in the listing document of the new applicant.

Note: A Mineral Company relying on this rule must demonstrate that its primary activity is the exploration for and/or extraction of Natural Resources.

CONTENTS OF LISTING DOCUMENTS FOR NEW APPLICANTS

18.05 In addition to the information set out in Appendix 1A, a Mineral Company must include in its listing document:-

- (1) a Competent Person's Report;
- (2) a statement that no material changes have occurred since the effective date of the Competent Person's Report. Where there are material changes, these must be prominently disclosed;
- (3) the nature and extent of its prospecting, exploration, exploitation, land use and mining rights and a description of the properties to which those rights attach, including the duration and other principal terms and conditions of the concessions and any necessary licences and consents. Details of material rights to be obtained must also be disclosed;

- (4) a statement of any legal claims or proceedings that may have an influence on its rights to explore or mine;
- (5) disclosure of specific risks and general risks. Companies should have regard to Guidance Note 7 on suggested risk analysis; and
- (6) if relevant and material to the Mineral Company's business operations, information on the following:-
 - (a) project risks arising from environmental, social, and health and safety issues;
 - (b) any non-governmental organisation impact on sustainability of mineral and/or exploration projects;
 - (c) compliance with host country laws, regulations and permits, and payments made to host country governments in respect of tax, royalties and other significant payments on a country by country basis;
 - (d) sufficient funding plans for remediation, rehabilitation and, closure and removal of facilities in a sustainable manner;
 - (e) environmental liabilities of its projects or properties;
 - (f) its historical experience of dealing with host country laws and practices, including management of differences between national and local practice;
 - (g) its historical experience of dealing with concerns of local governments and communities on the sites of its mines, exploration properties, and relevant management arrangements; and
 - (h) any claims that may exist over the land on which exploration or mining activity is being carried out, including any ancestral or native claims.

Additional disclosure requirements that apply to certain new applicant Mineral Companies

- 18.06 If a Mineral Company has begun production, it must disclose an estimate of the operating cash cost per appropriate unit for the minerals and/or Petroleum produced.
- 18.07 If a Mineral Company has not yet begun production, it must disclose its plans to proceed to production with indicative dates and costs. These plans must be supported by at least a Scoping Study, substantiated by the opinion of a Competent Person. If exploration rights or rights to extract Resources and/or Reserves have not yet been obtained, relevant risks to obtaining these rights must be prominently disclosed.
- 18.08 If a Mineral Company is involved in the exploration for or extraction of Resources, it must prominently disclose to investors that its Resources may not ultimately be extracted at a profit.

RELEVANT NOTIFIABLE TRANSACTIONS INVOLVING THE ACQUISITION OR DISPOSAL OF MINERAL OR PETROLEUM ASSETS

18.09 A Mineral Company proposing to acquire or dispose of assets which are solely or mainly Mineral or Petroleum Assets as part of a Relevant Notifiable Transaction must:-

- (1) comply with Chapter 14 and Chapter 14A, if relevant;
- (2) produce a Competent Person's Report, which must form part of the relevant circular, on the Resources and/or Reserves being acquired or disposed of as part of the Relevant Notifiable Transaction;

Note: The Exchange may dispense with the requirement for a Competent Person's Report on disposals where shareholders have sufficient information on the assets being disposed of.

- (3) in the case of a major (or above) acquisition, produce a Valuation Report, which must form part of the relevant circular, on the Mineral or Petroleum Assets being acquired as part of the Relevant Notifiable Transaction; and
- (4) comply with the requirements of rules 18.05(2) to 18.05(6) in respect of the assets being acquired.

Note: Material liabilities that remain with the issuer on a disposal must also be discussed.

Requirements that apply to listed issuers

18.10 A listed issuer proposing to acquire assets which are solely or mainly Mineral or Petroleum Assets as part of a Relevant Notifiable Transaction must comply with rule 18.09.

18.11 On completion of a Relevant Notifiable Transaction involving the acquisition of Mineral or Petroleum Assets, unless the Exchange decides otherwise, a listed issuer will be treated as a Mineral Company.

Requirements that apply to Mineral Companies and listed issuers

18.12 The Exchange may dispense with the requirement to produce a new Competent Person's Report or a Valuation Report under rules 18.05(1), 18.09(2) or 18.09(3), if the issuer has available a previously published Competent Person's Report or Valuation Report (or equivalent) which complies with rules 18.18 to 18.34 (where applicable), provided the report is no more than six months old. The issuer must provide this document and a no material change statement in the listing document or circular for the Relevant Notifiable Transaction.

18.13 An issuer must obtain the prior written consent of a Competent Person(s) or Competent Evaluator for their material to be included in the form and context in which it appears in a listing document or circular for the Relevant Notifiable Transaction, whether or not such person or firm is retained by the listing applicant or the issuer.

CONTINUING OBLIGATIONS

Disclosure in reports

- 18.14 A Mineral Company must include in its interim (half-yearly) and annual reports details of its exploration, development and mining production activities and a summary of expenditure incurred on these activities during the period under review. If there has been no exploration, development or production activity, that fact must be stated.

Publication of Resources and Reserves

- 18.15 A listed issuer that publicly discloses details of Resources and/or Reserves must give an update of those Resources and/or Reserves once a year in its annual report, in accordance with the reporting standard under which they were previously disclosed or a Reporting Standard.
- 18.16 A Mineral Company must include an update of its Resources and/or Reserves in its annual report in accordance with the Reporting Standard under which they were previously disclosed.
- 18.17 Annual updates of Resources and/or Reserves must comply with rule 18.18.

Note: Annual updates are not required to be supported by a Competent Person's Report and may take the form of a no material change statement.

STATEMENTS ON RESOURCES AND/OR RESERVES

Presentation of data

- 18.18 Any data presented on Resources and/or Reserves by a Mineral Company in a listing document, Competent Person's Report, Valuation Report or annual report, must be presented in tables in a manner readily understandable to a non-technical person. All assumptions must be clearly disclosed and statements should include an estimate of volume, tonnage and grades.

Basis of evidence

- 18.19 All statements referring to Resources and/or Reserves:-
- (1) in any new applicant listing document or circular relating to a Relevant Notifiable Transaction, must be substantiated in a Competent Person's Report which must form part of the document; and
 - (2) in all other cases, must at least be substantiated by the issuer's internal experts.

Petroleum Competent Persons' Reports

- 18.20 A Competent Person's Report for Mineral Companies involved in the exploration for and/or extraction of Petroleum Resources and Reserves must include the information set out in Appendix 25.

Competent Person

18.21 A Competent Person must:-

- (1) have a minimum of five years experience relevant to the style of mineralization and type of deposit under consideration or to the type of Petroleum exploration, reserve estimate (as appropriate), and to the activity which the Mineral Company is undertaking;
- (2) be professionally qualified, and be a member in good standing of a relevant Recognised Professional Organisation, in a jurisdiction where, in the Exchange's opinion, the statutory securities regulator has satisfactory arrangements (either by way of the IOSCO Multilateral MOU or other bi-lateral agreement acceptable to the Exchange) with the Securities and Futures Commission of Hong Kong for mutual assistance and exchange of information for enforcing and securing compliance with the laws and regulations of that jurisdiction and Hong Kong; and
- (3) take overall responsibility for the Competent Person's Report.

18.22 A Competent Person must be independent of the issuer, its directors, senior management and advisers. Specifically the Competent Person retained must:-

- (1) have no economic or beneficial interest (present or contingent) in any of the assets being reported on;
- (2) not be remunerated with a fee dependent on the findings of the Competent Person's Report;
- (3) in the case of an individual, not be an officer, employee or proposed officer of the issuer or any group, holding or associated company of the issuer; and
- (4) in the case of a firm, not be a group, holding or associated company of the issuer. Any of the firm's partners or officers must not be officers or proposed officers of any group, holding or associated company of the issuer.

Additional requirements of Competent Evaluators

18.23 In addition to the requirements set out in rules 18.21(2) and 18.22, a Competent Evaluator must:-

- (1) have at least ten years relevant and recent general mining or Petroleum experience (as appropriate);
- (2) have at least five years relevant and recent experience in the assessment and/or valuation of Mineral or Petroleum Assets or securities (as appropriate); and
- (3) hold all necessary licences.

Note: A Competent Person's Report or Valuation Report may be performed by the same Competent Person provided he or she is also a Competent Evaluator.

Scope of Competent Persons' Reports and Valuation Reports

18.24 A Competent Person's Report or Valuation Report must comply with a Reporting Standard as modified by this Chapter, and must:-

- (1) be addressed to the Mineral Company or listed issuer;
- (2) have an effective date (being the date when the contents of the Competent Person's Report or Valuation Report are valid) less than six months before the date of publishing the listing document or circular relating to a Relevant Notifiable Transaction required under the Listing Rules; and
- (3) set out what Reporting Standard has been used in preparing the Competent Person's Report or Valuation Report, and explain any departure from the relevant Reporting Standard.

Disclaimers and Indemnities

18.25 A Competent Person's Report or Valuation Report may contain disclaimers of sections or topics outside their scope of expertise in which the Competent Person or Competent Evaluator relied upon other experts' opinions, but must not contain any disclaimers of the report in its entirety.

18.26 The Competent Person or Competent Evaluator must prominently disclose in the Competent Person's Report or Valuation Report the nature and details of all indemnities provided by the issuer. Indemnities for reliance placed on information provided by issuers and third party experts (for information outside the Competent Person's or Competent Evaluator's expertise) are generally acceptable. Indemnities for fraud and gross negligence are generally unacceptable.

Obligations of sponsor

18.27 Any sponsor appointed to or by a new applicant Mineral Company under Chapter 3A must ensure that any Competent Person or Competent Evaluator meets the requirements of this Chapter.

REPORTING STANDARD

Mineral reporting standard

18.28 In addition to satisfying the requirements of Chapter 13 (as modified by this Chapter), a Mineral Company exploring for and/or extracting mineral Resources and Reserves must also satisfy rules 18.29 and 18.30.

18.29 A Mineral Company must disclose information on mineral Resources, Reserves and/or exploration results either:-

- (1) under:
 - (a) the JORC Code;

- (b) NI 43-101; or
 - (c) the SAMREC Code,
- as modified by this Chapter; or

- (2) under other codes acceptable to the Exchange as communicated to the market from time to time, provided the Exchange is satisfied that they give a comparable standard of disclosure and sufficient assessment of the underlying assets.

Note: The Exchange may allow presentation of Reserves under other reporting standards provided reconciliation to a Reporting Standard is provided. A Reporting Standard applied to specific assets must be used consistently.

18.30 A Mineral Company must ensure that:-

- (1) any estimates of mineral Reserves disclosed are supported, at a minimum, by a Pre-feasibility Study;
- (2) estimates of mineral Reserves and mineral Resources are disclosed separately;
- (3) Indicated Resources and Measured Resources are only included in economic analyses if the basis on which they are considered to be economically extractable is explained and they are appropriately discounted for the probabilities of their conversion to mineral Reserves. All assumptions must be clearly disclosed. Valuations for Inferred Resources are not permitted;
- (4) for commodity prices used in Pre-feasibility Studies, Feasibility Studies and valuations of Indicated Resources, Measured Resources and Reserves:-
 - (a) the methods to determine those commodity prices, all material assumptions and the basis on which those prices represent reasonable views of future prices are explained clearly; and
 - (b) if a contract for future prices of mineral Reserves exists, the contract price is used; and
- (5) for forecast valuations of Reserves and profit forecasts, sensitivity analyses to higher and lower prices are supplied. All assumptions must be clearly disclosed.

Petroleum reporting standard

18.31 In addition to satisfying the requirements of Chapter 13 (as modified by this Chapter), a Mineral Company exploring for and/or extracting Petroleum Resources and Reserves must also satisfy rules 18.32 and 18.33.

18.32 A Mineral Company must disclose information on Petroleum Resources and Reserves either:-

- (1) under PRMS as modified by this Chapter; or

- (2) under other codes acceptable to the Exchange if it is satisfied that they give a comparable standard of disclosure and sufficient assessment of the underlying assets.

Note: A Reporting Standard applied to specific assets must be used consistently.

18.33 A Mineral Company must ensure that:-

- (1) where estimates of Reserves are disclosed, the method and reason for choice of estimation are disclosed (i.e. deterministic or probabilistic methods, as defined in PRMS). Where the probabilistic method is used, the underlying confidence levels applied must be stated;
- (2) if the NPVs attributable to Proved Reserves and Proved plus Probable Reserves are disclosed, they are presented on a post-tax basis at varying discount rates (including a reflection of the weighted average cost of capital or minimum acceptable rate of return that applies to the entity at the time of evaluation) or a fixed discount rate of 10%;
- (3) Proved Reserves and Proved plus Probable Reserves are analysed separately and principal assumptions (including prices, costs, exchange rates and effective date) and the basis of the methodology are clearly stated;
- (4) if the NPVs attributable to Reserves are disclosed, they are presented using a forecast price as a base case or using a constant price as a base case. The bases for the forecast case must be disclosed. The constant price is defined as the unweighted arithmetic average of the closing price on the first day of each month within the 12 months before the end of the reporting period, unless prices are defined by contractual arrangements. The basis on which the forecast price is considered reasonable must be disclosed and Mineral Companies must comply with rule 18.30(5);

Note: In the forecast case under PRMS, the economic evaluation underlying the investment decision is based on the entity's reasonable forecast of future conditions, including costs and prices, which will exist during the life of the project.

- (5) if estimated volumes of Contingent Resources or Prospective Resources are disclosed, relevant risk factors are clearly stated;

Note: Under PRMS, wherever the volume of a Contingent Resource is stated, risk is expressed as the chance that the accumulation will be commercially developed and graduate to the reserves class. Wherever the volume of a Prospective Resource is stated, risk is expressed as the chance that a potential accumulation will result in a significant discovery of Petroleum.

- (6) economic values are not attached to Possible Reserves, Contingent Resources or Prospective Resources; and
- (7) where an estimate of future net revenue is disclosed, whether calculated without discount or using a discount rate, it is prominently disclosed that the estimated values disclosed do not represent fair market value.

Mineral or Petroleum Asset Valuation Reports

18.34 A Mineral Company must ensure that:-

- (1) any valuation of its Mineral or Petroleum Assets is prepared under the VALMIN Code, SAMVAL Code, CIMVAL or such other code approved by the Exchange from time to time;
- (2) the Competent Evaluator states clearly the basis of valuation, relevant assumptions and the reason why a particular method of valuation is considered most appropriate, having regard to the nature of the valuation and the development status of the Mineral or Petroleum Asset;
- (3) if more than one valuation method is used and different valuations result, the Competent Evaluator comments on how the valuations compare and on the reason for selecting the value adopted; and
- (4) in preparing any valuation a Competent Evaluator meets the requirements set out in rule 18.23.

The Stock Exchange of Hong Kong Limited

Guidance Note 7

to the Rules Governing the Listing of Securities
(the “Exchange Listing Rules”)

Issued under rule 1.06 of the Exchange Listing Rules

SUGGESTED RISK ASSESSMENT FOR MINERAL COMPANIES

Risk Assessment

Although other jurisdictions do not have a specific risk factor requirement, a listing of significant risk factors provides investors with a summary of significant risks to the company and its properties. A risk factor section is often included in reports filed in jurisdictions without a specific requirement for their inclusion. This can be particularly important for investors looking to invest in the mineral resource sector.

In their technical reports, most consulting firms include risk analysis tables that address common areas of risk along with an assessment of the degree of risk for the particular project. These assessments are necessarily subjective and qualitative. Risk has been classified from minor to major, which can be further clarified as:

- **Major Risk:** the factor poses an immediate danger of a failure, which if uncorrected, will have a material effect (>15% to 20%) on the project cash flow and performance and could potentially lead to project failure.
- **Moderate Risk:** the factor, if uncorrected, could have a significant effect (10% to 15% or 20%) on the project cash flow and performance unless mitigated by some corrective action.
- **Minor Risk:** the factor, if uncorrected, will have little or no effect (<10%) on project cash flow and performance.

The likelihood of a risk must also be considered. Likelihood within a 7-year time frame can be considered as:

- Likely: will probably occur
- Possible: may occur
- Unlikely: unlikely to occur

The degree or consequence of a risk and its likelihood are combined into an overall risk assessment as presented in Table 1.1.

Table 1.1			
Overall Risk Assessment			
Likelihood of Risk (within 7 years)	Consequence of Risk		
	Minor	Moderate	Major
<u>Likely</u>	<u>Medium</u>	<u>High</u>	<u>High</u>
<u>Possible</u>	<u>Low</u>	<u>Medium</u>	<u>High</u>
<u>Unlikely</u>	<u>Low</u>	<u>Low</u>	<u>Medium</u>

Table 1.2 presents an example of a risk assessment for a coal project and shows how the likelihood and consequences of a risk are combined into an overall rating. Note that the detailed items considered are project specific.

Table 1.2			
Project Risk Assessment Table Before Mitigation			
Hazard/Risk Issue	Likelihood	Consequence Rating	Risk
<u>Geological</u>			
<u>Lack of Significant Resource</u>	<u>Unlikely</u>	<u>Minor</u>	<u>Low</u>
<u>Loss of Significant Reserve</u>	<u>Possible</u>	<u>Major</u>	<u>High</u>
<u>Significant Unexpected Faulting</u>	<u>Likely</u>	<u>Major</u>	<u>High</u>
<u>Significant Subsidence</u>	<u>Possible</u>	<u>Moderate</u>	<u>Medium</u>
<u>Poor Geological Roof</u>	<u>Likely</u>	<u>Moderate</u>	<u>Medium</u>
<u>Unexpected Groundwater Ingress</u>	<u>Possible</u>	<u>Moderate</u>	<u>Medium</u>
<u>Unexpected Seam Gas Outburst</u>	<u>Unlikely</u>	<u>Moderate</u>	<u>Low</u>
<u>Mining</u>			
<u>Significant Production Shortfalls</u>	<u>Possible</u>	<u>Major</u>	<u>High</u>
<u>Production Pumping System Adequacy</u>	<u>Unlikely</u>	<u>Major</u>	<u>Medium</u>
<u>Adverse Pre-Mining Stress</u>	<u>Possible</u>	<u>Moderate</u>	<u>Medium</u>
<u>Excessive Gas</u>	<u>Possible</u>	<u>Moderate</u>	<u>Medium</u>
<u>Spontaneous Combustion</u>	<u>Unlikely</u>	<u>Major</u>	<u>Medium</u>
<u>Significant Geological Structures</u>	<u>Likely</u>	<u>Moderate</u>	<u>High</u>
<u>Poor Development Roof/Rib Conditions</u>	<u>Possible</u>	<u>Minor</u>	<u>Low</u>
<u>Poor Development Floor Conditions</u>	<u>Unlikely</u>	<u>Moderate</u>	<u>Low</u>
<u>Poor Production Roof</u>	<u>Unlikely</u>	<u>Major</u>	<u>Medium</u>
<u>Excess Surface Subsidence</u>	<u>Possible</u>	<u>Major</u>	<u>High</u>
<u>Outbursts</u>	<u>Unlikely</u>	<u>Major</u>	<u>Medium</u>
<u>Windblasts</u>	<u>Unlikely</u>	<u>Moderate</u>	<u>Low</u>
<u>Processing/Handling</u>			
<u>Lower Yields</u>	<u>Possible</u>	<u>Minor</u>	<u>Low</u>
<u>Lower Plant Production Levels</u>	<u>Possible</u>	<u>Moderate</u>	<u>Medium</u>
<u>Higher Plant Production Costs</u>	<u>Possible</u>	<u>Moderate</u>	<u>Medium</u>

<u>Plant Reliability Handling System</u>	<u>Possible Unlikely</u>	<u>Moderate Moderate</u>	<u>Medium Low</u>
<u>Environmental</u>			
<u>Water Discharge Non-Compliance Significant Unpredicted Subsidence</u>	<u>Possible Possible</u>	<u>Minor Moderate</u>	<u>Low Medium</u>
<u>Regulatory Consent/Variation Delays</u>	<u>Possible</u>	<u>Minor</u>	<u>Low</u>
<u>Capital and Operating Costs</u>			
<u>Project Timing Delays</u>	<u>Possible</u>	<u>Moderate</u>	<u>Medium</u>
<u>Mine Management – Plan</u>	<u>Unlikely</u>	<u>Minor</u>	<u>Low</u>
<u>Capital Cost Increases – Start-Up</u>	<u>Possible</u>	<u>Moderate</u>	<u>Medium</u>
<u>Capital Costs – Ongoing</u>	<u>Unlikely</u>	<u>Minor</u>	<u>Low</u>
<u>Operating Costs Underestimated</u>	<u>Possible</u>	<u>Moderate</u>	<u>Medium</u>
<u>Project Implementation</u>			
<u>Critical Path Delays</u>	<u>Possible</u>	<u>Moderate</u>	<u>Medium</u>

There are five high risk areas identified in Table 1.2. While this approach is necessarily subjective and a number of issues are related, the areas with high risk rating may be summarized as follows:

- loss of significant reserve,
- significant production shortfalls,
- significant unexpected faulting,
- significant geological structures, and
- excess surface subsidence.

The areas of high risk, ranked by their importance, should be an important part of technical and valuation reports. Although general areas such as geology, reserve estimation, production, processing, financial issues, social and environmental issues, etc. are common major topics in risk assessments, the specific risks appropriate to each property and each company will differ from property to property and company to company. For a particular property or company, the number and order of risk factors will vary from year to year. In periods of low commodity prices, a risk factor relating to commodity prices will be far more important than during periods when commodity prices are high. Availability of needed equipment (drill rigs, trucks, shovels, etc.) also varies from year to year. The issuer is responsible for ensuring that appropriate risk factor disclosures are made.

Appendix 25

CONTENT OF A COMPETENT PERSON'S REPORT FOR PETROLEUM RESERVES AND RESOURCES

(See rule 18.20)

The Competent Person's Report for Petroleum Reserves and Resources must include the following:-

1. (1) Table of contents
- (2) Executive summary
- (3) Introduction:-
 - (a) the Competent Person's terms of reference;
 - (b) a statement by the Competent Person confirming his details including his full name, address, professional qualifications, expertise, years of experience, professional society affiliations, and membership details of a relevant Recognised Professional Organisation;
 - (c) a statement by the Competent Person that he is independent of the Mineral Company, its directors, senior management, and advisers, in compliance with Main Board Listing Rule 18.22.
 - (d) a description of the nature and source of any information used in the preparation of the Competent Person's Report including any limitations on the availability of information;
 - (e) details of any information used in the preparation of the Competent Person's Report that was provided by the Mineral Company;
 - (f) a statement that the Resources and Reserves have been substantiated by evidence (from a site visit, if appropriate) that:-
 - (i) is supported by analyses; and
 - (ii) takes account of information supplied to the Competent Person;
 - (g) if a site visit has been undertaken, when the site visit was undertaken and by whom;
 - (h) if a site visit has not been undertaken, a satisfactory reason as to why not;

Note: It is for the Competent Person to determine whether or not a site visit is necessary.

 - (i) the effective date of the estimates;

- (j) the effective date of the Competent Person's Report;
- (k) the Reporting Standard used in the Competent Person's Report, and an explanation of any departure from the relevant Reporting Standard;
- (l) abbreviated definitions of the categories of Reserves and Resources used in the Competent Person's Report.

(4) Summary of Assets:-

- (a) a description or table of assets held by the Mineral Company including:-
 - (i) the percentage ownership by the Mineral Company; and
 - (ii) the gross and net acreage of the assets;
- (b) a summary of gross and net:-
 - (i) Proved Reserves; and
 - (ii) Proved Reserves plus Probable Reserves,
(net of any revenue interest and/or entitlement interests, as appropriate) as of [date];
- (c) gross (100% of field) production profiles for:-
 - (i) Proved Reserves; and
 - (ii) Proved Reserves plus Probable Reserves (optional),
(listed separately)
- (d) a summary of any upside in respect of Possible Reserves, Contingent Resources, and Prospective Resources (optional);
- (e) a summary of net present values ("NPVs") attributable to:-
 - (i) Proved Reserves; and
 - (ii) Proved Reserves plus Probable Reserves;
including any caveats. This disclosure is optional.

Note: Volumetric or monetary results of differing classes of Reserves and Resources with other classes must not be combined. Prospective Resources must not be summed (either to each other or to other classes).

(5) Discussion:-

- (a) general description of the region's petroleum history;
- (b) details of the regional and basin generalized geology and evident petroleum system;

(6) Field(s), licence(s) and asset(s):-

- (a) For each field, licence and asset (or a number of fields, licences, and assets), reporting shall be divided into four explicitly different sections:-

- (i) Reserves;
- (ii) Contingent Resources;
- (iii) Prospective Resources; and
- (iv) other assets material to the Mineral Company;

Note: Examples of other assets material to a Mineral Company are: a pipeline which is not part of the producing assets facilities, an evacuation pipeline, or a petrochemical plant.

- (b) For each of 6(a)(i), (ii) and (iii) the following information must be provided, as applicable:-

- (i) the nature and extent of any rights to explore and extract hydrocarbons and a description of the properties to which those rights attach, including the duration and other principal terms and conditions of the concessions and any necessary licences and consents and the responsibility for any rehabilitation and/or abandonment costs;
- (ii) a description of geological characteristics including a stratigraphic column;
- (iii) the characteristics of the reservoir (including thickness, porosity, permeability, pressure, and any recovery mechanism), or that judged to be expected in the case of Prospective Resources;
- (iv) details of any exploration drilling including the depth of zone tested, rock formation encountered, and any liquids and/or gases encountered and/or recovered;
- (v) the date production commenced;
- (vi) details of any developments;
- (vii) details of any commercial risks for any Contingent Resources;

(viii) details of any geological risk assessment for any Prospective Resources;

(ix) the methods employed for exploration and/or extraction;

(x) plans and maps for each field demonstrating any geological characteristics, platforms, pipelines, wells, bore holes, sample pits, trenches and similar characteristics;

(xi) discussion on the field development plan;

(xii) comments on plant and machinery including suitability and expected life capability in terms of rates, conditions, and costs of maintaining;

(xiii) production schedules and the basis for any estimations;

(xiv) comments on any production forecasts made by the Mineral Company; and

(xv) a statement of:-

(A) Proved Reserves;

(B) Proved Reserves plus Probable Reserves;

(C) Possible Reserves; (optional)

including the method of estimation and the expected recovery factor;

Note: Information on Possible Reserves must be stated separately and not combined with information on any other Reserves. A clear statement must be provided that any Possible Reserves are entirely excluded from any asset valuation or statement of Reserves.

(7) Business:-

(a) the general nature of the business of the Mineral Company, distinguishing between different activities which are material to the business having regard to the profits or losses, assets employed and any factors affecting the importance of the activity;

(b) a statement about the Mineral Company's long term prospects;

(c) an assessment of the technical staff employed by the Mineral Company;

(d) any other factors that might affect value perceptions;

Note: Examples of other factors that might affect value perceptions are transportation difficulties and marketing.

(8) Economic evaluation:-

If a Mineral Company provides an economic evaluation based on Discounted Cash Flow analyses, the following additional requirements should be complied with:-

- (a) separate NPVs must be calculated for:-
 - (i) Proved Reserves; and
 - (ii) Proved Reserves plus Probable Reserves; (optional)
- (b) the oil prices or gas prices used in forecast cases and constant cases must be clearly stated, including any discounts or premiums of quality, transportation, or logistics, if applicable;
- (c) a summary of the fiscal terms under which the licence(s) or permit(s) are held must be stated;
- (d) varying discount rates (including the weighted average cost of capital or the minimum acceptable rate of return that applies to the Mineral Company when the evaluation is made) or a fixed discount rate of 10% must be applied;
- (e) if the NPVs attributable to Reserves are disclosed, they are presented using a forecast price as a base case or using a constant price as a base case. Under the base case:-
 - (i) any assumptions made by the Competent Person must be stated including:-
 - (A) the cost inflation rate;
 - (B) if applicable, the exchange rate;
 - (C) the effective date; and
 - (D) any salient fiscal terms and assumptions;
- (f) a table of NPV results for the Mineral Company's net economic interests must be included, which must not combine volumes or monetary conclusions for different categories;
- (g) sensitivity analyses for oil and gas prices, must be included, if appropriate, clearly stating the parameters chosen;
- (h) separate economic evaluation of plant and machinery must be included if not used in the extraction of Reserves;

Note: Pipelines are an example of plant and machinery not used in the extraction of Reserves.

(9) Social and Environmental:-

Discussion on any social and/or environmental issues, which are relevant to the exploration or exploitation of the hydrocarbons must be included, if material.

Note: Examples of social and environmental issues include difficulties of access, difficulties in laying pipelines, and special environmental concerns such as fishing grounds.

(10) Basis of opinion:-

(a) a statement that the Competent Person's Report has been prepared within the context of the Competent Person's understanding of the effects of petroleum legislation, taxation, and other regulations, that currently apply to assets;

(b) a statement that the Competent Person is in a position to attest to the rights of the Mineral Company to explore, mine, or explore and mine, the relevant Resources and Reserves;

(c) a statement that the Competent Person's Report is, and must remain, an independent opinion despite certain information used in the preparation of the Competent Person's Report having been given to it by the Mineral Company;

(11) 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.

Chapter 8
EQUITY SECURITIES
QUALIFICATIONS FOR LISTING

Preliminary

8.01 This Chapter sets out the basic conditions which have to be met as a pre-requisite to the listing of equity securities. They apply to every method of listing and to both new applicants and listed issuers (including listed issuers that are treated as new applicants under other applicable provisions of the Exchange Listing Rules) except where otherwise stated.

Further conditions which have to be met by infrastructure companies, mineral companies, overseas issuers, PRC issuers and depositary receipt issuers are set out in rules 8.05B(2), ~~18.02~~, ~~18.03~~ and Chapters **18**, 19, 19A and 19B. For a transfer of listing from GEM, the requirements of this Chapter are applied with modifications as set out in the rules and regulations under Chapter 9A for that purpose. Issuers are reminded:—

- (1) that these requirements are not exhaustive and that the Exchange may impose additional requirements in a particular case; and
- (2) that the Exchange retains an absolute discretion to accept or reject applications for listing (including application for transfer of listing from GEM to the Main Board) and that compliance with the relevant conditions may not of itself ensure an applicant's suitability for listing.

Prospective issuers, and in particular new applicants, are therefore encouraged to contact the Exchange to seek informal and confidential guidance as to the eligibility of a proposed issue for listing at the earliest possible opportunity.

...

8.05A In the case of the market capitalisation/revenue test, the Exchange will accept a shorter trading record period under substantially the same management as required under rule 8.05(3) (a) and (b) if the new applicant is able to demonstrate to the satisfaction of the Exchange the following:

- (1) the directors and management of the new applicant have sufficient and satisfactory experience of at least three years in the line of business and industry of the new applicant. Details of such experience must be disclosed in the listing document of the new applicant; and
- (2) management continuity for the most recent audited financial year.

Note: Mineral Companies relying on this provision must comply with the more onerous requirements of Listing Rule 18.04.

...

8.15 Without prejudice to the specific requirements for management experience under rules 8.05A, 8.05B(2) and ~~18.03~~ **18.04**, the persons proposed to hold office as directors of the issuer must meet the requirements of Chapter 3 to the satisfaction of the Exchange.

...

8.21A (1) A new applicant must include a working capital statement in the listing document. In making this statement the new applicant must be satisfied after due and careful enquiry that it and its subsidiary undertakings, if any, have available sufficient working capital for the group's present requirements, that is for at least the next 12 months from the date of publication of the listing document. The sponsor to the new applicant must also confirm to the Exchange in writing that:

- (a) it has obtained written confirmation from the new applicant that the working capital available to the group is sufficient for its present requirements, that is for at least the next 12 months from the date of publication of the listing document; and
- (b) it is satisfied that this confirmation has been given after due and careful enquiry by the new applicant and that the persons or institutions providing finance have stated in writing that the relevant financing facilities exist.

Note: This rule is modified for a new applicant Mineral Company which must comply with the requirements of Listing Rules 18.03(4) and 18.03(5).

...

9A.06 An applicant for transfer of listing under this chapter shall submit to the Exchange the following documents:

...

- (8) a written confirmation, together with relevant supporting information, to the Exchange that, for the next 12 months from the date of publication of the announcement under rule 9A.08:
 - (a) the working capital available for the group is sufficient for its present requirements, that is for at least the next 12 months from the date of publication of the announcement under rule 9A.08; and

Note: In the case of a Mineral Company, it has available working capital to meet 125% of the group's working capital needs for at least the next 12 months, under Listing Rules 18.03(4) and 18.03(5).

- (b) the issuer's financial advisers or auditors are satisfied that this confirmation has been given after due and careful enquiry and that persons or institutions providing finance have stated in writing that the relevant financing facilities exist.

Note: Supporting information for the purpose of rule 9A.06(8) typically includes cashflow forecast memoranda, profit forecasts and written statements from persons or institutions providing finance.

...

Chapter 14

Additional requirements for discloseable transactions

14.38 ~~In addition to the requirements for all transactions set out in rules 14.34 to 14.37, a listed issuer which has entered into a discloseable transaction falling within rule 18.07(1) must publish a further announcement in accordance with rule 2.07C within 21 days after publication of the announcement referred to in rule 14.34. The further announcement must contain the following information:~~

- ~~(1) — the information specified in rule 18.09; and~~
- ~~(2) — the information regarding the expert statement contained in the further announcement, which is specified in paragraph 5 of Appendix 1, Part B.~~

[Repealed 3 June 2010]

...

Major transaction circulars

14.66 A circular relating to a major transaction must contain the following:—

...

- (12) where the circular contains a statement as to the sufficiency of working capital, the Exchange will require a letter from the listed issuer's financial advisers or auditors confirming that:—
 - (a) the statement has been made by the directors after due and careful enquiry; and
 - (b) the persons or institutions providing finance have confirmed in writing that such facilities exist; ~~and~~
- (13) where applicable, the information required under rule 2.17, and
- (14) where applicable, the information required in Chapter 18.**

...

Chapter 18

EQUITY SECURITIES

MINERAL COMPANIES

Preliminary

~~18.01 — The following special requirements apply to issuers whose activities (whether directly or through a subsidiary company) include exploration for or production of natural resources consisting of substances such as metal ores, mineral concentrates, industrial minerals, mineral oils, natural gases or solid fuels, as well as companies engaged in mining, extraction of hydrocarbons, quarrying or similar activities. (References herein to the issuer are to the issuer and its subsidiaries, if any, taken together as a group.)~~

Qualifications for Listing

~~18.02 — An application for listing from a company whose current activities consist solely of exploration will not normally be considered, unless the issuer 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 issuer has exploration and exploitation rights;~~
- ~~(2) — an estimate of the capital cost of bringing the issuer into a productive position; and~~
- ~~(3) — an estimate of the time and working capital required to bring the issuer into a position to earn revenue.~~

~~18.03 — These qualifications for listing are in addition to the basic conditions for listing set out in Chapter 8. However, the requirements of rule 8.05 may not apply if the Exchange is satisfied that the directors and management of the issuer have sufficient and satisfactory experience of at least three years in mining and/or exploration activities. Details of such experience must be disclosed in the listing document of the issuer.~~

Technical Adviser

~~18.04 — An issuer whose activities include or are to include exploration for natural resources to a material degree must have available to it the technical advice of an independent person who has had appropriate experience in the type of exploration activity undertaken or proposed to be undertaken by the issuer.~~

Basis of Evidence

~~18.05 — A statement made in any listing document or circular as to the existence of natural resources must be substantiated by the professional adviser from his own knowledge and supported by details of drilling results, analysis or other evidence.~~

~~18.06 — If important evidence which must remain confidential for legal or other valid reasons has to be excluded from the listing document or circular, or the technical adviser's report included in them, the issuer must allow an independent consultant, mutually approved, to verify to the Exchange in confidence the importance of such evidence.~~

New Venture Listed Issuers

~~18.07 — Where a listed issuer proposes to explore for natural resources as an extension to or change from its existing activities, the information specified in rule 18.09, and in Chapter 14, where applicable, will be required to be included in a circular (or, in the case of a discloseable transaction falling within rule 18.07(1), published by way of an announcement in accordance with rule 2.07C) in either of the following circumstances:—~~

~~(1) — where the proposal involves a very substantial acquisition, a major transaction or a discloseable transaction as defined in Chapter 14; or~~

~~(2) — where the proposal involves a transaction which might be reasonably expected to result in either the diversion to exploration for natural resources of 10% or more of the consolidated total assets of the listed issuer or the contribution from such exploration of 10% or more to the consolidated pre-tax operating profits or consolidated revenue of the listed issuer as shown in its then latest published audited (consolidated) accounts. Any such transaction should be conditional on approval by the shareholders in general meeting.~~

~~18.08 — In assessing the extent of diversification or the amount of contribution to the pre-tax operating profits and revenue, account should be taken of any associated transactions or loans effected or intended and of any contingent liabilities or commitments. In case of doubt as to the application of the requirements, the Exchange should be consulted at the earliest opportunity.~~

Contents of Listing Documents of New Applicants and New Venture Listed Issuers

~~18.09 — In the case of a new applicant whose activities include to a material extent exploration for natural resources, or an issue of securities by a listed issuer for which this is a new venture the listing document or circular must contain the following information in addition to that set out in Appendix 1:—~~

~~(1) — the full name, address, any professional qualification and relevant experience of the person whose technical advice is available to the issuer in relation to its exploration activities. This may be included in the adviser's report specified in (6) below;~~

~~(2) — a statement of the interests of each promoter or technical adviser in the share capital of the issuer together with the amounts of the holdings in question;~~

- ~~(3) — the general nature of the business of the 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. If the activities of the issuer take place to a material extent outside Hong Kong, a statement of the geographical location of the activities;~~
- ~~(4) — the nature and extent of the 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. Where the issuer intends to carry out exploration for natural resources, a general description of the areas to be studied, the exploration techniques to be used and the technical staff to be employed should be given. A statement as to the issuer's rights, if any, over such areas and of the rights obtainable under existing legislation must be included;~~
- ~~(5) — in the case of proposed exploitation of mineral bodies, the nature and extent of the issuer'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. 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;~~
- ~~(6) — a report by the technical adviser to the issuer with respect to the estimated reserves and the evidence on which the estimate is based, stating his name, address, professional qualifications and relevant experience. The report (made up to a date not more than six months prior to the issue of the listing document or circular) must be dated and should include adequate information on the following:—~~
- ~~(a) — the number of holes drilled and their distribution;~~
 - ~~(b) — a statement describing very briefly the geological characteristics of the occurrence, the type of deposit, its dimensions and the grade of mineral; 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 recovery mechanism planned;~~
 - ~~(c) — 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;~~
 - ~~(d) — when the concession includes probable or possible reserves relevant to the long term future of the issuer this should be stated with a note on the type of evidence available. In isolated areas where no factual geological data has yet been obtained, possible reserves should be described by adjectives, not figures;~~

- ~~(e) — the nature of any geophysical and geological evidence used in making reserve estimates and the name of the organisation that did the work;~~
- ~~(f) — a statement on production policy; and~~
- ~~(g) — an indication of the progress of actual working;~~
- ~~(7) — a statement setting out additional information where it is necessary for a proper appraisal of any special factors affecting the exploration business of the issuer, for example, difficulties of access to, or in recovery of, minerals on properties where the issuer has exploitation rights, or special economic, environmental, political or other circumstances surrounding their exploitation which may affect the commercial viability of the project;~~
- ~~(8) — in addition to the statement as to the sufficiency of working capital which is required to be given by the directors:—~~
 - ~~(a) — an estimate of the requirements of the issuer for funds for at least two years following the issue of the listing document or circular;~~
 - ~~(b) — where the issuer already has income, or expects to receive income during the period covered by this statement, particulars of the estimated cash flow for at least the two years following the issue of the listing document or circular; and~~
 - ~~(c) — an estimate of the further finance required to enable the issuer to exploit its proven reserves and commence recoveries on a commercial scale, together with an estimate of the time needed to achieve this;~~
- ~~(9) — full particulars of the nature and extent of the interest, direct or indirect, if any, of every director, technical adviser or promoter named in the listing document or circular, in the promotion of, or in any assets which have been within the two years immediately preceding the issue of the listing document or circular acquired or disposed of by or leased to, the issuer or any of its subsidiaries including:—~~
 - ~~(a) — the consideration passing to and from the issuer or any of its subsidiaries; and~~
 - ~~(b) — short particulars of all transactions relating to any such assets which have taken place,~~

~~or an appropriate negative statement; and~~
- ~~(10) — a statement of any claims in relation to exploration rights made or notified either by third parties against the issuer or vice versa, in the absence of such claims, an appropriate negative statement.~~

Contents of Subsequent Listing Documents and Circulars of Listed Companies

~~18.10 — In the case of a listed issuer whose activities include to a material extent exploration for natural resources, any listing document or circular required pursuant to Chapter 7 or rules 14.38A, 14.41, 14.51 or 14.57 must contain the following items of information in addition to those set out in Appendix 1 and rules 14.63 to 14.70 (where applicable): —~~

- ~~(1) — a description of deposits, estimate of economically exploitable reserves and expected period of working;~~
- ~~(2) — an indication of the periods and main terms of concessions and the economic conditions for working them; and~~
- ~~(3) — indications of the progress of actual working. Where the information has been influenced by exceptional factors, that fact must be mentioned.~~

...

Appendix 1

Contents of Listing Documents

Part A

Equity Securities

In the case where listing is sought for equity securities of an issuer no part of whose share capital is already listed

....

Financial information about the group and the prospects of the group

...

36.

Note. In the case of a Mineral Company, a statement by the directors that in their opinion the issuer has available sufficient working capital for 125% of the group's present requirements.

Information about the issuer's management

...

41. (2) Where the issuer is to be listed under rule 8.05(3) and wishes to apply for a waiver of the trading record period requirement, or where the issuer is ~~a mineral company~~ or an infrastructure company and wishes to apply for a waiver of the profit or other financial standards requirement, the relevant management expertise and experience of such persons described in paragraph 41(1) of at least three years in the line of business and industry of the issuer.

...

41. (6) **Where the issuer is a Mineral Company and wishes to apply for a waiver of the profit or other financial standards requirements under rule 18.04, the relevant management expertise and experience of such persons described in paragraph 41(1) of at least five years relevant to the exploration and/or extraction activity that the Mineral Company is pursuing.**

Appendix 1

Contents of Listing Documents

Part E

Depository receipts

In the case where listing is sought for depository receipts of an issuer no part of whose share capital is already listed

....

Financial information about the group and the prospects of the group

...

36.

Note. In the case of a Mineral Company, a statement by the directors that in their opinion the issuer has available sufficient working capital for 125% of the group's present requirements.

Information about the issuer's management

...

41. (2) Where the issuer is to be listed under rule 8.05(3) and wishes to apply for a waiver of the trading record period requirement, or where the issuer is ~~a mineral company~~ an infrastructure company and wishes to apply for a waiver of the profit or other financial standards requirement, the relevant management expertise and experience of such persons described in paragraph 41(1) of at least three years in the line of business and industry of the issuer.

...

41. (6) **Where the issuer is a Mineral Company and wishes to apply for a waiver of the profit or other financial standards requirements under rule 18.04, the relevant management expertise and experience of such persons described in paragraph 41(1) of at least five years relevant to the exploration and/or extraction activity that the Mineral Company is pursuing.**