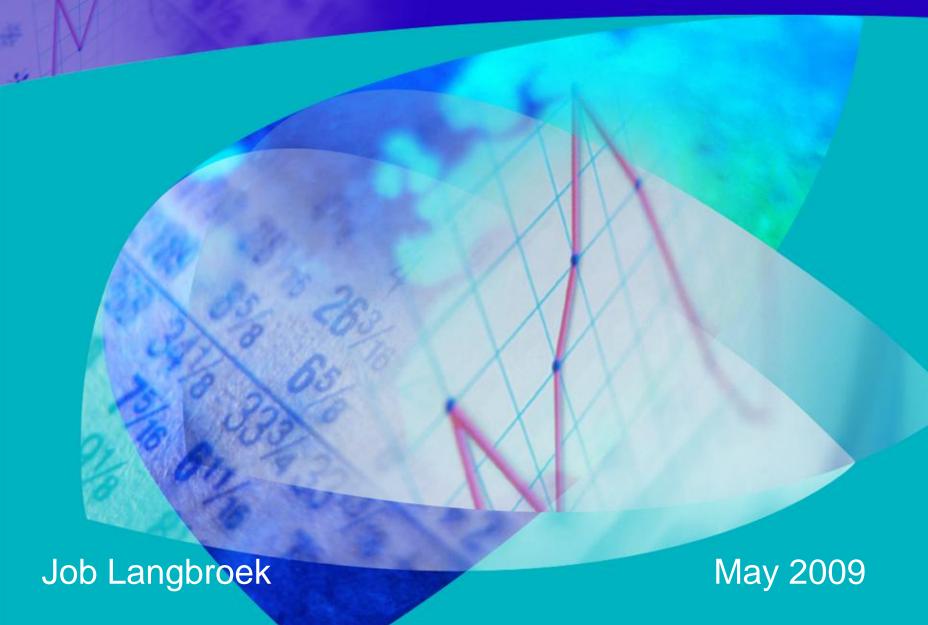
Market regulation for mineral companies





Over-riding regimes



- Listing rules
- Prospectus rules
 - CESR guidelines (Committee of European Securities Regulators)
- Aim Market rules

Full listing Rules – normal business



No specific additional information required for mineral companies

Full Listing rules - Class 1 Transaction



- If it is a class 1 transaction
 - Taken as >25% of turnover, profits, assets and reserves (special mineral company provision) with financial data based on most recent audited accounts
- a Competent Persons Report (CPR) is required.

However

 In the case of a 'disposal' this requirement can be modified if

Full listing rules - CPR Modification



 It can be demonstrated that such an exports report would not provide significant additional information to shareholders - (say in the case where delay would not allow a deal to complete)



 An issuer must include a Competent Persons report (CPR) if it has not been a mineral company for more than 3 years.

Prospectus Rules: Variation



 If a competent persons report is voluntarily included in a prospectus and it has not been prepared in accordance with the prescribed codes, consultation is required.



 The listing rules define a mineral experts report as a report prepared in accordance with the CESR guidance on this subject.

CESR says

 That the content of the report has to agree with local competent authority.
These are usually taken as...

Export Reports: Acceptable Mining codes



- Australian Joint Ore Reserves Committee
- Canadian Institute of Mining, Metallurgy & Petroleum
- UK Institute of Material. Minerals and Mining
- South African Mineral Committee
- US Society of Mining, Metallurgy & Exploration

Aim market rules



- Market geared towards smaller companies
- Seen as 'riskier'
- Very heavily regulated
- Heavy onus on NOMAD (Nominated advisor)
- CPR (Competent Person's report) is crucial part of regulation
- A CP (Qualified Person) should be a member in good standing of a recognised professional association
- A CP should have at least 5 years relevant experience
- The NOMAD polices the CPR

Aim Admission



- CPR within 6 months of admission
- If this differs from a CPR completed within last 12 months, such difference has to be explained
- There must be an appropriate 'summarisation'
- Directly extracted
- Summation and reference has to be reviewed by the CP
- Due diligence expected by NOMAD
- NOMAD usually makes a site visit
- Payments to regulatory bodies over £10k disclosed.



As a minimum it should have

- Executive Summary
- Table of contents
- Introduction
- Overview of region, location & Assets
- Reserves & resources (in accordance with the standard)
- Other assets
- Conclusions
- Qualifications
- Appendices



 Rule 11 standard obligation (notification of change to operations, company, assets that would, if known, lead to a substantial movement in the share price)

AIM - Rule 11 effects



- Changes to a resources and/or reserves need to have a Standard
- That Standard needs to be disclosed
- If the 'without delay' element of rule 11 means the Standard cannot be applied then
- The company must make sure any announcement is not misleading
- An update with the Standard applied must be made as soon as possible
- A glossary of terms must be included



- Drilling updates are required without delay.
- As a minimum they should include depth, interval & average grades
- A qualified person from the announcing company or an appointed advisor must review and 'sign off' resource update and mineral announcement
- The Nomad must review

Aim – Dual listed



AIM overrides

What does the average investor think/want?



- He is presented with too little or too much information
- In a subject that requires an understanding of physical and chemical processes
- Non specialist investor will look to advisors for hard criteria
- Non specialist investor will consider soft criteria:
 - Management
 - Track record
 - Style & quality of presentation
 - Record of advisors
 - Previous experience (mostly likely mostly bad)