

# Market regulation for mineral companies

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

- No specific additional information required for mineral companies

- 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

- 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.

- 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...



- 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

- 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

- 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)

- 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)