



London
Stock Exchange

NOTE FOR MINING AND OIL & GAS COMPANIES - JUNE 2009

AJM



AIM Note for Mining, Oil and Gas Companies

Contents

Introduction	1
Companies to which this Note applies	1
Part One - Admission to AIM	
Competent Person's Report (CPR)	2
Inclusion of a CPR	2
Competent Person (CP)	2
Scope of CPR	2
Admission document disclosure	2
Appropriate summarisation	2
Extraction of information	3
Review by Competent Person	3
Material assets of the applicant	3
Material contracts	3
Due diligence	3
Site visit	3
Payments	4
Risk factors	4
Lock-ins for new businesses	4
Part Two - Ongoing obligations	
Notifications	4
Use of a Standard	4
Drilling update	4
Review by qualified person	5
Review by nominated adviser	5
Nominated advisers	5
Dual-listed resource companies	5
Definitions used in this Note	6
Appendix 1 - SUMMARY TABLE OF ASSETS	8
Appendix 2 - CONTENT OF CPR	9
Appendix 3 - SUMMARY OF RESERVES AND RESOURCES	10

Introduction

This **Note** sets out specific requirements, rule interpretation and guidance relating to **resource companies**. It forms part of the **AIM Rules for Companies** (and comes within the definition of **Note** in those rules) and **AIM Rules for Nominated Advisers**.

For the avoidance of doubt, where an applicant is issuing a **Prospectus**, both the **Prospectus Rules** and the **AIM Rules for Companies** must be complied with.

If a **nominated adviser** believes that provisions set out in this **Note** are not applicable or appropriate to a particular **AIM company** e.g. if the requirements of the **AIM company's** home exchange conflict with this **Note**, they should contact the AIM Regulation team: aimregulation@londonstockexchange.com

Emboldened terms used in this **Note** shall have the meanings set out in the **AIM Rules for Companies** unless otherwise defined.

Companies to which this Note applies

This **Note** applies to **resource companies**, such as exploration, development and production companies but it does not apply to companies which purely invest in or provide consultancy, advice or other such services to **resource companies**.

Part One

Admission to AIM

Competent Person's Report (CPR)

Inclusion of a CPR

A **CPR** should be prepared on all material **assets** and **liabilities** of the **applicant** and reproduced, in full and without adjustment, in the **admission document**.

Where a **CPR** has been prepared on the **assets** and **liabilities** of the **applicant** within 12 months of the current **CPR**, an explanation as to why this was not used and its conclusions should be included in the **admission document**.

Competent Person (CP)

As a minimum, the **CP** should:

- be professionally qualified and a member in good standing of an appropriate recognised **professional association**;
- have at least five years *relevant* experience in the estimation, assessment and evaluation of the type of mineral or fluid deposit under consideration;
- be independent of the **applicant**, its **directors**, senior management and advisers;
- not be remunerated by way of a fee that is linked to the **admission** or value of the **applicant**; and
- not be a sole practitioner.

It is the **nominated adviser's** responsibility to ensure that the **CP** producing the **CPR** has the relevant and appropriate qualifications, experience and technical knowledge to professionally and independently appraise the **assets** and **liabilities** being reported upon and that the work performed by the **CP** will be subject to an internal review.

Scope of CPR

It is the **nominated adviser's** responsibility to ensure that the scope of the **CPR** is appropriate, given the **applicant's assets** and **liabilities**.

In addition and as a minimum, the **CPR** should be prepared no more than 6 months prior to the date of the **admission document**, be addressed to the **applicant** and the **nominated adviser** and should:

- include a summary table of assets set out in **Appendix 1**;
- include the disclosures set out in **Appendix 2**;
- include the relevant tables set out in **Appendix 3**;
- set out what **Standard** has been used in preparing the **CPR**;
- include an up to date no material change statement; and
- report on any existing **reserves** and **resources** statements, stating clearly what work was undertaken *or* include a derivation of any **reserve** or **resource** estimates.

Admission document disclosure

Appropriate summarisation

The 'front end' of the **admission document** (usually the section entitled 'Key Information' and/or 'Part I'), must provide a balanced view of all of the information contained within the rest of the **admission document** so as to not be misleading, e.g. due to the omission of information that is otherwise included in other sections of the **admission document**.

Extraction of information

Where information contained elsewhere in the **admission document** is extracted from the **CPR** it should be extracted directly and presented in a manner which is not misleading and provides a balanced view of the **CPR**. The location of such information in the **CPR** should also be set out next to such extraction. Where information is extracted from a third party source, a reference or attribution to such source should be set out next to such extraction.

Review by Competent Person

The **CP** should review the information contained elsewhere in the **admission document** which relates to information contained in the **CPR** and confirm in writing to the **applicant** and **nominated adviser** that the information presented is accurate, balanced and complete and not inconsistent with the **CPR**.

Material assets of the applicant

Material contracts

In relation to **resource companies**, the meaning of material contracts in paragraph 22 of **Annex I** (of the **Prospectus Rules**) should be deemed to include all material subsisting agreements which are included within, or which relate to, the **assets** and **liabilities** of the **applicant** (notwithstanding whether such agreements are (i) within the ordinary course or (ii) were entered into outside of the two years immediately preceding the publication of the **admission document**) and a summary of these agreements should be included in the **admission document**.

Due diligence

The **Exchange** expects that the **nominated adviser** will conduct full due diligence on the **applicant** and its **assets** prior to **admission** and where an **applicant's assets** exist outside of the United Kingdom, as well as performing usual due diligence, a formal opinion letter should be obtained from an appropriate legal adviser authorised to practice in the jurisdiction in which the **assets** are located and in the law under which they are governed. Such opinion should deal with matters including (i) issues of jurisdiction such as the proper incorporation and good standing of any incorporated subsidiary or interest and (ii) the title to or validity and enforceability of any **assets** (including for the avoidance of doubt licences and agreements), as is appropriate to the **applicant**.

The **Exchange** would usually expect that details of the adviser providing such opinion should be included in the advisers section of the **admission document**.

Site visit

The **Exchange** would generally expect that the **nominated adviser** should, as far as it is practical to do so, undertake a site visit and physical inspection of the **applicant's** physical **assets**, as part of its overall assessment of the suitability of the **applicant** for **admission**.

Where inspection of material mineral or petroleum assets or tenements are likely to reveal information or data that is material to a **CPR**, the **CP** should, at their discretion and as far as it is practical to do so, inspect the site.

Payments

The **admission document** should disclose any payments aggregating over £10,000 made to any government or regulatory authority or similar body made by the **applicant** or on behalf of it, with regard to the acquisition of, or maintenance of, its **assets**.

Risk factors

Risk factors should address both the specific and general risk factors affecting the **applicant**. Risk factors that are specific to the **applicant** should be set out ahead of any general risks applicable to the **applicant** or **resource companies** within the risk factors section of the **admission document**.

Lock-ins for new businesses

Exploration and development companies who have not been independent and earning revenue for at least two years will need to ensure that all **related parties** and **applicable employees** comply with the lock-in requirements of **AIM Rule 7**.

Part Two

Ongoing obligations

Notifications

Use of a Standard

An **AIM company** should state in each **resource update** the **Standard** they have used in reporting such information.

Where it is not possible to ensure a **Standard** has been adhered to because the **AIM company** is under an obligation under **AIM Rule 11** to issue a **notification** *without delay* it must make sure that any estimate as to its **reserves** and/or **resources** that are **notified** are accurate and not false or misleading. Such estimates must then be **notified** according to a **Standard** as soon as practicable thereafter.

Each **resource update notification** must also contain a glossary of the key terms used in the **notification** and use a similar format to the **reserve** and/or **resource** disclosures made in the **admission document**.

Drilling update

For the avoidance of doubt, exploration drilling updates are required under **AIM Rule 11** and, as a minimum, should include information on:

Minerals & Ore Updates

- depth of zone tested
- drilling intervals
- average grades of mineralisation

Oil & Gas Updates

- depth of zone tested
- rock formation encountered
- any liquids/gases recovered.

Review by qualified person

A **qualified person** from the **AIM company** or an appointed adviser, which may include the **CP**, should review and sign off on each **resource** or **drilling update** and include their name, position and qualifications within the **notification** together with a statement to the effect that they have reviewed the information contained therein.

Review by nominated adviser

The **Exchange** expects that, in addition to the above, an appropriate person from the **nominated adviser** of an **AIM company** will review, prior to its release (as part of its regulatory obligations owed solely to the Exchange) all **notifications** made by its client **AIM company**.

Nominated advisers

In order to comply with the **AIM Rules for Nominated Advisers**, a **nominated adviser** acting for any **resource companies** should ensure that it has appropriate access to suitably experienced and qualified individual(s) in the sector(s) in which its **AIM companies** operate. These individuals need not necessarily be full-time employees of the **nominated adviser** and may be engaged on a consultancy basis.

Dual-listed resource companies

AIM companies and **nominated advisers** are reminded that where an **AIM company** is also admitted to trading on another exchange, the **AIM Rules for Companies** need to be complied with irrespective of the regulatory requirements of the other exchange. Any specific issues in relation to an **AIM company's** ability to comply with the **AIM Rules for Companies** or this **Note** as a result of the rules of the other exchange should be referred to the AIM regulation team.

For the avoidance of doubt **quoted applicants** taking advantage of the Designated Market Route will be required to comply with the contents of this **Note**.

Definitions used in this Guidance

AIM Rules for Companies or AIM Rules for Nominated Advisers	The AIM Rules for Companies or AIM Rules for Nominated Advisers' as issued by the Exchange from time to time
applicant	Shall have the meaning set out in the AIM Rules for Companies , however, for the avoidance of doubt, for the purposes of this Note it shall include all subsidiaries and interests of the applicant and shall also include a quoted applicant .
assets	All assets, licences, joint ventures or other arrangements owned by the applicant or AIM company or proposed to be exploited or utilised by it
CIM	Canadian Institute of Mining, Metallurgy and Petroleum
CP	Competent Person
CPR	Competent Person's Report
Note	This AIM Note for Mining and Oil & Gas companies as may be amended and/or updated from time to time by the Exchange
IMMM	Institute of Materials, Minerals and Mining
JORC	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, as published by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
liabilities	All liabilities, royalty payments, contractual agreements and minimum funding requirements relating to the applicant or AIM company's work programme and assets
professional association	Self-regulatory organisation of engineers and/or geoscientists
qualified person	Professionally qualified and a member in good standing of an appropriate recognised professional association and have at least five years <i>relevant</i> experience within the sector
reserves	Mineral and Ore – Probable and Proven reserves (or equivalent depending on the Standard used) Oil & Gas – Proved, Proved + Probable and Proved + Probable + Possible reserves <i>except</i> when referring to net present value calculations when reserves should only include Proved and Proved + Probable reserves

resource companies	Companies operating in the mining and oil & gas sectors which are admitted or are seeking admission to AIM
resource update	Any notification that contains a statement on reserves and/or resources
resources	Mineral and Ore – Inferred, Indicated and Measured Resources (or equivalent depending on the Standard used) Oil & Gas – Contingent and Prospective Resources
Russian	Gosstandart of Russia (GOST), the national Russian standard on mining and minerals as published by the National Certification Body of the Russian Federation For data to be included under this standard it must have been approved by the Russian State or Federal body
SAMREC	The South African Code for Reporting of Mineral Resources and Mineral Reserves, as published by the South African Mineral Committee under the auspices of the South African Institute of Mining and Metallurgy
SME	The Society for Mining, Metallurgy, and Exploration
SPE	The Society of Petroleum Engineers
Standard	An Internationally recognised standard that is acceptable under the following codes and/or organisations: Mineral resources and reserves – CIM, IMMM, JORC, Russian, SAMREC and SME . Oil & Gas resources and reserves – CIM and SPE . Submissions can be made to AIM Regulation to consider other codes that may be comparable with any of the above

Appendix 1 SUMMARY TABLE OF ASSETS

Minerals & Ore

Asset ⁽¹⁾	Holder	Interest (%)	Status ⁽²⁾	Licence expiry date	Licence area	Comments
1. Asset A	Holders name	50%	Exploration	16 March 2006	km ²	Commencement of sampling in x months
2. Asset B	Holders name	100%	Development	16 March 2006	km ²	Drill hole and sample grades obtained to date
3. Asset C	Holders name	30%	Production	16 March 2006	km ²	Annual current production (tonnes per annum)

(1) Asset – Country and asset/project name

(2) Status – Exploration, Development or Production only

Oil & Gas

Asset ⁽¹⁾	Operator	Interest (%)	Status ⁽²⁾	Licence expiry date	Licence area	Comments
1. Asset A	Operators name	50%	Exploration	16 March 2006	km ²	Commencement of exploration in x months
2. Asset B	Operators name	100%	Development	16 March 2006	km ²	Development drilling programme to commence in Y months
3. Asset C	Operators name	30%	Production	16 March 2006	km ²	Current production (barrels or cubic feet per day) and estimated peak production

(1) Asset – Country, licence and block

(2) Status – Exploration, Development or Production only

Appendix 2 CONTENT OF CPR

The **CPR** should cover (as a minimum) the following:

Executive summary

Table of contents

Introduction

- explanation of the sources of all information on which the **CPR** is based (for example any site visits (including details of who undertook such visit and when), drilling results, seismic data, reservoir or well data, sample analysis, interviews with directors, details of desktop research)
- description of **reserves** and/or **resources**, where applicable detailing characteristics, type, dimensions and grade distribution, and the methods to be employed for their exploration and extraction (including **Appendix 1** disclosure)

Overview of the region, location and assets

- description of the **applicant's assets** and **liabilities**, the rights in relation to them and a description of the economic conditions for the working of those licences, concessions or similar including any environmental, land access, planning and obligatory closure costs
- details of any interest (current or past) any director, **CP** or promoter has in any of the **assets**
- appropriate maps, some background on the country and location plans demonstrating the major properties comprising the **assets**, their workings and geographical characteristics and wells, platforms, pipelines, bore holes, sample pits, trenches and similar, to the extent they exist

Reserves & resources (separately disclosed)

- statement of **reserves** (if any), and where applicable **resources** including an estimate of volume, tonnage and grades, (in accordance with a **Standard**, which should be consistently applied and disclosed in line with the tables in **Appendix 3**), method of estimation, expected recovery and dilution factor, expected extraction and processing tonnage or volume, as appropriate, depending on whether the **reserves** and/or **resources** are of minerals or oil and/or gas. Where there are resources that have not been sufficiently appraised in order to provide the previous information, a separate statement of such resources together with any other quantified information which has been appraised in accordance with a **Standard**
- estimate of net present value (post tax) at a discount rate of 10% of **reserves** (or equivalent depending on **Standard** used) analysed separately and the principal assumptions (including cost assumptions, effective date, constant and or forecast prices, forex rates) on which valuation is based together with a sensitivities analysis. Additional valuations may be included within the CPR and should include an explanation of the basis of such a valuation and the method used

Other assets

- any other assets material to the **applicant**.
- commentary on the plant and equipment which are or will be significant to the **applicant's** operations, bearing in mind any forecasted rates of extraction included within the **admission document**

Conclusions

Qualifications and basis of opinion

- full details and qualifications of the **CP** (company and individual(s)) and a statement of the **CP's** independence

Appendices – Glossary and definitions of any terms used

Appendix 3

SUMMARY OF RESERVES AND RESOURCES BY STATUS

Minerals & Ore

Category	Gross			Net attributable			Operator
	Tonnes (millions)	Grade (g/t)	Contained metal	Tonnes (millions)	Grade (g/t)	Contained metal	
Ore/Mineral reserves per asset							
Proved							
Probable							
Sub-total							
Mineral resources per asset							
Measured							
Indicated							
Inferred							
Sub-total							
Total							

Source: [name of person providing the above estimates, regarded as competent]

Note: "Operator" is name of the company that operates the asset

"Gross" are 100% of the **reserves** and/or **resources** attributable to the licence whilst "Net attributable" are those attributable to the **AIM company**

Metal equivalent grades are not acceptable and should not be used in reporting

Appendix 3 continued
SUMMARY OF RESERVES AND RESOURCES BY STATUS

Oil & Gas - Reserves

(all figures in bbls or scf)	Gross			Net attributable			Operator
	Proved	Proved & Probable	Proved, Probable & Possible	Proved	Proved & Probable	Proved, Probable & Possible	
Oil & Liquids reserves per asset							
From production to planned for development							
Total for Oil & Liquids							
Gas reserves per asset							
From production to planned for development							
Total for Gas							

Source: [name of competent person providing the above estimates]

Note: "Operator" is name of the company that operates the asset

"Gross" are 100% of the **reserves** and/or **resources** attributable to the licence whilst "Net attributable" are those attributable to the **AIM company**

bbls – Barrels

scf – Standard Cubic Feet

Appendix 3 continued
SUMMARY OF RESERVES AND RESOURCES BY STATUS

Oil & Gas – Contingent Resources

(all figures in bbls or scf)	Gross			Net attributable			Risk Factor	Operator
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Oil & Liquids Contingent Resources per asset								
From development pending to development not viable								
Total for Oil & Liquids								
Gas Contingent Resources per asset								
From development pending to development not viable								
Total for Gas								

Source: [name of competent person providing the above estimates]

Note: “Risk Factor” for Contingent Resources means the estimated chance, or probability, that the volumes will be commercially extracted

“Operator” is name of the company that operates the asset

“Gross” are 100% of the **reserves** and/or **resources** attributable to the licence whilst “Net attributable” are those attributable to the **AIM company**

bbls – Barrels

scf – Standard Cubic Feet

Appendix 3 continued
SUMMARY OF RESERVES AND RESOURCES BY STATUS

Oil & Gas – Prospective Resources

(all figures in bbls or scf)	Gross			Net attributable			Risk Factor	Operator
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate		
Oil & Liquids Prospective Resources per asset								
From prospect to play								
Total for Oil & Liquids								
Gas Prospective Resources per asset								
From prospect to play								
Total for Gas								

Source: [name of competent person providing the above estimates]

Note: “Risk Factor” for Prospective Resources, means the chance or probability of discovering hydrocarbons in sufficient quantity for them to be tested to the surface. This, then, is the chance or probability of the Prospective Resource maturing into a Contingent Resource
“Operator” is name of the company that operates the asset
“Gross” are 100% of the **reserves** and/or **resources** attributable to the licence whilst “Net attributable” are those attributable to the **AIM company**

bbls – Barrels
scf – Standard Cubic Feet



London
Stock Exchange

Copyright © June 2009 London Stock Exchange plc.
Registered in England and Wales No. 2075721.

London Stock Exchange, AIM and the coat of arms device
are registered trademarks of London Stock Exchange plc.

London Stock Exchange
10 Paternoster Square
London EC4M 7LS
Telephone: +44 (0)20 7797 1000
www.londonstockexchange.com