16 March 2006

For the attention of the Nominated Advisers/ Finance Directors/ Company Secretaries, all AIM Companies

STOCK EXCHANGE AIM NOTICE

AIM RULES – GUIDANCE FOR MINING AND OIL & GAS COMPANIES

1. Following extensive consultation with industry experts and members of the AIM community the Exchange has today issued a guidance note (‘guidance’) to the AIM Rules for Companies (July 2005) (‘the AIM Rules’) for AIM companies in the mining and oil & gas sectors (‘resource companies’).

The guidance is designed to assist resource companies in interpreting their disclosure obligations under the AIM Rules both in respect of their admission to AIM and on an ongoing basis. It also sets out the Exchange’s minimum expectations of nominated advisers when acting for a resource company.

This guidance codifies current market best practice and although it does not form part of the AIM Rules and is intended to assist in their interpretation.

The Exchange expects that resource companies and nominated advisers should follow this guidance with immediate effect.

2. The guidance note is attached to this Notice and can be downloaded from our website at www.londonstockexchange.com/aim

Contacts

3. If a nominated adviser has any questions about the interpretation of this guidance please contact AIM Regulation on 020 7797 1564 (STX 31564) or via email at: aimregulation@londonstockexchange.com

Ray Knowles
Head of AIM Regulation
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Introduction

This Guidance sets out specific guidelines relating to resource companies. This Guidance is effective immediately and sets out the minimum expectations of the Exchange in relation to companies in such sectors.

AIM companies and nominated advisers should note that when interpreting the AIM Rules (including the requirement for a nominated adviser to act with due skill and care pursuant to AIM Rule 39 and compliance by an AIM company with AIM Rules 10, 11 and 31 and compliance with the provisions of paragraph 2(k) of Schedule 2 of the AIM Rules) the Exchange would expect this Guidance to be followed where applicable.

For the avoidance of doubt where an applicant is issuing a Prospectus, if this Guidance conflicts with the Prospectus Rules, the Prospectus Rules take precedence.

If a nominated adviser believes that provisions set out in this Guidance 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 Guidance, they should contact the AIM regulation team: aimregulation@londonstockexchange.com

Terms used in this Guidance shall have the meanings set out in the AIM Rules and at the end of this note.

Companies to which this Guidance applies

This Guidance 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)

The Exchange considers that, 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, the Exchange considers that, 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 AIM Rule 39, 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 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 or this Guidance 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 Guidance.
Definitions used in this Guidance

**AIM Rules**  
The ‘AIM Rules for Companies’ as issued from time to time

**applicant**  
Shall have the meaning set out in the AIM Rules, however, for the avoidance of doubt, for the purposes of this Guidance 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

**Guidance**  
This Guidance 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 relevant 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 except 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, IMM, 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

<table>
<thead>
<tr>
<th>Asset&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Holder</th>
<th>Interest (%)</th>
<th>Status&lt;sup&gt;(2)&lt;/sup&gt;</th>
<th>Licence expiry date</th>
<th>Licence area</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Asset A</td>
<td>Holders name</td>
<td>50%</td>
<td>Exploration</td>
<td>16 March 2006</td>
<td>km²</td>
<td>Commencement of sampling in x months</td>
</tr>
<tr>
<td>2. Asset B</td>
<td>Holders name</td>
<td>100%</td>
<td>Development</td>
<td>16 March 2006</td>
<td>km²</td>
<td>Drill hole and sample grades obtained to date</td>
</tr>
<tr>
<td>3. Asset C</td>
<td>Holders name</td>
<td>30%</td>
<td>Production</td>
<td>16 March 2006</td>
<td>km²</td>
<td>Annual current production (tonnes per annum)</td>
</tr>
</tbody>
</table>

<sup>(1) Asset – Country and asset/project name</sup>
<sup>(2) Status – Exploration, Development or Production only</sup>

### Oil & Gas

<table>
<thead>
<tr>
<th>Asset&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Operator</th>
<th>Interest (%)</th>
<th>Status&lt;sup&gt;(2)&lt;/sup&gt;</th>
<th>Licence expiry date</th>
<th>Licence area</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Asset A</td>
<td>Operators name</td>
<td>50%</td>
<td>Exploration</td>
<td>16 March 2006</td>
<td>km²</td>
<td>Commencement of exploration in x months</td>
</tr>
<tr>
<td>2. Asset B</td>
<td>Operators name</td>
<td>100%</td>
<td>Development</td>
<td>16 March 2006</td>
<td>km²</td>
<td>Development drilling programme to commence in Y months</td>
</tr>
<tr>
<td>3. Asset C</td>
<td>Operators name</td>
<td>30%</td>
<td>Production</td>
<td>16 March 2006</td>
<td>km²</td>
<td>Current production (barrels or cubic feet per day) and estimated peak production</td>
</tr>
</tbody>
</table>

<sup>(1) Asset – Country, licence and block</sup>
<sup>(2) Status – Exploration, Development or Production only</sup>
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

<table>
<thead>
<tr>
<th>Category</th>
<th>Gross</th>
<th>Net attributable</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tonnes (millions)</td>
<td>Grade (g/t)</td>
<td>Contained metal</td>
</tr>
<tr>
<td>Ore/Mineral reserves per asset</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proved</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Probable</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mineral resources per asset</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicated</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inferred</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**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
## Oil & Gas - Reserves

<table>
<thead>
<tr>
<th>(all figures in bbls or scf)</th>
<th>Gross</th>
<th>Net attributable</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Proved</td>
<td>Proved &amp; Probable</td>
<td>Proved, Probable &amp; Possible</td>
</tr>
<tr>
<td>Oil &amp; Liquids reserves per asset</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From production to planned for</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total for Oil &amp; Liquids</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas reserves per asset</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From production to planned for</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>development</td>
<td>Total for Gas</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**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)

<table>
<thead>
<tr>
<th></th>
<th>Gross</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low Estimate</td>
<td>Best Estimate</td>
<td>High Estimate</td>
<td>Low Estimate</td>
<td>Best Estimate</td>
<td>High Estimate</td>
</tr>
<tr>
<td><strong>Oil &amp; Liquids Contingent Resources per asset</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From development pending to development not viable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total for Oil &amp; Liquids</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gas Contingent Resources per asset</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From development pending to development not viable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total for Gas</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**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
## Oil & Gas – Prospective Resources

(all figures in bbls or scf)

<table>
<thead>
<tr>
<th></th>
<th>Gross</th>
<th></th>
<th></th>
<th>Net attributable</th>
<th></th>
<th>Risk Factor</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low Estimate</td>
<td>Best Estimate</td>
<td>High Estimate</td>
<td>Low Estimate</td>
<td>Best Estimate</td>
<td>High Estimate</td>
<td></td>
</tr>
<tr>
<td><strong>Oil &amp; Liquids Prospective Resources per asset</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From prospect to play</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total for Oil &amp; Liquids</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gas Prospective Resources per asset</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From prospect to play</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total for Gas</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**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