

## **The New Chapter 18 for Mineral Companies**

**BMI Technical Consulting (Resources) Limited** offers consultancy services on the Chapter 18 and Chapter 18A of the Main Board and GEM Board listing rules respectively. The newly revised Chapter 18 and Chapter 18A have been effective since 3 June 2010 with an aim to align the listing rules with relevant international mineral and petroleum standards and set out additional listing conditions, disclosure requirements and continuing obligations for Mineral Companies. Some of the key requirements include:

- A company must be able to demonstrate it has at least a meaningful portfolio of indicated resources for mineral assets or at least a meaningful portfolio of contingent resources for petroleum assets.
- A company is required to demonstrate that it has the rights to participate in the exploration for and / or extraction of minerals or petroleum as its major business activity.
- A company is required to disclose specific risks and general risks in its listing document.
- A company which has commenced production must disclose an estimate of the operating cash costs per appropriate unit of the minerals and/or petroleum produced. For those which have not, they are required to disclose their production plans with indicative dates and costs, supported by a Scoping Study and substantiated by the opinion of a Competent Person.
- A new applicant company can seek a waiver from the requirements of the profit test, the market cap / revenue test or the market cap / revenue / cash-flow test provided that its directors and senior managers have sufficient experience in relation to the exploration and/or extraction activity that the company is pursuing and have a minimum of five years' relevant industry experience.
- A company is required to include a Competent Person's Report on reserves and resources which complies with or is reconciled to the JORC Code, NI 43-101 or SAMREC Code for mineral assets, the PRMS for petroleum assets or other codes acceptable to the stock exchange in its listing documents or circulars for major or above transactions.
- For major or above transactions, Valuation Reports are mandatory in addition to the Competent Person's Reports and must be prepared in accordance with the CIMVAL, SAMVAL Code, VALMIN Code or other acceptable codes. For minerals, valuations for inferred resources are not permitted while for petroleum, valuations for possible reserves, contingent resources or prospective resources are not permitted.
- As a continuing obligation, a Mineral Company must include in its interim and annual reports the details of its exploration, development and mining production activities.

**BMI Technical Consulting (Resources) Limited** has a team of experienced and qualified professionals for more than just preparing Competent Person's Reports and Valuation Reports. Should you have any enquiries, please feel free to contact Dr. Tony Cheng at (852) 2593 9633, [tcheng@bmintelligence.com](mailto:tcheng@bmintelligence.com).