

Annex F

MINERAL COMPANY BUILDING BLOCK FOR INCLUSION IN THE SECURITIES NOTE

A company that has not been trading as a mineral company for at least the three preceding years must make the following additional disclosures:

Financial matters

- (i) an estimate of the funding requirements of the company for at least two years following publication of the registration document;
- (ii) particulars of estimated cash flow for either the two years following publication of the registration document or, if greater, the period until the end of the first full financial year in which extraction of mineral resources is expected to be conducted on a commercial scale; such particulars must include details of the relevant mineral resources to be extracted, the expected prices and grade structures of the saleable resources, mineral concentrates or products, the expected extraction costs of the various extraction stages and the evidence and assumptions on which this information is based; and
- (iii) confirmation from an accountant acceptable to the competent authority that it is satisfied that the estimated cash flow has been stated by the company after due and careful enquiry.

Expert's report

A report from a suitably qualified and experienced independent expert. The report must be dated within six months of the registration document and updated if there have been material developments since that date. The report must state that the existence of natural resources is substantiated by evidence obtained from site visits and observation acceptable to the expert and is supported by details of drilling results, analyses or other evidence and takes account of all relevant information supplied to the expert by the directors.

The expert's report should include:

Split according to proven and probable reserves, a description of the value, nature and extent, characteristics, methods of exploration or extraction of, and recovery estimates of reserves.

Maps and plans showing the nature, extent and principal geological characteristics of workings and a surface location plan showing wells, platforms, pipelines, bore holes, sample pits, trenches and other evidence.

Details of any other mineral resources relevant to the long term future of the company;

Details of any geophysical and geological evidence used in the estimation of reserves, including information on quality control procedures, the results of drilling and sampling, and the names of the

Annex F

organisations that carried out the investigation and analysis;

Production schedule.

The date(s) on which commercial extraction by the applicant was commenced, or is expected to commence, on each major property.

An indication of the progress of actual working.

Commentary on the reasonableness of the directors' forecasts (if any in the document) of the rate(s) of extraction of the major properties or fields;

Commentary on the type, extent, condition and value of plant and equipment which is of material significance to the company's operations which is currently in use on the company's major properties or fields or which will be required to achieve the forecast rates of extraction.

A statement setting out any additional information required for a proper appraisal of any special factors affecting the exploration or extraction businesses of the company.