



SGX ANNOUNCES AMENDMENTS FOR MINERAL, OIL AND GAS LISTING RULES

In response to a consultation paper published on 31 January 2018 (Consultation Paper), the Singapore Exchange Limited (SGX) has amended its listing requirements for the mineral, oil and gas (MOG) sector. These rules are due to take effect on 23 August 2018.

The SGX has seen a surge in MOG listings over the past decade, since it first introduced listing rules for MOG companies on Catalist in 2011 and on the Mainboard in 2013.

The amendments are designed to facilitate early-stage MOG companies listing on the SGX. It is envisaged that the Mainboard will continue to be used for mature businesses, while Catalist will serve as a platform for smaller, less developed companies.

What is an MOG company?

The rules, as amended, define an MOG company as “a company whose principal activities consist of exploration, development or production of mineral, oil or gas. This excludes companies that purely provide services or equipment to other companies engaged in such activities”.

Proposed amendments

The principal amendment, which was supported by the majority of respondents to the Consultation Paper, is to strengthen the listing profiles of the Mainboard and Catalist.

To this effect, the SGX has introduced different listing criteria for both platforms.

The current rules state that both Mainboard and Catalist aspirants must be able to establish the existence of ‘adequate resources’ in a defined area. These resources must be categorised as at least ‘Indicated Resources’ in the case of minerals or, in the case of oil and gas, ‘Contingent Resources’.

Key changes and their effects

MOG companies aspiring to list on the Mainboard

These companies now need to establish at least a ‘meaningful portfolio of reserves’. The ‘meaningful portfolio’ requirement seeks to ensure a balance between a Mainboard applicant’s resources and reserves.

It is envisaged that the revenue generated from a company’s reserves could fund development of resources, thereby achieving “a proper balance between meeting market needs and assuring adequate investor protection”.

MOG companies aspiring to list on the Catalist

With respect to Catalist aspirants, mineral companies will now only need to demonstrate ‘Inferred Resources’ as opposed to ‘Indicated Resources’. Inferred Resources are less certain than Indicated Resources, and are defined as part of a resource:

“for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity.

It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.”

The requirement for oil and gas companies to demonstrate Contingent Resources shall remain in place.

It is hoped that this change will allow MOG companies to list at an earlier stage of development and, by extension, raise funds.

Simplification of Qualified Persons Report (QPR)

The SGX has also revised its requirements for MOG companies to provide investors with an annual QPR.

In its Consultation Paper, the SGX had initially proposed that the QPR requirements be simplified so that

companies need only to produce a ‘summary QPR’.

However, in response to industry feedback, the new rules will only require an annual summary of reserves and resources

Should there be a ‘material’ change to a company’s reserves or resources, that company will still be required to submit a summary QPR.

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