



MEMO FOR BROKERS

NO. 220-2005

T h e P h i l i p p i n e S t o c k E x c h a n g e , I n c .

_____ Disclosures	_____ Stockholders' Meeting	Others: <u>Interpretation of</u>
_____ Dividend Notice	_____ SEC / Gov't Issuance	<u>Listing Rules</u>
_____ Stock Rights Notice	_____ Transfer Agent's Notice	_____

Date : **September 8, 2005**
 Subject : **Interpretation of the Listing Rules for Mining Companies**

Please be informed that in the meeting of the Board of Directors of the Exchange held on August 10, 2005, the Board approved the attached interpretation of the Listing Rules for processing the IPO application of mining companies.

For your information and guidance.

(Original Signed)
JURISITA M. QUINTOS
Senior Vice-President

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INTERPRETATION OF LISTING RULES FOR MINING COMPANIES

POLICY FRAMEWORK

The government's policy agenda, as contained in the Mineral Action Plan ("MAP") for the National Policy Agenda On Revitalizing Mining In The Philippines (Executive Order No. 270), is to revitalize the mining industry with the cooperation and support of all government agencies and private institutions.

One of the issues raised in the MAP is the restricted opportunity for mining exploration companies to be listed in the Exchange. The action plan of the Government to address the said concern is to liberalize listing of mining exploration companies in the Exchange. The lead institutions to address this issue are the SEC and the PSE.

The Exchange is cognizant of the high potentials of the mining industry. Thus, we are supportive of the government's thrust to develop the mining sector, particularly in helping mining companies to obtain capital through public offerings. At the same time, we recognize the paramount need to protect the investing public, noting the highly risky and speculative nature of mining operations. Consequently, the Exchange, pursuant to the disclosure-based policy under the SRC, shall ensure the full, fair, timely and accurate disclosure of all material information from mining companies listed in the Exchange

INTERPRETATION OF LISTING RULES FOR MINING COMPANIES

The Exchange adopts a liberal interpretation of the Listing Rules, specifically on the matter of compliance with the Operating History and Track Record requirements by an applicant mining company.

A mining company applying to list in the Exchange shall still comply with the Suitability Rule and the General Requirements for Initial Listing under the Revised Listing Rules of the Exchange.

Applicant-mining companies whose current activities consist solely of exploration and who may not meet the **Operating History and Track Record** requirement under the Admission for Listing may submit the following documentary requirements which shall be deemed **compliance** with the Operating History and Track Record requirement of the Exchange:

DOCUMENTARY REQUIREMENTS FOR MINING COMPANIES
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| 1. Certification from Mines and Geosciences Bureau ("MGB") – The application for listing shall be supported by a certification from the MGB attesting that its mineral claims or rights as of the date of application are still valid; that they are being developed in accordance with the approved Work Program; and that the applicant has been complying |
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**DOCUMENTARY REQUIREMENTS
FOR MINING COMPANIES**

with the reporting requirements of the MGB.

2. **Geological Report on Mineral Resource and Reserve** – An applicant company must submit a report containing information regarding its mineral resource and/or reserve prepared and signed by a Competent Person, **jointly validated by the MGB Director or his duly appointed representative and a Philippine Professional Regulations Commission (“PRC”) Accredited Professional Organization.**

For purposes of this requirement, a Competent Person is a duly licensed Geologist and/or Mining Engineer duly accredited by a Professional Organization and the MGB as possessing the necessary competence in estimating mineral resources and reserve or the type of deposit being considered.

If mineral resources and reserves are measured using foreign Mineral Resource and Reserves Standards the said report shall, at all times, be submitted to the MGB and the Accredited Professional Organization for validation prior to submission to the Exchange.

3. Certified true copies of Exploration Permits, Mineral Agreements (Mineral Production-Sharing Agreement, Joint Venture Agreement, or Co-Production Agreement), Financial or Technical Assistance Agreement (FTAA) and Mining Project Feasibility, whichever is applicable.

4. A Mines and Geosciences Bureau - approved Exploration/Construction/Utilization Work Program duly prepared and signed by a licensed Mining Engineer, Geologist or Metallurgical Engineer, whichever is applicable.

5. **Quality of Management and Technical Competence of Applicant** - Proof of quality of management and of technical competence shall be submitted by the applicant showing, among others, the bio-data of the key management and technical personnel to undertake the activities indicating their professional experience in the field.

6. **Working Capital and Financial Resources**- Proof of adequate working capital to carry on the approved work program, and appropriateness of capital structure.