

## 10. DISCLOSURE AND INFORMATION

### 10.1 MATERIAL INFORMATION

**10.1.1 Continuous Disclosure of Material Information:** Without limiting any other Rule, every Issuer shall:

- (a) once it becomes aware of any Material Information concerning it, immediately release that Material Information to NZX, provided that this Rule shall not apply when:
  - (i) a reasonable person would not expect the information to be disclosed; and
  - (ii) the information is confidential and its confidentiality is maintained; and
  - (iii) one or more of the following applies:
    - (A) the release of information would be a breach of law; or
    - (B) the information concerns an incomplete proposal or negotiation; or
    - (C) the information comprises matters of supposition or is insufficiently definite to warrant disclosure; or
    - (D) the information is generated for the internal management purposes of the Issuer; or
    - (E) the information is a trade secret.

In this Rule 10.1.1, an Issuer is aware of information if a Director or an executive officer of the Issuer (and in the case of a Managed Fund, a Director or executive officer of the Manager) has come into possession of the information in the course of the performance of his or her duties as a Director or executive officer.

- (b) not disclose any Material Information to the public, other Recognised Stock Exchanges (except as provided for in Rule 10.2.3(d)(i)) or other parties except those parties to whom the proviso to Rule 10.1.1(a) applies:
  - (i) prior to disclosing that Material Information to NZX; and
  - (ii) prior to an acknowledgement from NZX of receipt of that Material Information.

(c) release Material Information to NZX to the extent necessary to prevent development or subsistence of a market for its Quoted Securities which is materially influenced by false or misleading information emanating from:

- (i) the Issuer or any Associated Person of the Issuer; or
- (ii) other persons in circumstances in each case which would give such information substantial credibility,

and which is of a reasonably specific nature whether or not Rule 10.1.1(a) applies. *(Amended 1/5/04)*

**1. The following information would require disclosure if material under this Rule 10.1.1:**

- a change in the Issuer's financial forecast or expectation.
- the appointment of a receiver, manager, liquidator in respect of any loan, trade credit, trade debt, borrowing or securities held by the Issuer or any of its Subsidiaries.
- a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the entity's consolidated assets. Normally, an amount of 5% or more would be significant, but a smaller amount may be significant in a particular case.
- a change in the control of the Manager of a Managed Fund, or a change of trustee of a Listed trust.
- a proposed change in the general character or nature of a Listed trust.
- a recommendation or declaration of a dividend or distribution.
- a recommendation or decision that a dividend or distribution will not be declared.
- undersubscription or oversubscription to an issue.
- a copy of a document containing market sensitive information that the entity lodges with an overseas stock exchange or other regulator which is available to the public. The copy given to NZX must be in English.
- giving or receiving a notice of intention to make a takeover.
- an agreement between the Issuer (or a Subsidiary) and a Director (or an Associated Person of the Director).

2. For the purpose of Rule 10.1.1(a)(i), a “reasonable person” would not expect the information to be disclosed if the release of the information would:
  - (a) unreasonably prejudice the Issuer; or
  - (b) provide no benefit to a person who commonly invests in securities.
  
3. It is a requirement of the exception to this Rule 10.1.1 that the information is confidential. In this context “confidential” has the sense of “secret”. *(Amended 1/5/04)*
  
4. Once the information is received by any person who is not bound by any corresponding obligation of confidentiality with which that person is likely to comply the exception no longer applies and the information must be disclosed to NZX. This is the case even if the Issuer has entered into confidentiality arrangements and/or the information has come from a source other than the Issuer.
  
5. NZX accepts that information provided by the Issuer to:
  - (a) a professional advisor;
  - (b) a party negotiating on the Issuer’s behalf;
  - (c) a third party negotiating with the Issuer; or
  - (d) a regulatory authority,
 does not lose its confidentiality, provided that in each case the information was provided with an obligation to maintain its confidentiality and such information is used by the party to whom it was provided solely for the purpose for which it was provided.
  
6. An Issuer that is dual listed should release information to NZX before or at the same time as it releases information to the other exchanges on which it is listed.
  
7. The duty to disclose to NZX is not intended to supersede any desirable communication directly with holders of Securities, whether by way of letter or otherwise. However Issuers must appreciate that disclosure to holders in bare compliance with any legal obligations is not sufficient for an Issuer.

8. The duty to correct false information in the market is limited so that antagonists cannot force information out of an Issuer simply by generating a false rumour. The market's interest in requiring correction of false rumours is intended to be limited to those which are of a reasonably specific nature and from a source which lends substantial credence to them.
9. The general disclosure requirements in Rule 10.1.1 set out what NZX regards as the conditions for satisfying one of the fundamental obligations of Listing. The other disclosure requirements of section 10 address specific types of information and are in addition to and not in limitation of Rule 10.1.1.
10. In deciding whether or not to release information, Issuers should have regard to:
  - (a) Rule 1.1.5, the effect of which is to aggregate a group of entities for disclosure purposes;
  - (b) section 178 of the Companies Act 1993, dealing with the rights of shareholders to require the provision of information by a company;
  - (c) Part 1 of the Securities Markets Act 1988, dealing with insider trading; and
  - (d) the Fair Trading Act 1986, and in particular the sections dealing with the supply of information that is or is likely to be misleading or deceptive.

An Issuer should also be guided by the principle that if in doubt it should disclose the information.

**10.1.2 Further Information:** To ensure transparency of Directors' actions and to ensure that there is no perception that any Director has a conflict of interest, without limiting any other Rule, every Issuer shall, whether or not it is Material Information, disclose promptly to NZX all arrangements (other than within the group comprised of the Issuer and its wholly owned Subsidiaries) that Members of the Public (in relation to Equity Securities of the Issuer) might reasonably consider confer terms materially more favourable to the other parties to that arrangement than would be conferred in an arm's length negotiation. In particular, details shall be disclosed of:

- (a) any arrangements by the Issuer with any Director or Associated Persons of a Director or with any Holder of Equity Securities of the Issuer who is not a Member of the Public; and
- (b) entry into any agreement or arrangement which will require the approval of a resolution under Rule 9.2.1. *(Amended 1/12/02)*

**10.1.3 Use of Information:** All information given to NZX by or on behalf of an Issuer, including papers or documents of any nature, shall become and remain the property of NZX, which may, in its absolute discretion copy any such papers or documents and (subject to Rule 10.2.4) disseminate such information to the public, news media or any other interested party as it thinks fit. *(Amended 29/10/03)*

**10.1.4 Contractual Arrangements:** Every Issuer shall, so far as is reasonably possible without materially adversely affecting the business of the Issuer, avoid entering into any obligation to any person which would have the effect of prejudicing the Issuer's ability to comply freely with the provisions of Rule 10.1.1.

## 10.2 FORM OF DISCLOSURE AND COMMUNICATION

**10.2.1 Form of Information:** All information provided to NZX by an Issuer shall:

- (a) where that information is provided in paper format, be on letterhead of the Issuer, and shall be dated and signed by an authorised officer of the Issuer, whose name and position shall be set out; or
- (b) where that information is provided using NZX's Market Announcement Platform, comply with the required forms or templates (with such alterations and completions as are satisfactory to NZX) relevant for that information as are available through NZX's Market Announcement Platform. *(Amended 29/10/03)*

**10.2.2 Market Announcements for Public Release by NZX:** All announcements for public release to the market by NZX shall either:

- (a) be sent to NZX using the internet-based facility made available by NZX for this purpose; or
- (b) be addressed to Listed Company Relations, New Zealand Exchange Limited and:

- (i) delivered to: New Zealand Exchange Limited's Registered Office
- (ii) telecommunicated to: Telephone: (04) 472 7599  
Fax: (04) 473 1470
- (iii) sent by electronic mail to: announce@nzx.com

Without limiting any other Listing Rule, NZX may require an Issuer to use such forms or templates (with such alterations and completions as are satisfactory to NZX) as may be required by NZX from time to time.

*(Amended 29/10/03)*

**As at 1 May 2004, New Zealand Exchange Limited's Registered Office is located at Level 9, ASB Bank Tower, 2 Hunter Street, Wellington.**

**NZX's postal address is PO Box 2959, Wellington.**

*(Inserted 1/5/04)*

**10.2.3 Manner of Disclosure:** All announcements for public release to the market by NZX shall be:

- (a) sent by electronic means approved by NZX, where the information is time sensitive, and in a format which is convenient for NZX to process and relay by the same means to other subscribers of any information service offered by NZX; and
- (b) sent to NZX on a Business Day during market trading hours or half-an-hour before or after market trading hours. Announcements received up to half an hour after market trading hours will be released to the market and media on the day of receipt. Announcements received after that time will be held over until the following Business Day and shall not be released by the Issuer to any other party, including the media, until half-an-hour before the market opens on the following Business Day; and
- (c) prefaced by a summary of salient points in the case of long documents or announcements. The summary shall be in a form suitable for immediate transcription and dissemination by NZX without substantial editing, specifically drawing attention to the features by reason of which the information is required to be disclosed pursuant to the Rules; and

- (d) released to NZX:
  - (i) in the case of an Issuer listed on a Recognised Stock Exchange, before or at the same time as it releases the announcement to the other exchanges on which it is listed, and in any event at least 10 minutes prior to its public release (other than to the extent a Recognised Stock Exchange releases the information to the public); and *(Amended 29/10/03)*
  - (ii) in the case of every other Issuer, 10 minutes prior to its public release.

**Documents will not be accepted by NZX which are too indistinct to be readily copied or transmitted by facsimile in legible form.**

*(Amended 1/5/04)*

**10.2.3A Embargoes:** An Issuer may choose to use an embargo when making announcements. If an Issuer chooses to use an embargo it shall comply with the following conditions:

- (a) release the embargoed announcement to NZX at least 30 minutes prior to its release to any other party, including the media; and
- (b) display the times and conditions of the embargo prominently on every page of each release.

NZX, in consultation with the Issuer, may choose to release any information prior to any embargo time if NZX considers that the market should immediately be so informed. *(Amended 1/5/04)*

**10.2.3B Additional Information:** NZX may, following receipt of an announcement, in consultation with the Issuer, require any amendment, addition or alteration to the announcement, or require the Issuer to disclose such further Material Information following release of the announcement as NZX determines. *(Amended 1/5/04)*

**10.2.4 Material Marked Not for Public Release:** Material not for public release (including draft documents lodged with NZX for approval) and private correspondence with NZX or NZX Regulation Personnel, shall be addressed accordingly and marked in a prominent position with the words “Not For

Public Release”. Any material destined for NZX Regulation Personnel may be: *(Amended 1/05/04)*

- (a) delivered to: New Zealand Exchange Limited’s Registered Office
- (b) posted to: P O Box 2959 (or DX SP3501)  
Wellington  
New Zealand
- (c) telecommunicated to: Telephone: (04) 472 7599  
Fax (04) 473 3181
- (d) *(revoked 29/10/03)*

**As at 1 May 2004, New Zealand Exchange Limited’s Registered Office is located at Level 9, ASB Bank Tower, 2 Hunter Street, Wellington.**

**NZX’s postal address is PO Box 2959, Wellington.**

*(Amended 1/5/04)*

**10.2.5 Release of Information Marked Not for Public Release:** Information marked “Not for Public Release” may, after reasonable prior notice to the Issuer, be released by NZX to the market if NZX forms the opinion that that information should have been released to the market by the Issuer in accordance with the Rules, and advises the Issuer to that effect.

**10.3 INFORMATION UPON MAJOR CHANGE OF CONTROL OR DIRECTION**

If there occurs in respect of an Issuer:

- (a) a change in control of Votes of the Issuer which confer an effective controlling interest in the Issuer, or a change in ownership in all or substantially all of the Securities of the Issuer carrying Votes; or
- (b) a sale or other disposition of the whole or the major part of the assets or undertaking of the Issuer; or



- (c) a cessation of, or change in the essential nature or direction of, the business or activities of the Issuer,

NZX may, as a condition of continued Listing of that issuer or Quotation of any Class of its Securities, require the Issuer to prepare an information memorandum containing such information relating to the Issuer as NZX determines, and to distribute that information memorandum to such persons and in such manner as NZX determines.

#### 10.4 PRELIMINARY ANNOUNCEMENTS

**10.4.1 Full Year and Half Year:** Each Issuer shall make an announcement pursuant to Rule 10.4.2 through NZX as soon as the Material Information is available, and in any event:

- (a) before the release of each annual report, and not later than 60 days after the end of the financial year to which that report relates; and
- (b) before the release of each half-yearly report and not later than 60 days after the end of the financial half year to which that report relates

**10.4.2 Contents of Preliminary Announcement:** Each preliminary announcement, whether for a full year or a half year, shall be made on, and contain the information required to complete, appendix 1, and:

- (a) shall include a note of any major changes or trends in the Issuer's business subsequent to the end of the financial year or half year, as the case may be, and shall include where material any changes in the value of the Issuer's assets, or in its profitability, and any contingent liabilities, all in relation to the position disclosed in the last published financial statements; and
- (b) shall state the amount of any unrealised gains resulting from the revaluation of assets of the Issuer, any subsidiary, or any associated company and unrealised net changes in values or development margins of investment assets included as separate items after profit before extraordinary items, identifying separately amounts arising from any unrealised gains of associated companies; and
- (c) need not be audited (but, if not, a copy of the announcement shall also be forwarded to the auditors at the same time as it is issued to NZX); and

- (d) if the financial statements upon which the announcement is based have been audited, shall state any qualifications that the auditors have made to those financial statements; and
- (e) may include any facts, figures or interpretative notes that the Directors wish to include; and
- (f) if there has been any material change in accounting policies applied in preparation of the statements reflected in the announcement, shall disclose the impact of the change; and
- (g) shall include any additional information necessary to ensure the announcement is not misleading.

## 10.5 ANNUAL AND HALF-YEARLY REPORTS

**10.5.1 Annual Report:** Subject to Rule 10.5.1A each Issuer shall issue an annual report to NZX and to its Quoted Security holders (other than any Quoted Security holder who requests to the contrary and has not revoked that request) within three months after the end of each financial year of the Issuer. That annual report shall be received by NZX at the same time as it is sent to Quoted Security holders, and shall contain all information:

*(Amended 1/5/04)*

- (a) required by law;
- (b) required in a preliminary announcement by Rule 10.4.2; and
- (c) required by Rules 10.5.3, 10.5.4, and 10.5.5.

The financial statements in that annual report shall be audited.

*(Amended 1/12/02)*

**10.5.1A Exception for State enterprises:** An Issuer that is a State enterprise (as defined in the State Owned Enterprises Act 1986) is not required to issue to its Quoted Security holders an annual report (in accordance with Rule 10.5.1) until that annual report has been provided to the Minister responsible for the State enterprise in accordance with the requirements of the State Owned Enterprises Act 1986 and laid by that Minister responsible for that State enterprise before the House of Representatives in accordance with the State Owned Enterprises Act 1986 or published in the New Zealand Gazette under section 17(2A) of the State Owned Enterprises Act 1986, whichever is the earlier.

*(Inserted 1/5/04)*

**10.5.2 Half-Yearly Report:** Each Issuer shall issue a half-yearly report to NZX and to its Quoted Security holders (other than any Quoted Security holder who requests to the contrary and has not revoked that request) within three months after the end of the first six months of each financial year of the Issuer. That half-yearly report shall contain the information required in a preliminary announcement by Rule 10.4.2(a), (b), (d), (f) and (g), and also a summary of the information required to complete at least sections 1 to 17 and section 20 of appendix 1. *(Amended 1/12/02)*

**10.5.2A Electronic Reports:** Annual reports and half-yearly reports sent in a form which complies with the requirements of the Electronic Transactions Act 2002 will comply with the requirements of Rules 10.5.1, 10.5.2, 10.5.6 and 10.5.7 respectively. *(Inserted 1/5/04)*

**10.5.3 Disclosures to be contained in Annual Report:** The annual report of an Issuer shall contain:

- (a) the information required to be published by section 26 of the Securities Markets Act 1988 and, in the case of a company, the information required by section 211 of the Companies Act 1993; and
- (b) the names and holdings of Equity Securities of the holders having the 20 largest holdings of Quoted Equity Securities on the register of the Issuer as at a date not earlier than 2 months before the date of the publication of the annual report; and
- (c) the Equity Securities in which each Director has a Relevant Interest at the balance date of the current financial year; and
- (d) details of the spread of Quoted Security holders at a date not earlier than 2 months before the date of the publication of the annual report; and *(Amended 1/5/04)*
- (e) the current credit rating status (if any) of the Issuer; and
- (f) all waivers granted by NZX and published, applicable as at balance date; and
- (g) details of any exercise of NZX's powers set out in Rule 5.4.2; and
- (h) a statement of any corporate governance policies, practices and processes, adopted or followed by the Issuer; and

- (i) a statement on whether and, if so, how the corporate governance principles adopted or followed by the Issuer materially differ from the Corporate Governance Best Practice Code or a clear reference to where such statement may be found on the Issuer’s public website; and  
*(Amended 1/12/02)*
- (j) a statement as to which of its Directors are Independent Directors and which of its Directors are not Independent Directors, as at the balance date of the Issuer.

**10.5.4 Appointed Directors:** The annual report of an Issuer shall identify any Director who has been appointed pursuant to provisions of the Constitution complying with Rule 3.3.5, and the Security holder which appointed that Director.

**10.5.5 Changes of Reporting Period:** Any Issuer which extends its half-yearly reporting period or changes its annual balance date to a later date shall give notice thereof to NZX as soon as a decision to do so is made and, in any event, not less than one month before the end of the existing half-yearly reporting period or not less than one month before the existing balance date. The Issuer shall make a report containing such information, and to be released at such time, as NZX shall require in respect of the existing half-yearly reporting period or the period ending on the existing balance date.

**10.5.6 Copies to Market Participants:** Each Issuer shall supply to any Advisor or Trading Participant who so requests, free of charge, a copy of any document referred to in Rule 10.4 or 10.5.  
*(Amended 1/5/04)*

**10.5.7 Copies to NZX :** Each Issuer shall send to NZX three copies of each annual and half-yearly report, at the same time as they are sent to holders of Securities of that Issuer.

## **10.6 FINANCIAL STATEMENTS**

**10.6.1 Financial Reporting Act 1993:** Each Issuer shall comply in respect of its financial statements with the provisions of the Financial Reporting Act 1993.

**10.6.2 Additional Information:** NZX may require an Issuer to provide, in its financial statements or otherwise, information additional to that required by the Financial Reporting Act 1993.

## 10.7 ANNOUNCEMENTS OF MATERIAL CHANGES

**10.7.1 Change of Business:** NZX shall be notified, as soon as the information can or should be released, of any proposed change in the general nature of the business of an Issuer or its group.

**10.7.2 Disposal or Acquisition of 5% of an Issuer:** An Issuer, upon disposing of or acquiring, by whatever means, a beneficial interest in Quoted Securities of another Issuer carrying 5% or more of the Votes attaching to any Class of Securities of that Issuer, or 5% or more of the Votes attaching to all Securities of that Issuer, or upon entering into any agreement or option to do so, in addition to complying with its obligations under Part II of the Securities Markets Act 1988, shall notify NZX immediately of the following details:

- (a) the name of the other Issuer; and
- (b) the number of Securities involved (with a Class by Class breakdown if more than one Class is represented); and
- (c) the percentage acquired or disposed of in the total issued Securities of each Class represented; and
- (d) the price per Security (If more than one price is paid or received, the announcement shall state the range of prices paid or received with an average price if such a figure can be calculated); and
- (e) the percentage of each Class of Security held following the acquisition or disposition; and
- (f) the nature of any material conditions which may result in such acquisition or disposal not proceeding and the dates on which the transactions:
  - (i) are to become unconditional; and/or
  - (ii) are to be settled by payment.

Further acquisitions or dispositions of 1% or more of such Securities must also be reported in the same way until the total beneficial interest reduces to less than 5%. The Issuer shall also advise NZX immediately any such transaction becomes unconditional, or lapses, or is varied.

**10.7.3 Report by Issuer:** An Issuer shall (unless the Material Information has been provided to NZX by another person) notify NZX immediately upon learning of any acquisition or disposition of Securities in itself which, if the acquisition or disposition had been made by an Issuer, would have required to be reported under Rule 10.7.2, and shall provide to NZX so much of the information specified in Rule 10.7.2 as is known to that Issuer.

**10.7.4 Other Acquisitions or Dispositions:** An Issuer, upon disposing of or acquiring, by whatever means, assets of any nature, or upon entering into any agreement or option to do so, shall, if the gross value of those assets, or the consideration paid or received by the Issuer, represents more than 10% of the Average Market Capitalisation (as defined in rule 9.1.1) of the Issuer, notify NZX immediately of the following details:

- (a) a description of the assets acquired or disposed of; and
- (b) the amount, composition, and method of payment of the consideration; and
- (c) the nature of any material conditions which may result in such acquisition or disposal not proceeding, and the dates on which the transaction is to become unconditional and/or is to be settled by payment.

The Issuer shall advise NZX immediately if any such transaction becomes unconditional, or lapses, or is varied.

**10.7.5 Exception:** Rule 10.7.4 shall not apply to any transaction entered into by an Issuer with a Bank (other than an Associated Person of the Issuer) on arm's length terms and in the ordinary course of banking business, as a result of which transaction the Issuer has recourse to the credit risk of that Bank.

*(Amended 1/5/04)*

**10.7.6 General:** Nothing in Rules 10.7.1 to 10.7.5 shall limit the general obligation of Issuers under Rule 10.1 as to the release of Material Information. In respect of some Issuers, the information specified in Rules 10.7.1 to 10.7.5 will be Material Information and in respect of that information Rule 10.1.1 shall apply.

*(Amended 1/12/02)*

## **10.8 OTHER INFORMATION TO BE NOTIFIED TO NZX**

**10.8.1 Matters on which Information Required:** Without limiting the information that is required to be submitted as Material Information under Rule 10.1.1

NZX is to be advised as soon as the information is first available of:

- (a) any proposal to sub-divide or consolidate Securities, or to issue Equity Securities, whether they are to be Quoted or not; or
- (b) any proposal to amend conditions of Quoted Securities; or
- (c) non-confirmation by a meeting, or cancellation, of any proposal already notified to NZX; or
- (d) any change in the Directors, officers, or auditor of an Issuer; or
- (e) any change of address, or phone, telex, or facsimile number, of the registered office or share registry of an Issuer; or
- (f) any proposed change of name of an Issuer; or
- (g) the opening or closing of a branch register; or
- (h) any credit ratings of any Issuer or guaranteeing entity of an Issuer of Debt Securities.

**For the purposes of Rule 10.8.1 the Issuer should advise NZX of any change to those officers whose relevant interests are recorded in the interests register required to be maintained by the Issuer pursuant to Section 19Z of the Securities Markets Act 1988. *(Inserted 1/5/04)***

**10.8.2 Copies of Notices:** Without limiting any other Rule, every Issuer shall provide to NZX a copy of every notice or communication given to:

- (a) holders of that Issuer's Quoted Securities; and
- (b) any stock exchange other than NZX,

no later than the time at which it is sent to any holders of Quoted Securities or to any other stock exchange.

## 10.9 DISCLOSURE OF RELEVANT INTERESTS IN SECURITIES

**10.9.1 Powers under Securities Markets Act 1988:** Every Issuer shall, upon request by NZX, exercise its powers under sections 28 and/or 29 of the Securities Markets Act 1988 in respect of such holders of Securities of the Issuer, or other persons, as NZX may specify (either individually or by reference to a Class).

**10.9.2 Release to NZX:** Every Issuer shall, if so requested by NZX, provide to NZX for public release any information obtained by the Issuer by reason of the exercise by that Issuer of its powers under section 28 and/or section 29 of the Securities Markets Act 1988 (whether as a result of a request by NZX under Rule 10.9.1 or otherwise).

**10.9.3** *(Revoked 1/5/04)*

**10.9.4** *(Revoked 1/5/04)*

**10.9.5** *(Revoked 1/5/04)*

## 10.10 ANNOUNCEMENTS BY MINING ISSUERS

**10.10.1 Mining Definitions:** In the Rules, unless the context otherwise requires:

“**Mining Issuer**” means an Issuer that is principally engaged in the exploration for or extraction of any mineral, oil or natural gas, and includes an Issuer that holds an interest or interests in any mining tenement where that interest or interests is or are a principal part of the Issuer’s business or assets.

“**Mining Tenement**” includes an exploration licence and any mineral, oil, or natural gas lease or concession.

“**Permit**” means a permit in terms of the Crown Minerals Act 1991 or a petroleum prospecting licence or petroleum mining licence in terms of the Petroleum Act 1937.

**10.10.2 Reporting Requirement of Unlisted Joint Venture Partner to Issuer:**

Where an unlisted company or entity is or becomes the operator in a joint venture with an Issuer to investigate or explore a mining tenement, the Issuer shall ensure that the contract between the parties provides that the operator must disclose immediately to the Issuer any significant discovery of



mineralisation or hydrocarbon and, if so required, give to the Issuer a full report on such discovery and information necessary to avoid the establishment of a false market in the Issuer's securities. In addition, the Issuer shall secure the right to make all or part of such report available to NZX.

**10.10.3 Contents of Geophysical Survey Report:** Where a Mining Issuer reports on the progress of any geophysical survey, the report shall state:

- (a) the name of the survey; and
- (b) the nature of the survey; and
- (c) the Permit in which the survey is being conducted; and
- (d) the status of the survey.

**10.10.4 Requirement to Provide Quarterly Report Within One Month:** A Mining Issuer shall give to NZX within one month after the end of each quarter of a calendar year a report giving all the information required by appendix 11, and in addition providing full details of production, development and exploration activities (including geophysical surveys) and expenditure incurred thereon. Where there has not been any production, development and/or exploration activities, that fact shall be stated.

## **10.11 HYDROCARBON REPORTS**

**10.11.1 Hydrocarbon Definitions:** In the Rules, unless the context otherwise requires:

**“Hydrocarbon”** means a compound of the elements hydrogen and carbon, in either liquid or gaseous form. Natural gas and petroleum are mixtures of hydrocarbons.

**“Hydrocarbon Reserves”** means proved hydrocarbon reserves, probable hydrocarbon reserves or possible hydrocarbon reserves.

**“Possible Hydrocarbon Reserves”** means reserves less well defined by geological and geophysical control than probable hydrocarbon reserves and consist of extensions to the proved and probable hydrocarbon reserves areas where so indicated by geophysical and geological studies. The probability

generally assigned to these reserves would be 25% but may be higher or lower.

**“Probable Hydrocarbon Reserves”** means those reserves that may be reasonably assumed to exist because of geophysical or geological indications and drilling done in regions which contain proved hydrocarbon reserves. This category may also include reserves commercially recoverable as a result of the beneficial effects which may be derived from the future institution of some form of pressure maintenance or other secondary recovery methods, or as a result of a more favourable performance of the existing recovery mechanism than that which would be deemed proved at the present time. There is equal risk of there being larger or smaller volumes of reserves resulting.

**“Proved Hydrocarbon Reserves”** means those reserves that, to a high degree of certainty, are recoverable, at commercial rates, under presently anticipated production methods, operating conditions, prices and costs. There is relatively little risk associated with these reserves.

**10.11.2 Probable and Possible Hydrocarbon Reserves Report:** Probable hydrocarbon reserves shall only be reported in conjunction with proved hydrocarbon reserves. Possible hydrocarbon reserves shall only be reported in conjunction with proved and probable hydrocarbon reserves.

**10.11.3 Expert to Prepare Hydrocarbon Reserves Report:** Any report which relates to an Issuer’s hydrocarbon reserves shall be based on and state that it is based on, or be accompanied by, a statement of information compiled by a person engaged in the practice or teaching of geology, geophysics or petroleum engineering who holds a Bachelor Degree (or its equivalent) in geology, geophysics, petroleum engineering or a related discipline and who, in addition, has had at least five years’ experience in the practice or the teaching of geology, geophysics or petroleum engineering.

Where that person is:

- (a) not a full-time employee of the reporting Issuer, a report based on information compiled by the person shall not be released by the reporting Issuer unless the person has consented in writing to the inclusion in that report of matter based on the information so compiled by him in the form and context in which it appears and the report or attached statement so states; or

- (b) a full-time employee of the reporting Issuer, it shall be stated in the report or attached statement that the report accurately reflects the information compiled by the person.

**10.11.4 Potential Hydrocarbon Reserves Report:** Where a report relates to the potential hydrocarbon reserve state (ie from the earliest exploratory investigations to the stage preceding that at which proved hydrocarbon reserves can be estimated), the word “reserves” shall not be used.

**10.11.5 Weekly Hydrocarbon Reports:** In addition to any other requirement to report in the Rules, a Mining Issuer shall provide to NZX the following information on hydrocarbon exploration and assessment during drilling and testing operations weekly (prior to 9.00am on a Business Day):

- (a) The name of the well, the Permit in which it is located, and its position in the Permit with respect to previous wells, known oil or gas fields or towns.
- (b) The time of reporting.
- (c) The progress for the past week.
- (d) Current operation.
- (e) Any results of drillstem tests and other flow tests where hydrocarbons are recovered to surface, in accordance with Rule 10.11.7.
- (f) The participating companies and their beneficial percentage interest in the well.

Disclosure of the Information required by this Rule 10.11.5 by an Issuer participating in the well shall be adequate disclosure on behalf of all the other participants in the well where such other participants are identified.

**10.11.6 Reports of Hydrocarbon Reserves:** Where a report relates to results of exploratory investigations which have reached the stage where a hydrocarbon reserve can be estimated, reports which refer to hydrocarbon reserves shall use the expressions for categories of hydrocarbon reserves, as defined in the Rules.

**10.11.7 Flow Test Reports:** A report shall be issued on the day that:

- (a) a decision to flow test an interval of the well is made, advising of the decision and the depth and gross interval to be tested; and
- (b) flow test operations commence, advising of such; and
- (c) hydrocarbons are flowing to surface.

Within 24 hours of completion of flow test operations over the test interval, a report shall be issued which includes:

- (d) depth and interval tested; and
- (e) representative sustained flow rate (if achieved); and
- (f) choke size and representative surface flowing pressure (if achieved); and
- (g) summary description of fluids recovered.

**10.12 ORE AND MINERALISATION REPORTS**

**10.12.1 Use of Term “Mineralisation”:** Where a report relates to the pre-identified mineral resources stage as defined in appendix 12, the words “ore”, “reserves” or “resources” shall not be used and in lieu of such words such a report shall refer to “mineralisation” or some similar term having no economic connotation.

**10.12.2 Pre-Resource Mineralisation Reports:** Reports and statements in the field of mineral exploration and assessment which may be made by an Issuer during the pre-resource mineralisation stage shall include relevant basic data such as the type and method of sampling and the distribution, dimensions, assay results and relative location of all relevant samples. If true dimensions, particularly width or mineralisation, are not stated, the report shall be qualified accordingly.

**10.12.3 Geophysical and Geochemical Reports:** References to geophysical or geochemical results shall refer only to “anomalies” and not to “mineralisation”, “ore”, “reserves”, “resources” or similar terms.

**10.12.4 Assay Results:** Assay results shall be set out in one of the following three forms considered most suitable by the Issuer's geologist and/or mining engineer:

- (a) all assay results, with sample widths or size in the case of bulk samples; and
- (b) the weighted average grade of the mineralised zone, indicating clearly how the grade was calculated; and
- (c) when high values are recorded they must be given in context, with full supporting data.

The type of assay method used shall be stated for all assay results submitted to NZX.

**10.12.5 Identified Mineral Ore Reserves Reports:** Where a report relates to results of exploratory investigations which have reached the stage where an identified mineral resource or ore reserves can be estimated with reasonable assurance, reports which refer to identified mineral resources or ore reserves shall use the expression for categories of identified mineral resources or ore reserves, as defined in appendix 12.

**10.12.6 Competent Person to Prepare Ore and Mineralisation Reports:** Any report which relates to an Issuer's ore or mineralisation must be based on and state it is based on or be accompanied by a statement signed in the same manner as the report that it is based on, of information compiled by a person who is a competent person, as defined in appendix 12.

Where the competent person is:

- (a) not a full-time employee of the reporting Issuer, a report based on information compiled by the competent person shall not be released by the reporting Issuer unless the competent person has consented in writing to the inclusion in that report of matter based on the information so compiled by him in the form and context in which it appears and the report or attached statement so states; or
- (b) a full-time employee of the reporting Issuer, it shall be stated in the report or attached statement that the report accurately reflects the information compiled by the competent person.