

REPORTING ON OIL & GAS ACTIVITIES

<p>The purpose of this Guidance Note</p>	<ul style="list-style-type: none"> To assist listed entities to understand and comply with the reporting requirements for oil and gas activities in Chapter 5 of the Listing Rules
<p>The main points it covers</p>	<ul style="list-style-type: none"> The quarterly reporting obligations that apply to oil and gas entities The general requirements that apply to all public reports of petroleum resources The requirements that apply to public reports with information about a geophysical survey The requirements that apply to public reports with information about an exploration and drilling program for petroleum resources The requirements that apply to public reports with estimates of petroleum reserves, contingent resources or prospective resources for material oil and gas projects The interaction between Chapter 5 and other reporting obligations, including the obligation to give market sensitive information to ASX immediately The requirement for oil and gas exploration entities to include a list of petroleum tenements in their annual report The requirement for oil and gas entities with petroleum reserves to include a reserves statement in their annual report Qualified petroleum reserves and resources evaluator requirements
<p>Related materials you should read</p>	<ul style="list-style-type: none"> Petroleum Resources Management System (SPE-PRMS) <i>Guidelines for Application of the Petroleum Resources Management System</i> (November 2011 edition) Guidance Note 8: <i>Continuous Disclosure: Listing Rules 3.1 – 3.1B</i>

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Important notice: ASX has published this Guidance Note to assist listed entities to understand and comply with their obligations under the Listing Rules. Nothing in this Guidance Note necessarily binds ASX in the application of the Listing Rules in a particular case. In issuing this Guidance Note, ASX is not providing legal advice and listed entities should obtain their own advice from a qualified professional person in respect of their obligations. ASX may withdraw or replace this Guidance Note at any time without further notice to any person.

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1. Introduction

This Guidance Note is published to assist listed entities to comply with the reporting requirements in Chapter 5 of the Listing Rules¹ for oil and gas activities. These requirements are intended to align ASX's framework for reporting oil and gas activities with global industry standards and to promote greater consistency in, and quality of, the public reporting of such activities.

The reporting framework for oil and gas activities in Chapter 5 is underpinned by the Petroleum Resources Management System (SPE-PRMS) sponsored by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers. SPE-PRMS is an industry-sponsored set of guidelines that provide standardised definitions and a comprehensive classification system for petroleum resources. The objective of Chapter 5 is to be consistent with SPE-PRMS, however if there are any inconsistencies between the two, the Listing Rules prevail.

2. Some common concepts that apply to the public reporting of mining activities

2.1. What is an 'oil and gas entity'?

'Oil and gas entities' are subject to certain quarterly² and annual³ reporting obligations under the Listing Rules.

¹ More specifically, with Listing Rules 5.2, 5.4, 5.5 and 5.25 - 5.45.

² See '3.1 The quarterly reports that must be given to ASX by oil and gas entities'.

³ See '9. Requirements applicable to the annual reports of oil and gas entities'.

There are two types of oil and gas entities under the Listing Rules – an ‘oil and gas exploration entity’ and an ‘oil and gas producing entity’.⁴

The former is an entity whose main undertaking consists of *exploration*⁵ for petroleum⁶ or which has been advised by ASX that it is an oil and gas exploration entity for the purposes of the Listing Rules. The latter is an entity whose main undertaking consists of the *extraction*⁷ of petroleum or which has been advised by ASX that it is an oil and gas producing entity for the purposes of the Listing Rules.

ASX may exercise its power to advise an entity that it is an oil and gas exploration entity or an oil and gas producing entity for the purposes of the Listing Rules if, in ASX’s opinion, that activity comprises, or over time is likely to comprise, such a significant part of the overall business activities of the entity and its child entities (on a consolidated basis) that it is appropriate for the entity to be subject to the quarterly and annual reporting obligations in Chapter 5.

2.2. What is a ‘material oil and gas project’?

The requirements for reporting estimates of petroleum reserves, contingent resources or prospective resources in Listing Rules 5.31 – 5.36 only apply to material oil and gas projects.

An ‘oil and gas project’ is defined in the Listing Rules as a project to explore for or extract petroleum from a petroleum tenement or tenements.⁸

The boundaries that define a project will often be determined by commercial considerations, including development decisions, budget allocations and how particular oil and gas activities are presented in the entity’s public disclosures, including in its annual report and on its website. A project for these purposes may include the development of a single reservoir or field, an incremental development in a producing field, or an integrated development of a group of several fields and associated facilities with common ownership.

A ‘material oil and gas project’ is defined in the Listing Rules as one in which an oil and gas entity or a child entity has an economic interest (whether alone or jointly with others), where that interest is, or is likely to be, material in the context of the overall business operations or financial results of the entity and its child entities (on a consolidated basis).

These definitions are intended to be applied in a sensible and commercial manner. In many cases, it will be readily apparent that a particular oil and gas activity is a material oil and gas project for the purposes of the Listing Rules and therefore the disclosure requirements in Listing Rules 5.31 - 5.36 will apply to estimates of petroleum resources for that project. Judgment however may need to be exercised where an entity has multiple oil and gas projects or where it has a mix of oil and gas projects and other business activities.

The factors which an oil and gas entity should consider in determining whether a particular oil and gas project is a material one for these purposes include:

- its market capitalisation;
- whether it would expect the disclosure of information about the project to have a material effect on the price or value of its securities;⁹

⁴ These terms, and many of the other oil and gas related terms used in this Guidance Note, are defined in Listing Rule 19.12.

⁵ The term “exploration” is defined in Listing Rule 19.12 to include geophysical surveys.

⁶ The term “petroleum” is defined in Listing Rule 19.12 to mean a naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid or solid phase. Petroleum may also contain non-hydrocarbon compounds. Common examples of non-hydrocarbon compounds included in petroleum are carbon dioxide, nitrogen, hydrogen sulphide and sulphur.

⁷ The term “extraction” is defined in Listing Rule 19.12 to include developing the infrastructure needed to extract petroleum.

⁸ Listing Rule 19.12.

⁹ Guidance Note 8: *Continuous Disclosure: Listing Rules 3.1 – 3.1B* has further guidance on what is meant by a material effect on the price or value of an entity’s securities.

- whether its actual and projected expenditure on the project is, or is likely to be, material in the context of its expenditure on other oil and gas projects and other (non-oil and gas) business activities;
- whether its actual and projected revenue from the project is, or is likely to be, material in the context of its revenue from other oil and gas projects and other (non-oil and gas) business activities;
- whether it considers the project will be a material asset in the medium to long term;
- whether it has made specific announcements in relation to the project which suggest that the project is a significant or important one for the entity; and
- the prominence given to the project on its website, in its annual report and in other promotional material it has distributed.

Entities may also wish to have regard to the materiality guidelines in the Australian Accounting and International Financial Reporting Standards¹⁰ when applying these factors to work out whether or not an oil and gas project is a material one.

An assessment of the materiality of a project has to be made at a point in time, having regard to the entity's business activities and financial position at that time. It may change over time. A project that is not considered material today may become a material one in the future because of the discovery of new petroleum resources or other information. Similarly, a project that is considered material today may not be a material one in the future because it is abandoned or exhausted or because the entity has embarked upon other more significant projects.

2.3. What is a material change in estimates?

Listing Rules 5.32, 5.34 and 5.36 require certain information to be disclosed where there has been material change (upwards or downwards) in estimates of petroleum reserves, contingent resources or prospective resources in relation to a material oil and gas project, compared to when they were previously reported.

Whether there has been a material change in estimates of petroleum reserves, contingent resources or prospective resources in relation to a material oil and gas project must be tested by reference to the last reported estimates of those items. These may have been the initial estimates first announced by the entity or some subsequent announcement of materially changed estimates.

A material change could be in the form of a material improvement or regression in terms of:

- the estimated recoverable quantities for petroleum reserves;
- the estimated potentially recoverable quantities or the chance of commercial development for contingent resources and prospective resources; or
- the chance of discovery of prospective resources.

An entity must determine whether a change in estimates of its petroleum reserves, contingent resources or prospective resources is material or not taking into account all of the surrounding circumstances. This includes considering whether the change in estimates is likely have a material effect on the price of its securities.¹¹

¹⁰ Under paragraph 15 of Accounting Standard AASB 1031 *Materiality*, an amount which is equal to or greater than 10% of the applicable base amount is generally presumed to be material, and an amount which is equal to or less than 5% of the applicable base amount is generally presumed not to be material, unless, in either case, there is evidence or convincing argument to the contrary.

¹¹ See Listing Rule 3.1.

3. Quarterly reporting of oil and gas activities

3.1. The quarterly reports that must be given to ASX by oil and gas entities

An oil and gas exploration entity is required to give to ASX a quarterly report giving *details* of its and its child entities' activities relating to oil and gas exploration, as well as a *summary* of its and its child entities' activities relating to oil and gas production and development, and a summary of the expenditure it and they have incurred on both types of activities.¹²

An oil and gas producing entity is required to give to ASX a quarterly report giving *details* of its and its child entities' activities relating to oil and gas production and development, as well as a *summary* of its and its child entities' activities relating to oil and gas exploration, and a summary of the expenditure it and they have incurred on both types of activities.¹³

In each case:

- if there have been no such activities in the relevant quarter, the report must state that fact;
- the report must include information about the petroleum tenements and the beneficial interests in farm-in and farm-out agreements held by the entity and its child entities as at the end of the quarter and any changes to those over the quarter; and
- the report must be given to ASX for release to the market no later than one month after the end of the relevant quarter.

An oil and gas exploration entity is also required to give to ASX a quarterly cash flow statement in the form set out in Appendix 5B.¹⁴ Again, this must be given to ASX for release to the market no later than one month after the end of the relevant quarter.

Oil and gas exploration entities are not required to give to ASX an Appendix 4D (half yearly report)¹⁵ or Appendix 4E (preliminary final report).¹⁶ This recognises that their main business activity is expending funds on oil and gas exploration and that they are unlikely to have material revenues from that or other activities and so their quarterly report and quarterly cash flow statement, along with any other disclosures they may make under Chapters 3 and 4 of the Listing Rules, will usually provide the market with sufficient financial information to value the entity's securities.

3.2. Quarterly reporting of oil and gas activities by other entities

Some entities that have oil and gas activities but are not oil and gas entities for the purposes of the Listing Rules have a practice of providing quarterly reports on those activities to the market, on the basis that investors will find this information helpful in assessing the value of their securities. ASX has no objection to this practice, provided the reports comply with any applicable requirements in Chapter 5 (see below).

4. Requirements applicable to all public reporting of petroleum resources

Listing Rules 5.25 – 5.28 set out general requirements which apply to all public reports of petroleum resources. These rules apply to all listed entities reporting petroleum resources and not just to oil and gas entities within the meaning of the Listing Rules. Unlike some of the other reporting obligations in Chapter 5, they also apply regardless of whether the project being reported on is a 'material oil and gas project' or not.

¹² Listing Rule 5.4.

¹³ Listing Rule 5.2.

¹⁴ Listing Rule 5.5.

¹⁵ Listing Rule 4.2A.3.

¹⁶ Listing Rule 4.3A.

Under these rules, petroleum resources are required to be classified in accordance with the scheme for classification in SPE-PRMS (that is, as petroleum reserves, contingent resources or prospective resources) and reported in the most appropriate resource category under that scheme.¹⁷ In complying with this requirement, ASX would encourage entities to refer to the *Guidelines for Application of the Petroleum Resources Management System* (November 2011 edition), which has additional guidance on how to classify petroleum resources in accordance with SPE-PRMS.¹⁸

Estimates of petroleum resources of necessity will be made as at a particular date and that date must be stated in the public report with those estimates.¹⁹ Various other information must also be included in the report, depending on the class or category of petroleum resources being reported.

ASX believes that the reporting requirements in Listing Rules 5.25 – 5.28 are largely self-explanatory and do not require further guidance, except possibly in relation to the following issues.

4.1. The requirement for a proximate cautionary statement where prospective resources are reported

Where an entity reports an estimate of prospective resources, the report must include a cautionary statement that:

“The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.”

This statement must be proximate to, and have equal prominence as, the reported estimate of prospective resources.²⁰

Proximate, for this purpose, means on the same page, and in the same paragraph or in the immediately preceding or following paragraph, as the estimate in question. Except as set out below, putting the cautionary statement in a footnote or endnote, or in a general disclaimer elsewhere in the report, does not meet the requirement for proximity.

Equal prominence, for this purpose, means being in the same font type, size and colour as the estimate of prospective resources. Hence, if an estimate of prospective resources is included in a heading, the cautionary statement must be in the same font type, size and colour as the heading. Similarly, if an estimate of prospective resources is highlighted or emphasised in any way (for example, by being printed in bold, italics or a different colour to the surrounding text), the cautionary statement must be similarly highlighted or emphasised.

In ASX's view, where a public report includes multiple references to an estimate of prospective resources, the required cautionary statement need only appear once with the prescribed proximity and prominence. This should be wherever the estimate of prospective resources first appears in the report.²¹ After the first mention in the report, it is sufficient for any subsequent reference to the estimate of prospective resources to include a footnote or endnote that cross-refers clearly to the cautionary statement and gives the page number where the cautionary statement appears.²²

¹⁷ Listing Rule 5.25.2.

¹⁸ Available online at http://www.spe.org/industry/docs/PRMS_Guidelines_Nov2011.pdf.

¹⁹ Listing Rule 5.25.1. Under SPE-PRMS, this point in time is referred to as the 'evaluation date'.

²⁰ Listing Rule 5.28.2.

²¹ If an entity uses a smaller or less legible font when it first refers to an estimate of prospective resources than in subsequent references, so that its cautionary statement is correspondingly smaller or less legible than those subsequent references, it will be regarded by ASX as not complying with the spirit and intent of Listing Rule 5.28.2 and therefore in breach of Listing Rule 19.2. Similarly, if an entity first refers to an estimate of prospective resources in plain font so that its cautionary statement is also in plain font but then uses text with highlight or emphasis for subsequent references to the estimate of prospective resources, it will be regarded by ASX as not complying with the spirit and intent of Listing Rule 5.28.2 and therefore in breach of Listing Rule 19.2.

²² A suitable cross-reference would be: "This estimate of prospective petroleum resources must be read in conjunction with the cautionary statement on page [insert page number] that the estimated quantities of petroleum that may potentially be recovered by the /cont.

4.2. The requirement for a proximate reporting of petroleum reserves, contingent resources and prospective resources when certain matters are reported

The disclosure of total petroleum initially-in-place, total resource base, estimated ultimate recovery, remaining recoverable resources or hydrocarbon endowment²³ is prohibited unless all of the following information is included in the report proximate to that disclosure:

- an estimate of petroleum reserves;
- an estimate of contingent resources;
- an estimate of prospective resources; and
- whether and how each of the resource classes in the summation were adjusted for risk.²⁴

Similarly, the disclosure of discovered petroleum-initially-in-place²⁵ is prohibited unless all of the following information is included in the report proximate to that disclosure:

- an estimate of petroleum reserves;
- an estimate of contingent resources; and
- whether and how each of the resource classes in the summation were adjusted for risk.²⁶

Proximate, for this purpose, again means on the same page, and in the same paragraph or in the immediately preceding or following paragraph, as the disclosure in question. Putting the required additional information in a footnote or endnote does not meet the requirement for proximity.

In this case, the required additional information must appear wherever there is any reference to an otherwise prohibited disclosure.

4.3. Reporting unconventional resources

Estimated quantities of petroleum sourced from unconventional resources (for example, coal seam gas, coal bed methane, shale gas, oil shale, tight gas formations, or bitumen) must be reported to ASX in accordance with SPE-PRMS.²⁷ This is despite the fact that under some State and Territory legislation, entities may be required to report to regulatory agencies in accordance with the JORC Code.²⁸

5. Reporting of geophysical survey information

Listing Rule 5.29 requires a public report with information about a geophysical survey for petroleum to include the name, nature and status of the survey, and the permit under which the survey has been conducted. It applies to all listed entities reporting geophysical survey information and not just to oil and gas entities within the meaning of the Listing Rules. Unlike some of the other reporting obligations in Chapter 5, it also applies regardless of whether the project being reported on is a 'material oil and gas project' or not.

application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons."

²³ SPE-PRMS defines 'total petroleum initially-in-place' in section 1.1 and Appendix A, 'estimated ultimate recovery' in section 1.1 and Appendix A, and 'recoverable resources' in section 1.2 and Appendix A. Additional guidance on total petroleum initially-in-place is provided in section 2.2 of the *Guidelines for Application of the Petroleum Resources Management System* (November 2011).

²⁴ Listing Rule 5.25.3.

²⁵ SPE-PRMS defines 'discovered petroleum initially-in-place' in section 1.1 and Appendix A.

²⁶ Listing Rule 5.25.4.

²⁷ Listing Rule 5.25.2.

²⁸ The Australian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code), a copy of which is included in Appendix 5A of the Listing Rules.

6. Reporting of material exploration and drilling results

Listing Rule 5.30 sets out reporting requirements which apply to public reporting of material exploration and drilling results in relation to petroleum resources. It applies to all listed entities reporting material exploration and drilling results related to petroleum resources and not just to oil and gas entities within the meaning of the Listing Rules. Unlike some of the other reporting obligations in Chapter 5, it also applies regardless of whether the project being reported on is a 'material oil and gas project' or not.

Again, the reporting requirements in Listing Rule 5.30 are largely self-explanatory.

Generally speaking, a public report with information about an exploration and drilling program for petroleum should be presented in a factual and balanced manner and contain sufficient information to allow investors and their advisers to make an informed judgement of its significance. Care should be taken to ensure that it does not suggest, without reasonable grounds, that commercially recoverable or potentially recoverable quantities of petroleum have been discovered, in the absence of determining and reporting estimates of petroleum reserves or contingent resources in accordance with the disclosure requirements in Chapter 5 of the Listing Rules.

7. Reporting of petroleum resources for material oil and gas projects

Listing Rules 5.31 – 5.36 require an entity publicly reporting estimates of petroleum reserves, contingent resources or prospective resources in relation to a material oil and gas project – either for the first time, or for the first time after they have materially changed from when they were last reported – to do so in the form of a market announcement that includes certain information. They apply to all listed entities reporting such estimates and not just to oil and gas entities within the meaning of the Listing Rules.

ASX believes that the reporting requirements in Listing Rules 5.31 – 5.36 are largely self-explanatory and do not require further guidance, except possibly in relation to the following issues.

7.1. Reports of petroleum reserves

The first time an entity publicly reports an estimate of petroleum reserves for a material oil and gas project, it is required to include in its market announcement a brief description of the basis for confirming commercial producibility and booking petroleum reserves.²⁹ The type of information ASX would generally expect an entity to disclose for this item is a summary description of the types of tests performed, such as production and/or formation testing, and other analysis undertaken to determine commercial producibility of the accumulation. In the absence of production and/or formation testing, this could be on the basis of well logs and/or core analysis that indicates that the zone is hydrocarbon-bearing and where it is analogous to other reservoirs in the immediate area that have demonstrated commercial producibility by actual production and/or formation testing.

The first time an entity publicly reports an estimate of petroleum reserves for a material oil and gas project, it is also required to disclose all of the material economic assumptions used to calculate those estimates.³⁰ ASX would not expect an entity to have to disclose commercially sensitive information (for example, pricing or volumes under long term contractual commitments) to meet this particular requirement (although an entity should carefully consider whether this information needs to be disclosed to meet other disclosure requirements³¹). However, in such cases, the entity:

- should explain why the information is considered a trade secret or commercially sensitive; and

²⁹ Listing Rule 5.31.4.

³⁰ Listing Rule 5.31.1.

³¹ For example, if the entity is issuing a prospectus, the requirement in section 710 of the Corporations Act for the prospectus to include all information that investors and their professional advisers would reasonably require to make an informed investment decision and would reasonably expect to find in the prospectus, or the requirement in Listing Rule 3.1 to disclose information that a reasonable person would expect it to have a material effect on the price or value of the entity's securities, where the information does not fall within the exceptions to immediate disclosure in Listing Rule 3.1A.

- must disclose sufficient information (perhaps in narrative rather than numerical form, where the numbers are commercially sensitive) for investors to understand the methodology it has used to determine these factors and assumptions and the basis on which it is estimating its petroleum resources.

Entities should be careful not to claim that information is commercially sensitive when that is not so. For example, if an entity is not a producing entity and it has not yet entered into any commercially sensitive contracts that underpin its price, capital expenditure or operational expenditure assumptions, it is difficult to see how information about those assumptions could be commercially sensitive.

ASX also notes that to the extent an estimate of petroleum reserves involves a representation about future matters, it must be based on reasonable grounds – meaning that the economic assumptions used to calculate the estimates must also be objectively reasonable – or else the representation could be deemed to be misleading and the entity could face serious legal consequences as a result.³²

7.2. Reports of contingent resources

The first time an entity publicly reports an estimate of contingent resources for a material oil and gas project, it is required to include in its market announcement a brief description of the basis for confirming a discovery and of the key contingencies that prevent the contingent resources being classified as petroleum reserves.³³ Examples of key contingencies requiring petroleum resources to be classified as contingent resources include:

- where there is no viable market at the time of the disclosure;
- where commercial recovery is dependent on technology under development;
- where evaluation of the accumulation is insufficient to clearly assess commerciality;
- where current and forecast economic conditions do not support a commercially viable oil and gas project;
or
- where there is not sufficient certainty relating to legal, environmental, social or governmental factors.

7.3. Reports of prospective resources

The first time an entity publicly reports an estimate of prospective resources for a material oil and gas project, it is required to include in its market announcement a brief description of the basis on which the prospective resources are estimated.³⁴ The type of information ASX would generally expect an entity to disclose to comply with this requirement includes the supporting data (including analogous information and any analysis of seismic surveys and non-seismic surveys), analytical processes and assumptions (such as recovery efficiency) that have been used to evaluate the prospective resources.

7.4. Qualified petroleum reserves and resources evaluator requirements

An entity publicly reporting estimates of petroleum reserves, contingent resources or prospective resources for the first time must ensure that the estimates are prepared by a qualified petroleum reserves and resources evaluator.³⁵ The report must state:

- that it is based on, and fairly represents, information and supporting documentation prepared by a named qualified petroleum reserves and resources evaluator or evaluators;

³² See section 769C of the Corporations Act 2001 (Cth) and section 12BB(1) of the Australian Securities and Investments Commission Act 2001 (Cth). Note that under the latter Act, a person making a representation as to the future is taken not to have had reasonable grounds for making the representation unless they adduce evidence to the contrary (section 12BB(2)).

³³ Listing Rule 5.33.3.

³⁴ Listing Rule 5.35.2.

³⁵ Listing Rule 5.41. The term “qualified petroleum reserves and resources evaluator” is defined in Listing Rule 19.12.

- whether the qualified petroleum reserves and resources evaluator is an employee of the entity or a related entity and, if not, the name of the qualified petroleum reserves and resources evaluator's employer; and
- the name of the professional organisation of which the qualified petroleum reserves and resources evaluator is a member,

and it must only be issued with the prior written consent of the qualified petroleum reserves and resources evaluator or evaluators as to the form and context in which the estimated petroleum reserves, contingent resources and prospective resources and supporting information are presented in the report.³⁶

Subsequent public reports of the same petroleum reserves, contingent resources and prospective resources are not be required to include the above statements or consent provided the following conditions are met:³⁷

- the subsequent report cross-references the relevant market announcement given to ASX for release to the market containing the estimates and the required statements and consent referred to above; and
- the entity confirms in the subsequent report that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

If an entity is not able to meet these conditions then the subsequent report must include the statements and consent referred to above.³⁸

8. The interaction between Chapter 5 and other reporting obligations

The reporting requirements for oil and gas activities in Chapter 5 are an adjunct to, and operate in tandem with, the reporting and disclosure requirements in Chapter 3 (continuous disclosure) and Chapter 4 (periodic disclosure) of the Listing Rules.

For example, where an entity is required to disclose market sensitive information³⁹ involving oil and gas activities to ASX under Listing Rule 3.1, the information disclosed must comply not only with that rule but also with any applicable requirements in Chapter 5.

It should be noted that information required to be disclosed under Listing Rule 3.1 must be disclosed immediately. ASX has given guidance in Guidance Note 8: *Continuous Disclosure: Listing Rules 3.1 – 3.1B* that:

- "Immediately" does not mean "instantaneously", but rather "promptly and without delay".
- ASX recognises that the speed with which an entity can disclose information under Listing Rule 3.1 will vary, depending on factors such as where and when the information originated, the forewarning (if any) the entity had of the information, the amount and complexity of the information concerned, the need in some cases to verify the accuracy or bona fides of the information, and (importantly in this context):

"the need in some cases to comply with specific legal and Listing Rule requirements, such as the requirement for an announcement that relates to mining or oil and gas activities to comply with Chapter 5 of the Listing Rules."

³⁶ Listing Rule 5.42.

³⁷ Listing Rule 5.43.

³⁸ Listing Rule 5.42.

³⁹ 'Market sensitive information' is a short-hand expression referring to information of the type required to be disclosed under Listing Rule 3.1 (namely, information that a reasonable person would expect it to have a material effect on the price or value of an entity's securities). For further guidance on the meaning of the term, see Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

- ASX will take these factors into account, as well as whether or not the entity has promptly requested a trading halt to minimise the period that the market is trading on an uninformed basis, in assessing whether an entity has complied with its obligation to disclose information in a timely manner under Listing Rule 3.1.

All other things being equal, ASX considers that the requirement for an entity to disclose market sensitive information about an oil and gas activity under Listing Rule 3.1, which is also subject to the reporting requirements in Chapter 5, will generally only be triggered when the entity is in possession of all of the information that it is required to include in a market announcement about that activity under Chapter 5. Prior to it having all of that information, ASX considers that whatever market sensitive information it may have about the activity will generally be insufficiently definite to warrant disclosure. Therefore, provided the market sensitive information is and remains confidential, ASX has not formed the view that it has ceased to be confidential, and a reasonable person would not otherwise expect it to be disclosed, it will generally fall within the carve-out to immediate disclosure in Listing Rule 3.1A.

Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* has more detailed guidance on when information is confidential, when ASX may form the view that information has ceased to be confidential, and when a reasonable person would expect information to be disclosed for purposes Listing Rule 3.1A.

As mentioned in that Guidance Note, ASX may form the view that information about an oil and gas activity has lost confidentiality if there is:

- a media or analyst report about the matter;
- a rumour known to be circulating the market about the matter; or
- a sudden and significant movement in the market price or traded volumes of the entity's securities that cannot be explained by other events or circumstances.

Each of these is evidence that the matter is no longer confidential and therefore Listing Rule 3.1A no longer applies.

An entity which has potentially market sensitive information about an oil and gas activity and which is in the process of compiling the information that it is required to include in a market announcement about that activity under Chapter 5 should therefore as a matter of course be monitoring:

- the market price of its securities;
- major national and local newspapers;
- news wire services; and
- enquiries from analysts or journalists.

If the entity detects signs that the information may no longer be confidential, it may need to request a trading halt to stop trading in its securities while it completes an announcement about the matter that meets the requirements of both Listing Rule 3.1 and Chapter 5.

9. Requirements applicable to the annual reports of oil and gas entities

9.1. List of tenements

An oil and gas exploration entity is required to include in its annual report:

- the petroleum tenements held by it and its child entities and their location; and
- the percentage interest it or they hold in each petroleum tenement.⁴⁰

⁴⁰ Listing Rule 5.37.

9.2. Annual reserves statement

An oil and gas entity that has any petroleum reserves and that does not file US SEC compliant Forms 10-K and 20-F with the SEC annually⁴¹ is required to include an annual reserves statement in its annual report.⁴²

The information required in the annual reserves statement includes:

- the entity level total 1P petroleum reserves and 2P petroleum reserves (split between developed and undeveloped petroleum reserves and by product); and
- the total aggregated 1P petroleum reserves and 2P petroleum reserves by product and by geographical area (split between developed and undeveloped petroleum reserves by geographical area).⁴³

The geographical areas by which an oil and gas entity chooses to report its aggregated petroleum reserves is a matter for it to determine, having regard to its individual circumstances and the materiality of the petroleum reserves in question. For example, some entities may choose to report by continent, by country, by state/territory or by other regions. Others may choose to report petroleum reserve estimates for a particular basin, if that is material, with a mix of other geographical areas.

The annual petroleum reserves statement must include a reconciliation of the entity's reported petroleum reserves holdings for the current year against the corresponding petroleum reserves holdings for the previous year, along with an explanation of any material changes between the two.⁴⁴ The reconciliation against the previous year's petroleum reserves holdings, at a minimum, should identify changes that have resulted from revisions to previous estimates, extensions and discoveries, acquisitions and divestments, and production. Whether any further explanation is required will depend on the materiality of the information in question. For example, if there has been a significant reduction in the total portfolio of petroleum reserves from one year to the next because net acquisitions and divestments are materially negative, the entity should generally explain the reason for this (for example, this was the result of the sale of a particular asset or assets or the sell down of a significant interest in a particular oil and gas project or projects).⁴⁵

If an oil and gas entity includes contingent resources in its annual reserves statement, it must include the entity level total 2C contingent resources by product and aggregated 2C contingent resources by product and geographical area⁴⁶ and a reconciliation of its reported contingent resources holdings for the current year against the corresponding contingent resources holdings for the previous year, along with an explanation of any material changes between the two.⁴⁷ The reconciliation against the previous year's contingent resources holdings, at a minimum, should identify changes that resulted from conversion of contingent resources to petroleum reserves, revisions to previous estimates, extensions and discoveries, and acquisitions and divestments. Whether any further explanation is required will again depend on the materiality of the information in question.

The reserves statement in an oil and gas entity's annual report must include:

- a statement that it is based on, and fairly represents, information and supporting documentation prepared by a qualified petroleum reserves and resources evaluator or evaluators; and
- a statement that the reserves statement as a whole has been approved by a named qualified petroleum reserves and resources evaluator or evaluators (who may be different qualified petroleum reserves and

⁴¹ Listing Rule 5.38.

⁴² Listing Rule 5.39.

⁴³ Listing Rule 5.39.1. If the oil and gas entity has material unconventional petroleum resources, it must separately identify the portion of the total 1P petroleum reserves and 2P petroleum reserves reported at the group level that are based on unconventional petroleum resources (Listing Rule 5.39.2).

⁴⁴ Listing Rule 5.39.3.

⁴⁵ This could be done as a note to a table showing the comparison of the two years.

⁴⁶ Listing Rule 5.40.1.

⁴⁷ Listing Rule 5.40.2.

resources evaluators to the ones referred to in the previous bullet point), as well as information about their employer and the professional organisation of which they are a member.⁴⁸

The reserves statement must only be issued with the prior written consent of the named qualified reserves and resources evaluator or evaluators who have approved the reserves statement as a whole as to the form and context in which it appears in the annual report.

⁴⁸ Being the information referred to in Listing Rule 5.42(b) and (c).