

THE RESPONSIBLE REPORTING OF MINERAL ASSETS

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ABSTRACT

The paper provides an overview of CRIRSCO (the Committee for Mineral Reserves International Reporting Standards), and its European member organisation PERC (the Pan-European Reserves and Resources Reporting Committee), their structure and functions. It is intended to encourage professionals in the business of mineral reserves and resources classification and reporting to better understand the regulatory context that underpins their efforts.

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INTRODUCTION

The reporting of an extractive company's main assets – its mineral reserves and resources '*must be presented in a consistent, reliable and transparent manner across the international spectrum of market regulators and investors to allow the comparison of projects with similar geology and stage of development anywhere in the world, giving investors reliable data on which to base investment decisions*' (ICMM, 2013a). This has long been recognised by stakeholders (technical experts, business leaders, financial institutions, investors and regulators) across various jurisdictions resulting in the first formal reporting standard - the JORC Code - in 1989 (most recent edition of the code; JORC, 2012).

In response to a series of well publicised scandals (Bre-X (New York Times, 1999); Shell (The Guardian, 2004) etc.) the last decade or so has seen great strides towards international consensus on mineral reserves and resources reporting. Increasingly investors are looking for business credibility in this regard. Indeed national governments see this as a means to attract inward investment.

CRIRSCO STRUCTURE

The preparation and public reporting of mineral exploration results, reserves and resources are undertaken for two main purposes: disclosure for companies quoted on stock exchanges, and governmental, intergovernmental or Non-Governmental Organisation (NGO) reporting. The former informs investors or potential investors whilst the latter informs policy makers.

There are two main international systems for classifying and reporting solid mineral reserves and resources: standards and codes developed by CRIRSCO

(ICMM, 2013b), and the United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources (UNFC-2010) (United Nations, 2010). There are other systems such as the Russian 'GKZ' system, the Chinese system and the SEC system used in the USA.

CRIRSCO is an advisory body set up to promote international best practice in the field. It was established in 1994 at the 15th CMMI (Council of Mining and Metallurgical Institutes) congress in Sun City, South Africa, and initially included five members of the CMMI Definitions Working Group (namely USA, Canada, Australia, South Africa, and the UK). In 1997 at the famous 'Denver Accord' a number of standard terms and definitions were agreed that were to form the basis of all member codes – the CRIRSCO Template as it has become known. The CRIRSCO Template has since become recognised by the United Nations (UN) Economic Commission for Europe in Geneva in 1998-9, and was affiliated to the International Council on Mining and Metals in 2007. In 2011 there was full mapping of CRIRSCO with the UNFC in 2009. CRIRSCO is also recognised by the International Accounting Standards Board (IASB), and is embedded in the International Financial Reporting Standards (IFRS). It is also expected that the International Organisation of Securities Commissions will formally ratify the CRIRSCO Template in the 2016-18 review cycle.

Today CRIRSCO has 8 members referred to as National Reporting Organisations or NROs including Chile that joined in 2004, Russia in 2011 and Mongolia being the latest to join in 2014. The rest of Europe followed the UK in 2006. PERC (Pan-European Reserves & Resources Reporting Committee) is NRO for Europe, the other NROs being JORC in Australasia, CBRR in Brazil, CIM in Canada, National Committee in Chile, MPIGM in

Mongolia, NAEN in Russia and SAMREC in South Africa. In total over 80% of the world's mining capital is represented.

NROs commit to the following four criteria:

- to produce and be responsible for maintaining a reporting standard that is compatible with the CRIRSCO Template and is recognised as the standard within its country or region,
- to agree to conduct international consultation with sibling NROs before making amendments to its reporting standards,
- to include credible, self-regulating professional bodies that provide disciplinary systems and codes of ethics that govern the behaviour of Competent Persons or equivalents, and
- to commit to engage in CRIRSCO activities.

PERC

Functions

PERC was set up in 2006 to replace the previous IMM (Institution of Mining and Metallurgy) Reserves Committee and an ad hoc European working group. PERC consists of four parent organisations: EFG (European Federation of Geologists), IOM3 (Institute of Materials, Minerals and Mining), GSL (Geological Society of London) and IGI (Institute of Geologists of Ireland). In 2008 the PERC reporting standard was aligned to the CRIRSCO Template. In 2013 PERC was registered as a not-for-profit organisation in Belgium and has its legal base at the EFG offices in Brussels. In 2013 PERC published the latest revision of the PERC Reporting Standard (PERC, 2013). The PERC committee has four members from each parent organisation and can have any number of co-opted members.

PERC has a very active membership and recent efforts include obtaining ratification of the PERC Standard with the ESMA (European Securities and Market Authority) in 2011; workshops in Europe, the USA, Canada; and representation at CRIRSCO AGM's in London, Colombia and Mongolia. PERC is also actively involved in a number of EU (European Union) mineral related projects (Minventory, RMSG, Extract-IT, INTRAW).

The PERC standard 2013

The PERC Standard 2013 strengthens the definition of the Competent Person and describes that any professional member of the PERC parent organisations is obliged to use the CRIRSCO definitions and classification systems in reserves and resources reporting. There is a revised section on industrial and construction minerals, and it introduces a new section on oil shales and oil sands, and on minerals extracted by solution mining. It also presents new guidelines on materiality for consistency with ESMA rules. There is a new 'Table 1' checklist including a provision for site visits and the verification of data, and a new Appendix 5 for the definition of Recognised Professional Organisations. After extensive revision a consultation draft of a new PERC standard 2016 has been produced which includes a new section on dimension stone, ornamental and decorative stone.

CONCLUSION

CRIRSCO is an advisory body with 8 members that are responsible for developing and maintaining mineral reporting codes and guidelines in their respective regions. PERC is the member (NRO) for Europe. In 2008 the PERC reporting standard was aligned with the CRIRSCO standard - retaining the core CRIRSCO code and guidelines and including region specific legal and investment regulatory requirements. The PERC standard 2013 is the latest and current version of the standard and a consultation draft of a new PERC standard 2016 has been produced.

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