



Committee for Mineral Reserves International Reporting Standards Summary Report on Activities June 2006

1. CRIRSCO membership

Current membership is Pat Stephenson and Peter Stoker (Australia), Niall Weatherstone and Gordon Riddler (UK), John Clifford (Ireland and W Europe), Ferdi Camisani and Roger Dixon (South Africa), Edmundo Tulcanaza (Chile), John Postle and Debbie McCombe (Canada) and Jean Michel Rendu (USA). A second member from the Ireland and Western Europe area is pending further discussions in the newly formed Pan European Reserves Reporting Committee (PERC – see 'other news'). Chile and USA have still to nominate a second member.

2. CRIRSCO restructuring

The document produced by the Governance sub-committee outlining future options for CRIRSCO was circulated in March.

With the support of members, the Co-Chairs provided information to and held meetings with a number of members of the Executive Working Group of the International Council on Mining and Metals ahead of meetings on 5th May. On the EWG agenda was a proposal to initiate/continue discussions that would lead in principle to a form of ICMM engagement with, and sponsorship of CRIRSCO. We have had further recent contact with the ICMM about starting discussions on a potential model for our alliance and our next meeting has been scheduled for July 19th in London. Our intention is to pursue a joint ownership model where the financial strength and secretarial resources of the ICMM could be used to ensure CRIRSCO's long term existence in return for continued representation on issues of importance to the mining industry. The second group of owners would be the existing National Reporting Organisations (NROs) with the primary aim of involving the much wider constituencies they represent, promoting best practice reporting standards, including the Template, and dealing with Competent Person reciprocity etc.

3. International Reporting Template

A final draft of the International Reporting Template was circulated to members by the Template Sub-Committee on 5th June. The document has been in circulation in many draft forms for over two years now and has received widespread interest and approval. It is commonly referred to outside CRIRSCO and has been used as the benchmark international reporting mechanism in discussions with the SPE and IASB.

The CRIRSCO Web Site will shortly be going live (see below) and this presents an ideal opportunity to launch the Template. We remind members that the Template is a living document that can be changed as required to reflect changes in National codes and to capture improvements aimed at best practice reporting.

4. Joint CRIRSCO/UNECE committee

A substantial amount of work was carried out by members of the CRIRSCO / UN Sub-Committee leading up to three days of meetings in Johannesburg from the 16th to the 18th of May. Documents presented for consideration at the meeting were supported by presentations on CRIRSCO's proposals for a United Nations Framework Classification in which the Template would form Part A and additional UN classes would form Part B. Additional presentations were delivered on resolving alignment problems between the UNFC and CRIRSCO, particularly in the areas of geological study definition and the economic level attributable to mineral resources. Consistent with the approach taken with the SPE, a further presentation discussed the similarities and differences among a wide range of reporting codes including the CRIRSCO Template, SPE Guidelines, UNFC, Russia, China, Uranium etc.

5. IASB Matters

Since the last Report, the IASB has actively canvassed members of its Advisory Panel and other observers including the UNECE on the desirability or otherwise of fair value accounting of mineral reserves as a standard method for companies in the extractive industries. Despite strong resistance from the companies involved, this issue has yet to be resolved and we maintain a watching brief on developments, even though they are not directly related to the reporting issues we are addressing with the IASB.

7. CRIRSCO-SPE Joint Task Force

Following the February meetings of the Convergence Committee in Calgary, the IASB was provided with a high level report that simply described who had attended and what had been discussed. More detailed documents that arose from these discussions, including a comparison document that discusses similarities and differences between solid minerals and oil and gas reporting in detail, were subsequently circulated to members of CRIRSCO and to the SPE Oil and Gas Reserves Committee.

Comments received were then reflected in the documents (the main issue for CRIRSCO being the difference between the oil and gas probabilistic approach to classification and the mining industry deterministic view) before they were finalised.

These documents were then provided to the IASB on 27th May. They have also been provided to other interested parties including the UNECE Ad Hoc Working Group.

8. Communication and relationship with SEC

Jean-Michel recently reported back to the SEC Working Group as follows:

It is one year since we sent the "Recommendations Concerning Estimation and Reporting of Mineral Resources and Mineral Reserves" to Roger Schwall, Assistant Director, Division of Corporation Finance, Securities and Exchange Commission. Since then Dick Graff and I have been in contact with the staff of the SEC and I talked to Roger Schwall a few times, the last time being one month ago.

Our document has been distributed widely within the SEC and appears to have been well received, although concerns remain with aspects such as the determination of the commodity price which can be used for reserve determination. However the SEC is not yet in a position to formally respond to our recommendations.

After reviewing the SEC rule-making process it appears that the most effective way to start a dialogue would be if the SEC reviewed our recommendations and issued Concept Releases for public review and comments. This process is followed by the SEC when dealing with unique and complicated issues, to determine if new rules may be desirable. It allows time for all stakeholders to respond.

Taking this into account, a letter was sent by SME to SEC suggesting a path forward and asking whether the SEC could give higher priority to our recommendations.

9. Meeting with SAMREC

Following the UNECE meetings in Johannesburg in May, members of the SAMREC and SAMVAL Committees presented an update of progress towards the release of new versions of each of these codes. The new SAMREC Code is scheduled to be made available for comment on the SAIMM web site on 19th June.

The main point of the presentations was that valuation and classification codes cannot be developed in isolation from each other. In order for them to be widely applied and accepted, these codes need to be the result of a continuous cross-pollination of ideas between the members of the two teams and must have similarity of definitions and concepts. It was further emphasised that such codes cannot be the product of a few individuals but have to be the result of as wide a participation as possible. For the SAMREC Code alone more than 100 professionals from all spheres of mining, related institutions, financial and accounting organisations and the State were involved.

Following this presentation, and without UNECE delegates present, a meeting was held with the SAMREC and SAMVAL members to discuss issues of mutual concern on the governance and direction of CRIRSCO.

10. Web Site management

Tatiana Feldman, the AusIMM manager for the CRIRSCO web site has, in discussions with the Co-Chairmen, done an excellent job in developing the site to the point where it is almost ready to launch.

11. Other news

Pan European Reserves Committee (PERC)

Members will be interested to know that a new Committee has been established as a National Reporting Organisation for the UK, Ireland and Europe. The Committee, to be known as the Pan-European Resources and Reserves Reporting Committee, or PERC, includes all of the former sponsors of 'The Reporting Code' but has significant additions that broaden stakeholder representation.

In particular the Committee contains representatives of mining (including industrial minerals) companies, consultants, corporate finance and brokers/SX advisers. Observers are intended to include AIM, FSA/UKLA and possibly SPE and IASB. Gordon Riddler is the Chairman and Stephen Henley the Secretary/Deputy Chairman.

Some details of the relationship between the UK based members and those in Ireland and Europe remain to be resolved, but otherwise the Committee, after two meetings, is well established and a significantly more credible contributor to international affairs than its predecessor.

Paper for International Mine Management Conference

The Co-Chairmen completed a paper entitled "Developments in International Mineral Resource and Reserve Reporting". Pat will present the paper at the International Mine Management Conference to be held in Melbourne in October 2006.