

# **Committee for Mineral Reserves International Reporting Standards Summary Report on Activities December 2006**

This Report to Members is intended to inform CRIRSCO members of events and progress since the last report in September 2006. Items broadly follow the format and sequence of previous reports.

## **1. CRIRSCO membership issues**

Current membership is Peter Stoker and Ian Goddard (Australia), Niall Weatherstone (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). Since the last report, Ian Goddard's nomination has been received and accepted. Ian replaces Pat Stephenson who retired from CRIRSCO and JORC at the end of November. Gordon Riddler retired from CRIRSCO as one of its founder members, also at the end of November. PERC has been asked to nominate a replacement for Gordon and it is hoped that this will happen at its next meeting in January. Chile, USA and Ireland and Western Europe have still to nominate a second member. Niall will continue in the position of Chairman until some resolution is found on the longer term organisation and funding of CRIRSCO, hopefully through the ICMM (see Item 2 below), and elections for office bearers can be arranged.

## **2. CRIRSCO restructuring**

As flagged in the September report, Niall and Pat attended a meeting of the ICMM Executive Working Group in London on 9<sup>th</sup> October to speak on the proposal for CRIRSCO to become a Task Force within the ICMM structure. While the proposal was well received, no firm decision was made by the EWG and we have been invited to re-submit our proposal to the next EWG meeting in Tokyo on 15<sup>th</sup> January 2007. This proposal will be modified slightly to address concerns raised by EWG members, largely related to the extent to which EWG resources might be diverted to managing CRIRSCO, and whether such an alliance was in the best interests of the ICMM which has hitherto avoided such arrangements.

Since the October meeting Niall has worked with Paul Mitchell, the President of the ICMM to clarify the issues of concern to EWG and to investigate ways of overcoming these. The Rio Tinto representatives on ICMM have now taken over the rotating Chairmanship of the Council (Leigh Clifford) and EWG (Andy Vickerman) and both have indicated their support for CRIRSCO's proposal.

In preparation for the Tokyo meeting, members of CRIRSCO will seek the support of key members of the EWG for the proposal.

## **3. International Reporting Template**

After the successful launch of the Template in August we have noted an increased number of references to it and CRIRSCO in the industry press. The web site is freely available to anyone with an interest in the Committee's affairs and can be accessed at [www.criirSCO.com](http://www.criirSCO.com). We have been asked by Mining Journal to provide an article on the Template for a short feature in the magazine. This is now with the relevant editor and should appear fairly soon.

Responsibility for maintaining the Template is now with Edmundo's Template Sub-Committee. Our South African colleagues advise that the 2006 version of SAMREC is now likely to be published in February 2007, which will give the Template Sub-Committee the opportunity to review it for possible updates to the Template.

#### **4. Joint CRIRSCO/UNECE Committee**

Ferdi, Niall and Pat attended the annual meeting of the Ad Hoc Group of Experts (AHGE) in Geneva. Unfortunately John C, was unable to participate. Ferdi has provided a detailed report back to members summarised as follows:

The meetings were held during 11-13 October and were attended by representatives of 22 countries including Canada, France, Russia, UK, USA, Australia, China and South Africa. Members of about 20 international organisations and specialised agencies including the IAEA, CRIRSCO, SPE, IASB and, OPEC took part. Ferdi and Niall attended in their capacity of members of the Joint UNECE/CRIRSCO Committee which will compile the specifications and guidelines for the solid minerals section of the UNFC. Niall and Pat attended in their capacity as co-chairs of CRIRSCO. The main aims of the CRIRSCO delegation were a) to report back on progress on the convergence between the definitions and guidelines of the Template and the SPE (oil & gas) Guidelines, b) to make progress on the integration process of these two Guidelines with the UNFC and c) to report back on the Johannesburg meeting (outcomes reported in September).

As representatives from both the International Accounting Standards Board (IASB) and Society of Petroleum Engineers (SPE) were at the meetings, it was an opportune time to hold joint meetings to consider the SPE-CRIRSCO Convergence Team's current position on a list of financial reporting issues produced by the IASB. It was agreed at this meeting that none of the convergence issues appear to be obstacles to completing the convergence work. What remains is for the SPE-CRIRSCO team to address the issues by, where appropriate, drafting text to explain the similarities and differences of the solid minerals and oil and gas systems for the financial community. To date no schedule has been developed for this work.

With regard to the UNFC integration process, CRIRSCO and SPE proposed as structure under which ownership of the Template and SPE Guidelines would remain with the two organisations, and a 'mapping module' would be developed between the two guidelines and the UNFC. The UNFC would become an umbrella document that referenced the guidelines but did not reproduce them in a form different to the original versions. While some members of the AHGE senior hierarchy registered objections to this perceived down-grading of the UNFC; expressing a preference for a single document solution integrating all three current guidelines, the AHGE as a whole appeared to support this proposal and in particular voiced their support of CRIRSCO's stance. No finalisation on the matter was possible in Geneva but work is planned to continue to develop the mapping module with the SPE.

The report back on the May Johannesburg meetings was well received.

In a side meeting in Geneva, CRIRSCO representatives met members of the Mineral Resources and Reserves Evaluation Center of the Chinese Ministry of Land and Resources (MRREC) (see Item 10 below).

## **5. IASB Matters**

Following the Geneva meetings, the IASB research team members presented their preliminary conclusions to an IASB meeting in London. In essence, the team recommended against the use of fair value accounting in determining mining property values on balance sheet. However, the Board has asked the team to continue its research into ways in which some form of fair value accounting could be applied to reserves and by definition, the businesses that rely on them.

As noted above, CRIRSCO and the SPE will be following up on IASB issues at an appropriate time, most likely after February when the industry comment period for the revised SPE Guidelines ends.

## **6. CRIRSCO-SPE Joint Task Force**

A considerable amount of work was put in by SPE and CRIRSCO members of the Convergence Team ahead of the Geneva UN meetings. The list of convergence issues identified by the IASB was discussed and a joint approach taken to identifying what should be done in response. As noted above, this was well received by the IASB and is the basis for ongoing work by the Convergence Team.

At this stage, there is no intention of producing a joint document that would cover estimation and reporting of resources and reserves in all of the extractive industries (solid minerals and oil & gas). This is felt by both sides to be impracticable given the history of the two industries, and unnecessary.

Instead, it is proposed that terminology would be clarified for financial users, and to the extent possible a single set of terms will be used, although their application might vary slightly between industries.

One result of the close collaboration of CRIRSCO and SPE in this work is that the presentations made in Geneva were a coherent statement of the jointly agreed position of each organisation. This gave credibility to the proposals put to the AHGE and is likely to have influenced their positive response.

## **7. Communication and relationship with SEC**

JM reports that, yet again, there has been no progress with the SEC this quarter. In the meantime he has focused on establishing the new class of SME Registered Members (enabling members to be internationally recognised as Competent Persons) and in creating the 2007 Admission and Ethics committees that govern this process.

It is pleasing to note that while the SME Board believed that getting 200 registered members in the first year would be doing well, so far there have been 320 registrations, which is a clear endorsement of the SME and demonstrates a demand in the USA for international recognition of their reserve practitioners.

## **8. CRIRSCO communications**

Members only.

## **9. Invitations to Comment on Code Revisions**

The SPE (oil and gas) Guidelines have been agreed by the SPE Board and are now in the public domain for industry comment. The SPE has requested that responses should, where possible, be provided by organisations rather than individuals and we would like to comment on behalf of CRIRSCO if members believe this is appropriate.

The SPE Guidelines are not specifically aimed at reporting of oil and gas reserves, but are more intended to standardise the approach to systems in the industry that include estimation and reporting. Nevertheless, there are many similarities in what we are trying to achieve through CRIRSCO so it is important we review the guidelines for anything that contradicts our joint position with the SPE.

The guidelines are available at [www.spe.org](http://www.spe.org) and comments must be returned by 1<sup>st</sup> February 2007. Niall would be pleased to accept comments by **12<sup>th</sup> January** at the latest from individuals or organisations with a view to incorporating these in a CRIRSCO response if appropriate.

## **10. Web Site management**

Members only.

## **11. Other news**

### **Pan European Reserves Committee (PERC)**

The next PERC meeting is scheduled for 10<sup>th</sup> January in London. CRIRSCO has requested that the nomination of a second CRIRSCO representative be placed on the agenda. PERC also intends to initiate a review of the 2001 Reporting Code, with the intention of bringing it up to date and re-branding it as the PERC Code.

### **Russian membership of CRIRSCO**

The Russian Sub-Committee continues to make good progress in setting up the joint committee and scoping the planned work. It has been suggested that October 2007 would be a good target date for completion of the work as this coincides with the Minex 2007 conference in Russia.

### **Chinese membership of CRIRSCO**

As noted above, the first steps have been taken in making contacts with relevant Chinese authorities responsible for reserves reporting in that country. While the prospect of Chinese membership of CRIRSCO is some way off, there is a willingness on both sides to ensure that the Chinese and Western reporting systems, represented by the MRREC and CRIRSCO respectively, should be mutually compatible and equivalent to the extent possible. Peter is taking the lead in setting up this Sub-Committee which will have 3-4 members from each side.