The International Mineral Reporting Codes – The importance of the Competent Person
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The mining industry is a vital contributor to national and global economies; never more so than at present with soaring demand for the commodities that it produces. It is a truly international business that depends on the trust and confidence of investors and other stakeholders for its financial and operational well-being. Unlike many other industries, it is based on depleting mineral assets, the knowledge of which is imperfect prior to the commencement of extraction. It is therefore essential that the industry communicates the risks associated with investment effectively and transparently in order to earn the level of trust necessary to underpin its activities.

(CRIRSCO Website)
TO PROMOTE INTERNATIONAL BEST PRACTICE IN THE REPORTING OF MINERAL EXPLORATION RESULTS, MINERAL RESOURCES AND MINERAL RESERVES

Pertinent Aspects of the Reporting Codes

- A **required minimum standard** for the **Public Reporting** of Exploration Results, Mineral Resources and Mineral Reserves
- Considered relevant to **all solid minerals**
- Present information about mineral assets to
  - Investors and potential investors
  - Advisors
  - Satisfy regulatory requirements
Relationship between Exploration Results, Mineral Resources and Mineral Reserves

**Exploration Results**

**MINERAL RESOURCES**

- Inferred
- Indicated
- Measured

**MINERAL RESERVES**

- Probable
- Proved

Increasing level of geological knowledge and confidence

Consideration of mining, processing, metallurgical, economic, marketing, legal, environmental, infrastructure, social, and governmental factors (the “Modifying Factors”)

Classification of Mineral Resources

- Inferred
- Indicated
- Measured

Mineral Resource classification is a matter for skilled judgement and Competent Persons should take into account those items in Table 1 which relate to confidence in Mineral Resource estimation.
The Importance of Public Reporting

- Tighter Corporate Governance
- Demands The Application Of Good Practice
- Reporting by responsible, experienced persons.

Competent Person’s Role

- The Process owner
- Is responsible for the basis of the public report
- Is accountable, could be called to substantiate the report
- Be responsible and accountable for the documentation
- Must be satisfied that the work of the other contributors is acceptable
- Assess the potential for eventual economic extraction
**Code Guiding Principles**

- **Materiality**
- **Competency**
- **Transparency**

**Materiality**

- Enable reasonable and balanced judgement
- All relevant information
- Disclosure of all material aspects
- Information for investors and their advisers
- Impact on value of the deposit
- Impact on public perception and value of deposit
Transparency

- Not Silent on any issue
- Balanced
- Sufficient information
- Unambiguous
- Clear
- Not Misleading

Competency

The Competent Person must be satisfied in their own minds that they are able to face their peers and demonstrate competency
Ethics

- Ethical behaviour
- Honesty
- Accountability
- Fairness

Membership

- Professional Organisations
- Statutory Organisations
- Recognised Professional Organisations

- Be a self-regulatory organization covering professionals in mining or exploration or both;
- Admit members primarily on the basis of their academic qualifications and experience;
- Require compliance with the professional standards of competence and ethics established by the organization;
- Have disciplinary powers, including the power to suspend or expel a member
Competent Person

Registered with Recognized Professional or statutory Organisation

A minimum of 5 (five) years experience relevant to

- the style of mineralisation
- type of deposit or class of deposit under consideration and
- activity which that person is undertaking.

Accreditation/Education

Experience

Ethics/Disciplinary Code

Self Regulation

- The key phrase in the definition of a Competent Person is “relevant experience”
  - A Competent Person must judge his or her own “competence”
  - To do this, apply common sense; discuss with peers
  - Key question: could the Competent Person face his or her peers and demonstrate competence in the commodity, type of deposit and activity he/she is undertaking?
Geologists bring to the minerals industry

- Scientific training in geological interpretation
- Ability to assess scientific data
- Ability to assess technical aspects
- Ability to create coherent explanations/models from the often sparse observations
- Creation of predictive models
Scientific Basis

Scientific models of the geology have a central place in the minerals industry

- Predictive Models
- Accuracy has huge value implications
- Fundamental basis of resources and reserves models
- Used to design capital developments and expansions;
- Mining schedules,
- Mineral processing strategies
- Product quantity and quality predictions.
- Financial valuation and evaluation of mines/projects

Analogy of a Competent Person

<table>
<thead>
<tr>
<th>Commercial Pilot's Licence</th>
<th>Competent Person</th>
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<tbody>
<tr>
<td>• Private Pilots Licence</td>
<td>• Basic qualification</td>
</tr>
<tr>
<td>• Night qualification</td>
<td>• 5 Years experience</td>
</tr>
<tr>
<td>• Multi-Engine Rating</td>
<td>• Registration</td>
</tr>
<tr>
<td>• Instrument Rating</td>
<td>• (Specific) Relevant experience</td>
</tr>
<tr>
<td>• Type rating of a specific aircraft</td>
<td>• Regular training</td>
</tr>
<tr>
<td>• Regular checks and updates</td>
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