

Introduction

Peter Stoker, Chairman JORC
London 22 October 2012



The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia



Outline

- Australia
 - Restoring the relationship with ASX and ASIC
 - Current situation
 - Exposure Draft JORC Code 2012
 - Draft ASX Listing Rules and Guidance Note
 - 12 month transition period suggested.
- New Zealand
- Other countries in Asia
- Australasian VALMIN committee

Restoring the relationship ASX and JORC

- In 2011 ASX and JORC issued separate discussion papers on proposed changes to the listing rules and the JORC Code
- Subsequently there were some joint information sessions organised by the professional bodies to which ASX was invited
- JORC, ASX and ASIC have liaised and cooperated in an attempt to ensure the new requirements are efficient and there is compatibility between the JORC Code and the revised Chapter 5 of the ASX Listing Rules, both issued on the same day, 18 September 2012
- These two documents deal with many matters in parallel, but some are specific to one or the other document
- Expect December implementation with 12 month transition.

Exposure draft of 2012 JORC Code and consultation paper on draft ASX Listing Rules & Guidance Note issued 19 Sept.

- The JORC Code exposure draft (2012) released for public comment is based on 114 written submissions as well as further direct industry feedback through various public forums and meetings.
- The review period will be for six weeks and will close on the **26th October 2012**.
- Submissions should be emailed to jorc@ausimm.com.au.
- The exposure draft of The JORC Code (2012) can be found on the JORC website www.jorc.org .

Exposure Draft JORC Code 2012

Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves



(The JORC Code)



Prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC)

Comparison JORC (2004) to JORC (2012) Draft Code

Draft ASX Listing Rules and Guidance Note issued 19 Sept.

Feedback from 122 written submissions received and 54 roundtables and consultation meetings held by ASX across Australia during late 2011 and early 2012 has been considered in the development of the new Listing Rules and guidance.

Responses required by **26 October 2012.**



ASX

AUSTRALIAN SECURITIES EXCHANGE

Reserves and Resources Disclosure Rules for Mining and Oil & Gas Companies:

Draft ASX Listing Rules and Guidance Notes for Enhanced Disclosure

Consultation Paper

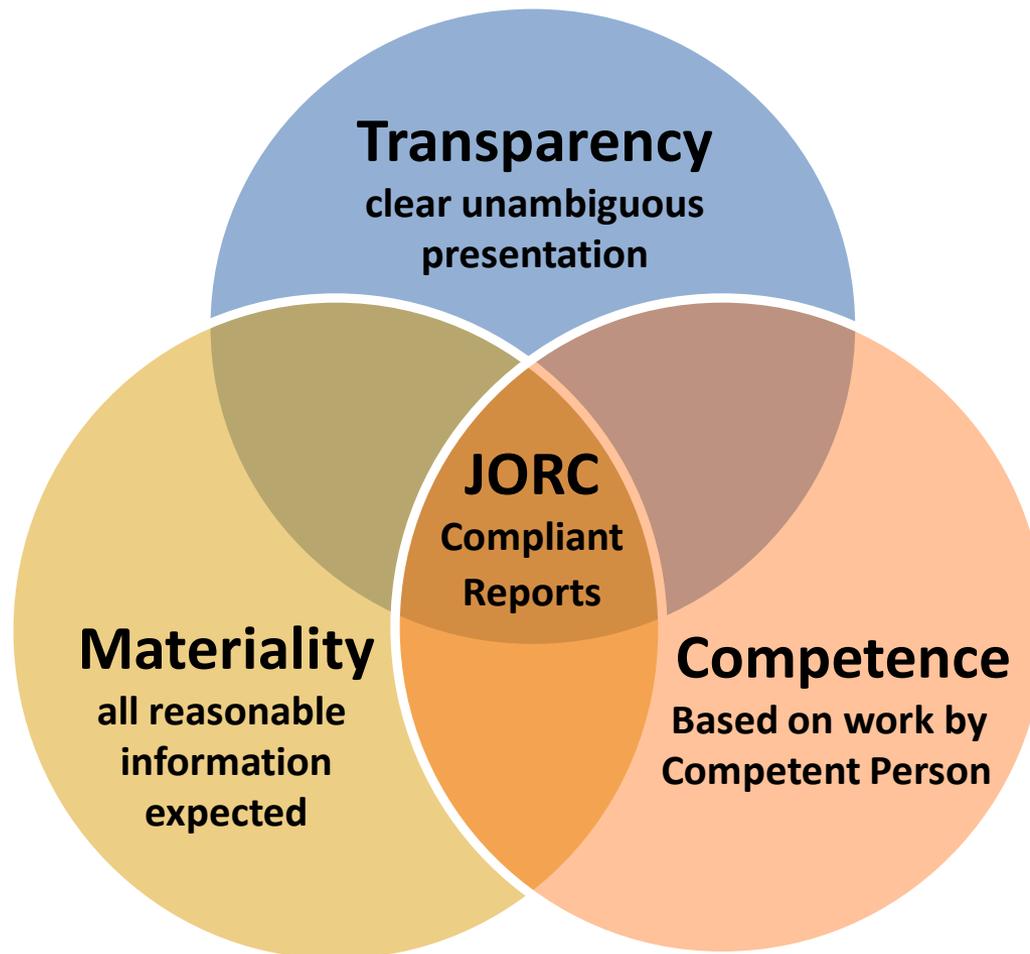
September 2012

JORC Code and ASX Listing Rules

- Exposure Draft JORC Code 2012
 - Increased emphasis on Materiality and Transparency and 'If not, why not' reporting
 - Expansion of guidance on the Modifying Factors in Table 1
 - Exploration Targets
 - General alignment with CRIRSCO standard definitions, Pre-Feasibility Study required for declaration of Ore Reserves, Scoping, Pre-Feasibility and Feasibility Studies defined.
 - Clauses added on metal equivalents and in-situ values
- Draft ASX Listing Rules and Guidance Note
 - Parallel requirements to Revised JORC Code
 - Historical and foreign estimates
 - Production targets
 - Reserves and resources reporting in the annual report
 - Competent Person's signoffs
 - 12 month transition period suggested.

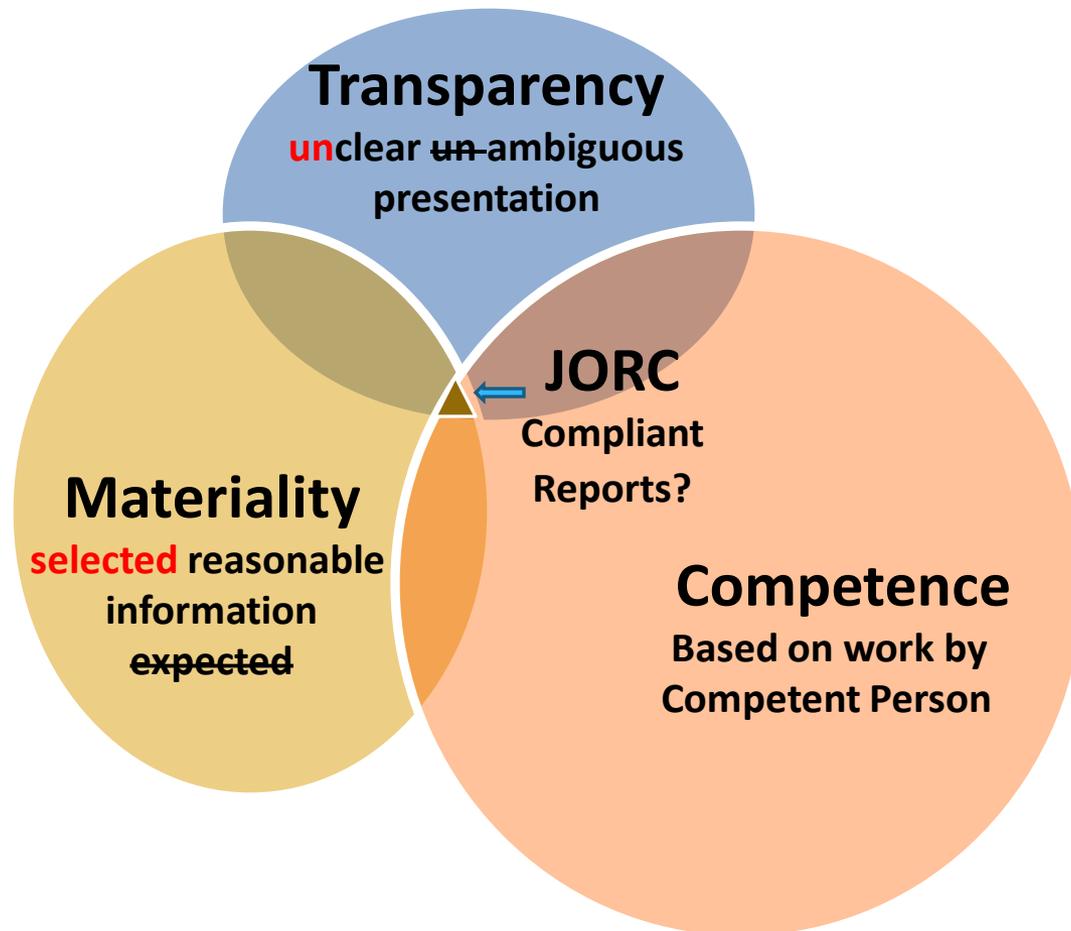
JORC Code - Principles based

The principles in Clause 4, 2004 JORC Code are:



JORC Code – Competence based

Common distortion of Clause 4, 2004 JORC Code resulting in:



JORC Code remains Principles based

- The review process confirmed that while there remains strong support for the JORC Code to remain principles based, there was also a need for improved disclosure standards and greater balance between the core principles of Transparency, Materiality and Competence in public reporting.
- To address this issue, the requirement for transparent disclosure has been clarified through redrafting of clauses 4, 18, 26 and 34 to emphasise reference to and comment on Table 1 guidance within the context of “if not why not” reporting, in order to confirm the materiality or otherwise of these criteria to the deposit in question.

Expansion of Guidance in Table 1

Exploration Results

An expansion of the guidance provided, which will require reporting on an “if not why not” basis or initial or first time reporting on significant projects.

This expansion includes:

- Exploration Results
 - Drilling information and plans
- Mineral Resources
 - Considerations to determine reasonable prospects for eventual economic extraction
- Ore Reserves
 - Enlarged guidance on the Modifying Factors

New Clause 16 Exploration Targets

Old Clause 18 which dealt with companies ability to “comment on and discuss its exploration in terms of target size and type. Any such information relating to exploration targets ...”, has been replaced by a new clause 16 under the **Reporting – General** heading instead of the **Reporting of Exploration Results** heading to make it clear that it is separated from the “main stream” reporting of Exploration Results and Mineral Resources. Previously placed between Exploration Results and Mineral Resources sections, exploration targets were viewed by many in the same light as “pre-resource mineralisation”, which was removed in 1992.

The clause now defines Exploration Targets (as they are referred to in the ASX Listing Rules) and strengthens the cautionary language.

CRIRSCO standard definitions, studies & metal equivalents and in-situ values

The CRIRSCO standard definitions, agreed by CRIRSCO and recommended for inclusion in all national reporting codes in order to provide uniformity for external reference, have been largely included in this draft as foreshadowed in the issues paper.

Pre-Feasibility Study required for declaration of Ore Reserves:

“An 'Ore Reserve’ is the economically mineable part of a Measured and/or Indicated Mineral Resource.

It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors.”

Pre-Feasibility and Feasibility Studies defined in line with CRIRSCO definitions, and a Scoping Study is defined.

Clauses on metal equivalents and in-situ values have been extracted from ASX companies updates and inserted as clauses 49 and 50.

Draft ASX Listing Rules and Guidance Note issued 19 Sept.

Feedback from 122 written submissions received and 54 roundtables and consultation meetings held by ASX across Australia during late 2011 and early 2012 has been considered in the development of the new Listing Rules and guidance.

Responses required by
26 October 2012.



Reserves and Resources Disclosure Rules for Mining and Oil & Gas Companies:

Draft ASX Listing Rules and Guidance Notes for Enhanced Disclosure

Consultation Paper

September 2012

Consultation Findings

- Broad support for updating the Listing Rules & the JORC Code to facilitate greater transparency & consistency in reporting MR & OR
- 2 additional issues raised during consultation:
 - streamlining CP sign-off
 - reporting historical & foreign estimates
- Broad support for comprehensively updating petroleum resources reporting requirements & adopting SPE-PRMS

ASX Proposal in Summary



- New Chapter 5 Listing Rule reporting requirements for material mining company resources disclosures
 - underpinned by an updated JORC Code
- New Chapter 5 general requirements & reporting requirements for material oil and gas company petroleum resources disclosures
 - underpinned by SPE-PRMS

Parallel requirements to Revised JORC Code, particularly in:

LR 5.7 Requirements applicable to reports of exploration results for material mining projects

LR5.8 Requirements applicable to reports of mineral resources for material mining projects, and

LR 5.9 Requirements applicable to reports of ore reserves for material mining projects

Proposed Reporting Requirements

LR 5.8 – disclosure of initial (or materially changed) estimates of MR for a material project:

- requirement for a summary of prescribed parameters in the market announcement
 - geology, sampling, drilling, data spacing, estimation methodology, cut-off grade
- The market announcement must also attach a report based on section 1 (sampling techniques and data), section 2 (reporting of exploration results), and section 3 (estimation and reporting of mineral resources) of Table 1 of the JORC Code, prepared on an ‘if not, why not’ basis.

The ASX Listing Rules contain additional requirements to those in the JORC Code

Historical and foreign estimates

- Extracted and modified from ASX Companies Update. No longer requires a waiver but stringent conditions on use and progress towards reporting in compliance with JORC Code.
- Companies will be prohibited from including historical and foreign estimates in economic studies and will also be prohibited from basing production targets on these estimates given the uncertainty associated with them.

Production targets

- Reporting requirements for longer term projections of future production and associated forecast financial information for material projects where those projections are not underpinned by an operating mine and ore reserves or a combination of ore reserves and mineral resources
- When based solely on inferred mineral resources the company is required to include cautionary statements and disclose why it considers that it has reasonable grounds (s769C of the Corporations Act) for a production target
- Must also disclose a technical report prepared by, or under the supervision of, a named independent competent person that supports the production target.

Reserves and resources reporting in the annual report to include:

- The company's mineral resources and ore reserves holdings as at the company's end of financial year balance date (or such other appropriate disclosed date);
- a comparison against the previous year with an explanation of any material changes;
- a brief explanation of any material changes in its holdings between the reporting date and its financial year balance date; and
- a summary of the governance arrangements and internal controls that have been put in place with respect to its mineral resources and ore reserves and the estimation process.

Competent Person

- Prior written consent from a Competent Person for the disclosure of the Exploration Results, Mineral Resources and Ore Reserves and the supporting information will be required the first time these are reported to the market
- This prior written consent of the Competent Person and the supporting information will not be required when the same set of information is included in subsequent public reports, provided there is no new information or data that materially affects the information included in the original market announcement. The subsequent public report must also cross-refer to the original market announcement with the Competent Person statement and the supporting information set out above
- JORC notes that there is a need to exercise caution as the form and context may not always be the same!

Transition period

- ASX is proposing a 12 month transition period for companies to comply with the new reporting requirements following regulatory clearance for the amendments.
- ASX is seeking comments on the amendments to the Listing Rules and the draft Guidance Notes, including whether there are any other matters where guidance would be helpful
- Views on whether a 12 month transition period is adequate are also sought
- A similar transition period for the JORC Code is required.

New Zealand

- NZX Listing Rules include the 2004 JORC Code
- Need to begin the process to update those rules as well.

Other countries

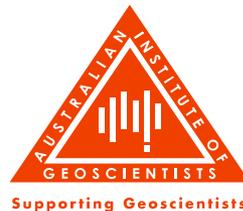
- Indonesia
 - KCMC Code issued , Competent Persons being registered, discussions underway on implementation
- Philippines
 - Limited progress on joining CRIRSCO although PMRC is issued and Competent Persons are registered, PMRC recognised by PSE and government
- PR China
 - The 2009 review of the Chinese national reporting standard appears not to have been adopted , a new review is possible
- Thailand
 - Stock Exchange of Thailand is examining the adoption of the JORC Code as the reporting standard in Thailand.

VALMIN Committee

- The VALMIN Committee has been reformed
- It held a series of seminars on Valuation on 2011 and 2012
- Establishing closer relationships with ASIC
- Moving towards a review of the VALMIN Code with a view to having it incorporated into the regulatory framework.

Acknowledgements

To my JORC colleagues and to the staff of ASX and ASIC for their cooperation in progressing the revised JORC Code and draft ASX Listing Rules.



PLEASE PROVIDE YOUR RESPONSES TO BOTH JORC AND ASX