Update by National Reporting Organisation on major issues in Russia

October 2012
Outlines

• OERN recognition as RPO by NROs
• NAEN Code recognition
• NAEN/OERN other main activities
  • NAEN Code update
  • NAEN expansion
  • Seminars and conferences
  • The NAEN Journal
• Conclusion
OERN recognition as RPO by NROs

Acceptance of OERN internationally as a RPO

- Allow OERN’s members to act as Competent Persons
- Prepare reports in compliance with the International standards
OERN recognition as RPO by PERC

APPENDIX 5: RECOGNISED PROFESSIONAL ORGANISATIONS (RPOS)

This is a list of professional organisations (RPOs, or Recognised Professional Organisations) and required membership levels for the purpose of the definition of a Competent Person in the PERC Standard (paragraph 3.10).

To be recognised as an RPO, an organisation must satisfy the following criteria:

1. be a self-regulatory organisation covering professionals in the mining and/or exploration industry;
2. admit members primarily on the basis of their academic qualifications and professional experience;
3. require compliance with the professional standards of competence and ethics established by the organisation anywhere in the World (not just within the home jurisdiction of the organisation); and
4. have disciplinary powers, including the power to suspend or expel a member for breaches of professional standards of competence or ethics anywhere in the World.

The minimum membership classes required are consistent with those in other CRIRSCO codes and have been set at a level where the membership class is based on a system of peer scrutiny, including submission of documentation demonstrating experience and expertise and normally a professional interview, or where there is no interview PERC would need to be satisfied that the system of peer scrutiny is sufficiently robust.

EUROPEAN RPOS RECOGNISED BY PERC, AND MEMBERSHIP LEVELS REQUIRED

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Minimum membership class required</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Institute of Materials, Minerals and Mining (IOMM)</td>
<td>Member (MIMMM) or Fellow (FIMMM)</td>
</tr>
<tr>
<td>National Associations which constitute the European Federation of Geologists (EFG)</td>
<td>European Geologist (EUGeo)</td>
</tr>
<tr>
<td>The Institute of Geologists of Ireland</td>
<td>Professional Geologist (PGeo)</td>
</tr>
<tr>
<td>The Geological Society of London</td>
<td>Chartered Geologist (CGeol) or 'Chartered Scientist' (CSci)</td>
</tr>
</tbody>
</table>

RPOS OUTSIDE EUROPE

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Minimum membership class required</th>
</tr>
</thead>
<tbody>
<tr>
<td>OERN (Russia)</td>
<td>Expert</td>
</tr>
<tr>
<td>The American Institute of Professional Geologists</td>
<td>Registered Professional Geologist</td>
</tr>
<tr>
<td>Mining and Metallurgical Society of America (MMSA)</td>
<td>Certified Professional Geologist</td>
</tr>
<tr>
<td>Australasian Institute of Mining and Metallurgy (AusIMM)</td>
<td>Fellow or Member</td>
</tr>
<tr>
<td>Australian Institute of Geoscientists (AIG)</td>
<td>Fellow or Member</td>
</tr>
<tr>
<td>South African Institute of Mining and Metallurgy (SAMM)</td>
<td>Fellow</td>
</tr>
</tbody>
</table>

South African Council for Natural Scientific Professions Professional Natural Scientist (SACNASP)

- Association of Professional Engineers, Geologists/Geoscientists [and Geophysicists] of any province of Canada
- Canadian Institute of Mining, Metallurgy and Petroleum (CIM)
- Geoscientists Canada (any member association)

Geoscientists Canada (any member association)

- Professional Geoscientist (PGeo)

Other organisations within Europe or elsewhere which have been defined as acceptable by the European Securities and Markets Authority regulations for minerals companies paragraph 133:

1) a) 1-3. These will be appropriate recognised professional associations, institutions or bodies relevant to the activity being undertaken, with enforceable rules of conduct.

Any person who is professionally qualified and a member or registrant in good standing of such professional association, institution or body, who is subject to the enforceable rules of conduct, and whose membership status is based on rigorous peer scrutiny including submission of documentary evidence of experience and competence, and an examination (oral or written).
OERN recognition as RPO by Comision Minera - Chile

Reciprocity Agreement between NAEN, Comision Minera and OERN, signed on 2 May, 2012

According to the Agreement, Russian geologists, engineers will be recognised as Competent Persons in Chile if they are members of OERN and if they meet requirements imposed by the Chilean regulatory system.
Recognition of the NAEN Code by stock exchanges

- Allow to accept NAEN Code by stock exchanges
- Allow to prepare reports in compliance with the NAEN Code
Interaction with:

London Stock Exchange (LSE)

European Securities and Markets Authority (ESMA)

Canadian Securities Administrators (CSA)
Regulates the performance of OERN members as Competent Persons

Establishes the basic requirements for OERN members

Determines range of their rights and responsibilities

Establishes disciplinary actions
It establishes:

- Procedure of accreditation of Competent Persons
- Functions and structure of the Commission on Accreditation of Competent Persons
The NAEN Code was updated in the following areas:

- Revised standard definitions which were agreed at the CRIRSCO meeting last year in London
- Edited text for more accurate translation from English to Russian
- Improved stylistics and changed a couple paragraphs for clarification
New regional offices of OERN

Central office in Moscow

- Regional office in Kemerovo
- Regional office in Krasnoyarsk
- Regional office in Perm
- Regional office in Irkutsk
- Regional office in Samara
- Regional office in Rostov
NAEN jointly with OERN held 16 seminars, 2 round tables and 1 conference.

Seminar: “Reporting on solid mineral reserves and resources according to the International standards” considered the following issues:

- Practical aspects of the procedure and approach when reporting mineral resources and reserves in accordance with international standards
- Competency and how to become a Competent Person for Russian specialists
- Experience in the application of international standards to estimate and report mineral resources and reserves of Russian mining companies
The relevancy of this Round Table was determined by intensive application of block modeling in the Russian practice for geological and economic evaluation of the mineral deposits.

This requires development of specific approaches for the state examination of block models to be sure that calculated resources/reserves are correct.

Decision – to arrange a working party whose task will be development of the guidelines on the representation of the block modeling results to the state expert examination and development of recommendations for the expert review of the block modeling.
OERN participated in many other mining events such as:

• MINEX Central Asia and MINEX Russia

• Annual Conference of London Stock Exchange in Moscow

• VII All-Russian Congress of Geologists and other
• In 2012 one of the key issues that was discussed in journal editions was the use of Russian and International reporting systems.
Future plans

Plans:

• to continue working with NROs – CRIRSCO members - towards OERN recognition
• to continue working with stock exchanges
• to continue working towards developing a special exchange floor in Russia for mining companies similar to LSE, TSX, etc.
• to continue working on development of the Russian society of Competent persons
• to continue education program – seminars, conferences, workshops