



COMMITTEE FOR MINERAL RESERVES  
INTERNATIONAL REPORTING STANDARDS



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# Competent Persons and Experts in Russia

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- All mineral resources in Russia are state-owned
- All mineral resource estimates must be approved by “Expertise” – a State technical audit process
- This technical audit is carried out by highly professional specialists – GKZ Experts

- The GKZ expert audit process includes estimation of a wide range of geological and economic criteria and makes decisions on the most efficient exploitation of the resources.
- The assessment includes:
  - Correctness of methods used, the extent of exploration and sampling programmes, the quality of work done, compliance with the requirement for maximal usage of resources, quantity and quality of assays and metallurgical testing
  - Hydrogeological, geotechnical and economic conditions for exploitation of the deposit
  - Compliance with Russian Law, in particular in the fields of environmental protection, water, land, forest and biological resources

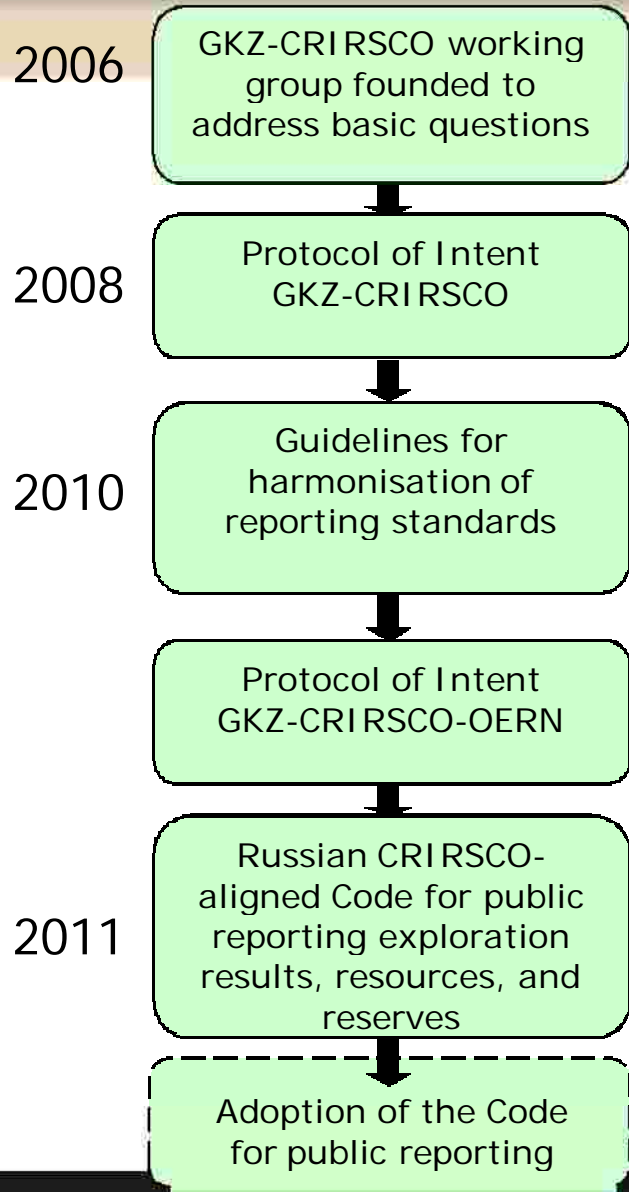
A GKZ Expert must:

- Have completed a course of higher education, have at least 5 years work experience, and possess the scientific and practical knowledge in fields relevant to assessment of mineral resources, to the extent necessary to carry out highly skilled expert audits
- Be independent
- Be a member of OERN ( the Association of Experts of Russia on Mineral Resources) – a new requirement
- In his/her activities must follow the laws of the Russian Federation and other legislative and regulatory requirements in the field of subsoil use

- An established system that encompasses development of mineral deposits and is built upon principles of transparency, materiality, and objectivity
- This system has already operated in Russia for more than 84 years, for State audit of resources
- **HOWEVER:** the Russian classification system for mineral resources and reserves is not part of an internationally recognized framework
- To enter the international market, Russian mining companies have to use CRIRSCO-aligned codes and seek the help of foreign experts – Competent Persons - to audit and report on the mineral assets of the company in accordance with the requirements of an international standard

The current system has the following problems:

- In some places the Russian and international classifications differ, and require further clarification
- Data presented according to the Russian classification system is not acceptable on major international capital markets
- Estimates quoted within the Russian classification system are liable to misunderstanding by foreign investors
- There is duplication of effort in evaluation of mineral deposits
- Reserve estimates obtained by the two systems can be difficult to reconcile



ГКЗ и CRIRSCO  
 OERN Round Table to discuss Guidelines

International conference: "Russia and international reporting standards for mineral resources and reserves"



Seminar on International Standards for reporting mineral reserves and resources



**Name: The Russian Code for public reporting of exploration results, reserves and resources of solid minerals (The NAEN Code)**

- Developed by NP NAEN, OERN, GKZ, CRIRSCO
- Based on the CRIRSCO Template with guidelines from the Russian classification system
- Establishes minimum requirements for public reporting by mining and exploration companies
- Designed for use in international markets, in parallel with the Russian classification used for State purposes

- Russian Society of Experts on Natural Resources (OERN) set up in 2007
  - ü Independent self-regulating organisation,
  - ü An association of professional minerals industry geologists
  - ü Has a defined code of professional ethics and disciplinary procedures

# Objectives of OERN

- Increase the prestige of working professional geologists
- Protect their interests and facilitate their careers
- Skills development (CPD) through scientific seminars and conferences, exchange of opinions, expert technical advice
- Training of the new generation of subsurface experts
- Promote and advance best practice in exploration and management of subsoil resources
- Create conditions for implementing policies for protection of the environment and resources

- OERN is a member organisation of the European Federation of Geologists (EFG)
- Its members can apply for the title “European Geologist” (EurGeol)



From the work on harmonisation of the two classification systems it was found that:

- Professional opinion of the CP and of the GKZ Expert is a priority and justifies objective evaluation of all factors
- Participation and signature of the CP and the GKZ Expert respectively is required in the international and Russian systems
- Final decisions (on reported estimates) rest with the CP and the GKZ Expert
- Specialists – experts together with their professional organisations

**There are no fundamental differences of definition  
between the Competent Person and the GKZ Expert.**

## Requirements for the Competent Person in Russia:

- To be a member of a recognised professional organisation
- To have at least 5 years experience
- To be familiar with international reporting standards
- To be familiar with the laws and regulations of the Russian Federation in the field of subsoil use

- A candidate member of CRIRSCO
  - An opportunity for Russian experts to become members of a recognized professional organization
  - Acceptance of OERN internationally as a recognised professional organisation ('ROPO')



## **New opportunities today:**

- OERN members to act as Competent Persons
- Development of a common approach to reporting
- Achieve convergence and comparability of estimates to satisfy the requirements of both the Russian State and international markets
- Provide more comprehensive and comprehensible information on reserves and resources of Russian deposits to the foreign financial community and investors
- To align the Russian and international reporting systems more closely and to assist in increasing capitalisation of Russian mineral resources