The New Russian Reporting Standard

CRIRSCO Annual Meeting. Day 1, Open Session

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The mining geological community

Increasing involvement of international mining companies, consultants, and investors in the Russian market

Increasing participation by Russian companies in mineral development projects outside the Russian Federation

A need for mutual recognition of professionals of different countries, understanding of different national standards for classification and reporting of reserves and resources, improving transparency and investment attractiveness of subsurface resources
CRIRSCO family of reporting standards

- CIM Standards (Canada, in NI 43-101)
- JORC Code (Australasia)
- SAMREC Code (South Africa)
- PERC Code (Europe)
- SME Guidelines (USA)
- Certification Code (Chile)
- **NAEN Code (Russia)**
- CRIRSCO Template (International)
The existing Russian (governmental) standard for classification and reporting fully meets the requirements for which it was defined:

- reliable State accounting
- efficient use of mineral resources
- development of strategic plans for management and replenishment of mineral resources
However - 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
Development of mutual understanding

2006
GKZ-CRI RSCO working group founded to address basic questions

2008
Protocol of Intent GKZ-CRI RSCO

2010
Guidelines for harmonisation of reporting standards

Protocol of Intent GKZ-CRI RSCO-OERN

OERN Round Table to discuss Guidelines

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

Russian CRI RSCO-aligned Code for public reporting exploration results, resources, and reserves

2011
Seminar on International Standards for reporting mineral reserves and resources

Adoption of the Code for public reporting
NAEN
“Self-Regulating Organization “National Association for Subsoil Audit” includes corporate members and an association of individual specialists (OERN) Coordinates and financially supports the OERN activity for the Russian Code development

OERN
Russian Society of Experts on Subsoil Use is self-regulating association of geologists, mining engineers, petroleum engineers, hydrogeologists, surveyors, ecologists and other specialists in related fields of subsoil use Does actual work on development the Russian Code for Reporting

Russian Code

GKZ
Provides methodological assistance in meeting state regulatory requirements for resources/reserves reporting

CRI RSCO, PERC
Provides methodological assistance in meeting international requirements for resources/reserves reporting
**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
This is not a mechanical translation but must be informed by professional knowledge and experience.
Российский кодекс
Публичной отчетности о результатах геологоразведочных работ, ресурсах, запасах твердых полезных ископаемых (кодекс НАЭН)

Комитет по международным стандартам отчетности о запасах (CRIRSCO)
Национальная ассоциация по экспертизе недр (НАЭН)

Российский кодекс
Публичной отчетности о результатах геологоразведочных работ, ресурсах, запасах твердых полезных ископаемых (кодекс НАЭН)

Committee for Mineral Reserves International Reporting Standards (CRIRSCO)
National Association for Subtitle Examination (NAEN)
Accreditation of Competent persons

- Russian Society of Experts on Subsoil Use (OERN) set up in 2007
  - Independent self-regulating organisation,
  - An association of professional minerals industry geologists and mining engineers
  - Has a defined code of professional ethics and disciplinary procedures
• OERN is a member organisation of the European Federation of Geologists (EFG)

• Its members can apply for the title “European Geologist” (EurGeol)
• 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’)
Future Prospects

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
• Members of the working group on development of the Russian NAEN Code:
  • Grigoriy Malukhin, chair, CRIRSCO/OERN/GKZ
  • Stephen Henley, member, CRIRSCO/PERC
  • Vladimir Kotkin, member, OERN
  • Mike Armitage, member, PERC
  • Dave Pearce, member, PERC
  • Zygmunt J akubiak, member, J ORC
  • Ruth Allington, member, EFG
  • Valery Rogalsky, member, OERN
  • Phil S. Newall, member, EFG
  • Oleg Ilyin, member, OERN
  • Andy Bowden, member, EFG
  • Sergey Krylov, member, OERN
  • Sergey Shaklein, member, OERN
  • Heorhiy Rudko, observer member, DKZ
  • Vitaliy Lovyniukov, observer member, DKZ

• Representatives of CRIRSCO, GKZ and OERN.