CRIRSCO
COMMITTEE FOR MINERAL RESERVES
INTERNATIONAL REPORTING STANDARDS
Russian mining law, CRIRSCO, and the new Russian reporting standard

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Exploitation of mineral resources in Russia

• All mineral resources are owned by the State
• Therefore subsoil resources may not be the subject of the purchase, sale, gift, inheritance, investments, mortgage or any other private transaction
• The State grants a right to exploit resources in the form of a licence
• The licence document prescribes the scope and period of exploitation
• The license establishes the right to carry out mineral exploration, mine development, and mining waste management
• All mineral resources are subject to mandatory State technical audit
• Mineral extraction is authorised only after State verification of resource estimates
• This verification is the basis for inclusion of the resources in the State minerals inventory
• The technical audit is carried out by professional geologists: the GKZ Experts
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
• 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”

**2011**
- Russian CRI RSCO-aligned Code for public reporting exploration results, resources, and reserves
- Seminar on International Standards for reporting mineral reserves and resources
- Adoption of the Code for public 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
### Exploration Results

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<th>Mineral Resources</th>
<th>Mineral Reserves</th>
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<td>Russian Exploitation Reserves in fully explored deposits</td>
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**This is not a mechanical translation but must be informed by professional knowledge and experience**

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[Committee for Mineral Reserves International Reporting Standards]
Accreditation of Competent persons

- Russian Society of Experts on Natural Resources (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)
OERN – a member of CRIRSCO, a ROPO?

- 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
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