



COMMITTEE FOR MINERAL RESERVES
INTERNATIONAL REPORTING STANDARDS



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Russian mining law, CRIRSCO, and the new Russian reporting standard


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- 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



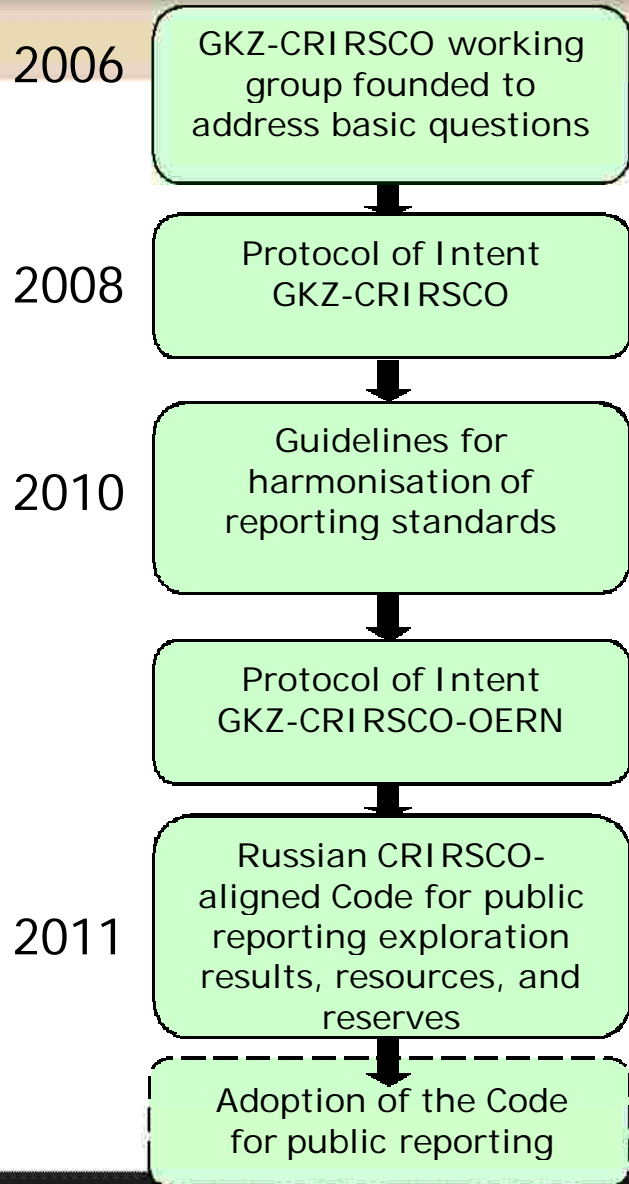
A need for mutual recognition of professionals of different countries, understanding of different national standards for classification and reporting of reserves and resources, improving transparency and investment attractiveness of subsurface resources

- 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



ПРОТОКОЛ О НАМЕРЕЯХ / PROTOCOL OF INTENTIONS

ОГКЗ - Государственный комитет по геологии и геоинформатике (ГКЗ) и Комитет по запасам полезных ископаемых (КЗПИ) (CRIRSCO)

Committee for Mineral Reserves International Reporting Standards (CRIRSCO)

OERN Round Table to discuss Guidelines

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



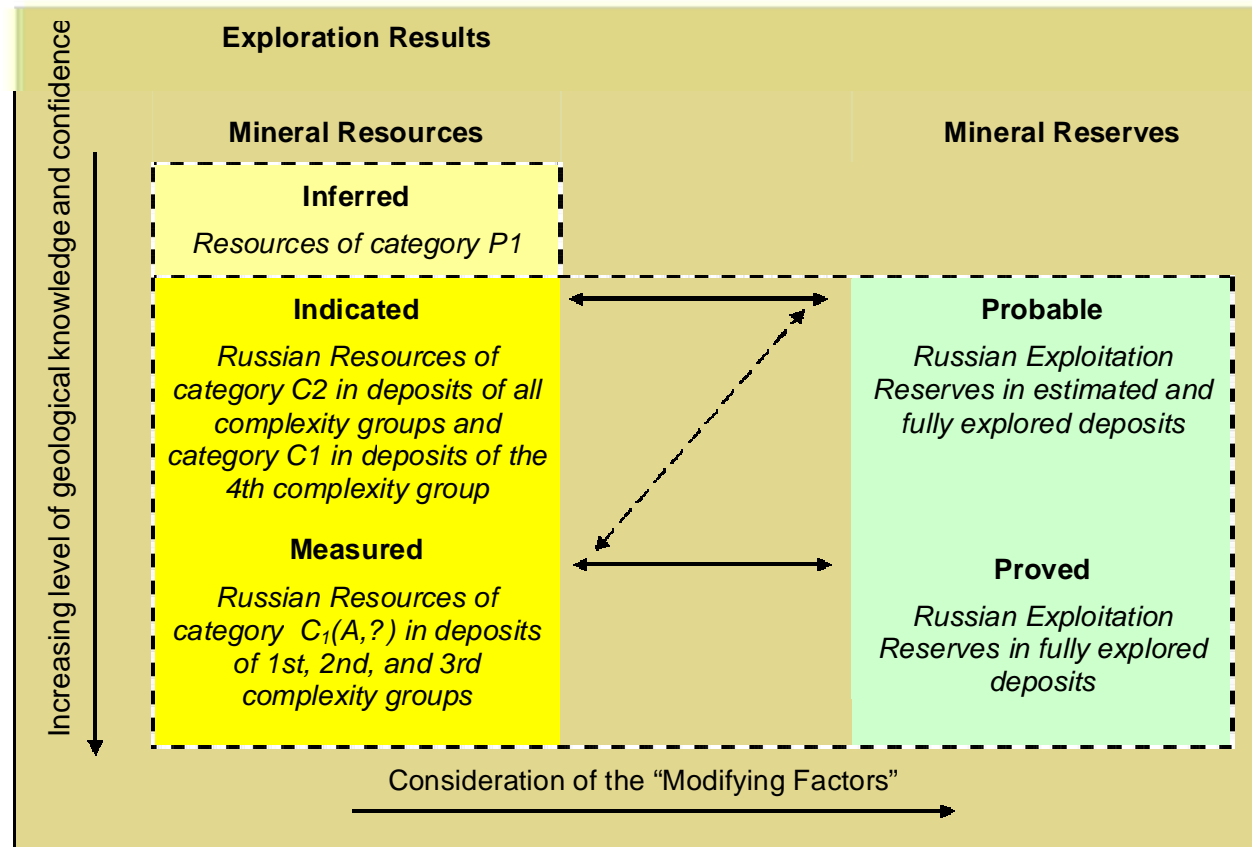
Seminar on International Standards for reporting mineral reserves and resources

Руководство по гармонизации стандартов отчетности России и CRIRSCO.

Guidelines on Alignment of Russian mineral reporting standards and the CRIRSCO Template

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

- 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 and mining engineers
 - ü 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')



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

Acknowledgments to:

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