



COMMITTEE FOR MINERAL RESERVES INTERNATIONAL REPORTING STANDARDS

REPORT ON CRIRSCO ANNUAL MEETING HELD ON 28 -29 SEPTEMBER 2010 IN MOSCOW, RUSSIA.

CRIRSCO held its Annual Meeting in Moscow, Russia, on Tuesday 28 and Wednesday 29 September, 2010. All current members of the Committee attended. The Chairman (Roger Dixon) welcomed new CIM representative Paul Bankes and acknowledged the retirement of John Postle (CIM) and the pending retirement of former Chairman Niall Weatherstone (PERC), who have both given long and valued service.

The first morning Session was open to the public and Michael Lynch-Bell, the chairman of the UNECE Bureau of the Expert Group on Resource Classification (EGRC), and Yuri Podturkin, the General Director of GKZ, were in attendance.

1. Update from National Reporting Organisations. (NROs)

Representatives of each of the six NROs made a presentation of material changes to matters in their jurisdiction since the last Meeting. In **Australia**, preparations are well underway for a revision to the JORC Code. An issues paper will be distributed, with a three month period for submissions. An exposure draft will follow, with the objective of finalising it by the end of 2011. The ASX will be proactive in the revision and will provide JORC with administrative support. ASIC will be an active respondent. It is hoped that, with the revival of the VALMIN Committee, there will be a closer relationship between the bodies. The **Canadian** Securities Administrators are reviewing NI-43-101 and the comments period closed on July 23. CIM and JORC have made submissions and have had subsequent communication directly with technical staff at the securities commissions. There are concerns regarding changes to the length of experience required for a Qualified Person by professionals from other countries. The target date for completion of the revision is June 2011. CIM continues to provide technical guidance to the Canadian regulators on NI 43-101. In **Chile**, Comisión Minera has conducted more training sessions on the new Code and the number of Competent Persons who are registered is increasing including an important number of CODELCO's professionals. Comisión Minera has approached Canada and Australia for recognition of its Competent Persons. The Comisión has also contributed to other discussions, including the application of IFRS in Chile and mine closure protocols. Chile is regarded as the leader in South America in the standardisation of reporting of resources and reserves. Other South American countries, including Ecuador, Peru, Brazil and Argentina, are seeking advice on establishing similar bodies and Codes and also training for Competent Persons. CRIRSCO will support further meetings to progress the introduction of CRIRSCO aligned Codes in South America. The **South African** Codes are also under review, with 4 discussion groups looking at specific aspects: Competent Persons' accreditation; Independence as a principle; Reporting of Resources inclusive or exclusive of Reserves; Evaluation of Inferred Resources. There is currently no timetable for a revision of the 2007 Code. The absence of an umbrella organisation, similar to CRIRSCO for the valuation codes such as SAMVAL was raised as an issue. In **Europe**, PERC continues to lobby to enhance its standing and to have the PERC Code accepted by stock exchanges and regulators. Submissions were made to the Commission of European Securities Regulators (CESR) in support of the PERC code by CRIRSCO, PERC and other NROs. There are plans to reconstitute PERC to make it more representative and also to increase its funding. PERC was active in developing a Guideline document, aligning Russian reporting standards with the CRIRSCO Template. The number of SME Registered Members in the **USA** has increased and this is expected to continue to grow if the application to be registered as a Foreign Association for the NI 43-101 is



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successful. The SME representatives have been very active in the Mining Industry Working Group in its deliberations on the IASB Working Draft. They have not been successful yet in getting the SEC to change its stance on reporting, such as accepting the SME 2007 Guide.

2. United Nations Economic Commission for Europe (UNECE)

CRIRSCO representatives (Ferdinand Camisani and Roger Dixon) continued to participate in the deliberations of the Ad Hoc Group of Experts on Harmonisation of Fossil Energy and Mineral Resources Terminology. At the meeting of the Ad Hoc Group of Experts (AHGE) in October 2009, the UNFC-2009 was adopted, without specifications or guidelines. This document is based on the recommendations of the mapping exercise of the CRIRSCO Template, the PRMS and the UNFC-2004 and establishes the UNFC-2009 as a high-level classification system for mineral resources and mineral reserves. The UNFC-2009 has been developed in close cooperation with SPE and CRIRSCO and recognises that the Template and PRMS are the standard references to be compliant at commodity-specific level. The cooperation between CRIRSCO and SPE will continue for future updates and appendices of the UNFC-2009, which recognises that the CRIRSCO template is appropriate for the classification of mineral reserves and resources and for their public reporting in the minerals industry. A Technical Advisory Group was to be established and it sought feedback from stakeholders on the application of UNFC-2009.

In April 2010, at the first meeting of the Expert Group of Resources Classification (EGRC) which is the successor of the AHGE, the Specifications Task Force identified 51 issues from a wide ranging survey that are to be considered by the Specifications Task Force² before further specifications and guidelines are developed. Stephen Henley (PERC) was nominated as the CRIRSCO representative on the Communications sub-committee which has been formed to promote UNFC-2009, the CRIRSCO Template and PRMS.

3. International Accounting Standards Board (IASB)

The IASB Extractive Activities Project Team issued a Discussion Paper (DP) on the financial reporting of Mineral Resources and Reserves for comment. CRIRSCO representatives, Harry Parker, Ian Douglas and Niall Weatherstone, have had a close working relationship with the project team and the Minerals Industry Working Group over several years.

The DP endorsed the use of the CRIRSCO Template for the definitions, the early recognition of the asset at the time of legal tenure and enhanced disclosure of information (e.g. reconciliation of reserves). The use of historical costs for the measurement of value was supported.

Under the leadership of Harry Parker, CRIRSCO made a submission on the DP during the comment period. CRIRSCO 1) supported use of the Template for resource and reserve reporting accompanying financial disclosure; 2) suggested that asset recognition should not be connected to legal rights and instead should depend on establishment of the expectation of probable economic benefits, which normally would be done as part of a pre-feasibility or feasibility study; 3) supported asset measurement based on historical costs ; and 4) stressed that the entities' Competent Person(s) should determine appropriate technical disclosure to accompany financial statements.

The importance of the role of the Competent Person and the confidence in his or her statements was stressed.



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CRIRSCO recognises the need to clarify the requirement of reasonable chances of eventual economic extraction and the advantage of having standard core definitions in the CRIRSCO aligned standards if the Template is to be embedded in the IFRS.

This concluded the open session of the Meeting.

4. Review of Minutes and Actions from 2009 Meeting.

The Minutes from the Annual Meeting of 2009 were reviewed, with a focus on the actions arising from that meeting. Most of the important issues have been addressed. Lower priority matters have been left for the next year. A letter to prospective members of CRIRSCO, outlining what is required to become a member of CRIRSCO, is to be prepared by the Chairman. **(Action Roger Dixon)** The standard CRIRSCO document templates are to be redistributed. **(Action Ian Goddard)** There has been limited communication from Chinese contacts regarding the status of the revision to their reporting Code and this is to be followed up. **(Action Peter Stoker)** A hard copy of the Template is to be prepared for promotion. **(Action Ian Goddard)** **The Minutes were approved.**

5. Guidelines on Alignment of Russian standards and the CRIRSCO Template

The document "Guidelines on Alignment of Russian reporting mineral reporting standards and the CRIRSCO Template" was developed through the year through stages of consultation. It was now in a final state and was approved for signing, with the recognition of some improvements in the near future. When signed by representatives of CRIRSCO and GKZ (the Russian State Commission on Mineral Reserves) it will be put on the CRIRSCO web site and investigations will be made into having hard copies made. **(Action Ian Goddard, Stephen Henley)**

A future collaboration protocol has been prepared for CRIRSCO, GKZ and Russian Society of Subsoil Use Experts (OERN). The main objective is to develop by the end of 2012 a public reporting Code in Russia which will be compliant with the CRIRSCO Template. It will not replace the internal GKZ reporting standards but will rather run in parallel. It is also the intention that Russia qualify to become a member of CRIRSCO in its own right. Each party will nominate five representatives to a working group to progress the aims. This document was also approved for signing. **(Action Roger Dixon)**

6. Core definitions in the CRIRSCO International Reporting Template (The Template)

Over time, the major definitions contained in the CRIRSCO family of Codes have drifted from the common definitions agreed upon in the Denver Accord of 1997. With more international exposure of the Template, it was agreed that it would be preferable if 13 core definitions could be standardised for the Template and then the definitions be adopted by the NROs in their Codes and Standards. It was recognised that even though the basic definitions could be the same, there was a need to have further code or guideline to reflect the situation pertaining to that jurisdiction.

Following constructive discussion on the proposed definitions prepared by Niall Weatherstone and Stephen Henley, agreement in principle was achieved on the definitions for: Public Reports, Competent/Qualified Persons, Modifying Factors, Exploration Results, Mineral Resource, Inferred Resource, Indicated Resource, Measured Resource, Mineral Reserve, Probable Reserve, Proved Reserve, Pre-Feasibility Study and Feasibility Study. These definitions will be referred back to the NROs for their consideration. If there is agreement on the wording and the proposal for having a core definition followed by NRO specific additional code or guideline, the NROs will also be asked for



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the process and a timetable whereby these definitions would be incorporated into the individual Codes and Standards. A process for future reviews of definitions will be considered, as will the publication of a separate "Definitions" document. **(Actions Niall Weatherstone, NROs)**

7. Material beyond Inferred Resources

Discussion took place on a position paper prepared by Niall Weatherstone on "Material beyond Inferred Resources". The Template does not have provision for material which does not qualify for classification as a resource. Other classification systems, such as UNFC and PRMS, try to find a place for each and every category of mineralisation. Some CRIRSCO aligned Codes have provision for discussing material which does not qualify as a resource. The document was put forward as a discussion draft and will be put on the web site after some modifications to the diagrams. There is no intention to modify the Template or the basic diagram showing the framework of the CRIRSCO categories. The aim of the paper is to reflect the CRIRSCO view on categories beyond inferred Resources. **(Action Niall Weatherstone, Ian Goddard)**

8. Competent Persons, Reciprocity and Disciplinary Procedures.

John Postle had prepared a paper which summarises the situation on Competent/Qualified Persons, Reciprocity and Disciplinary processes in the various NROs. It enables an understanding of the system in each NRO and to compare similarities and differences. Some minor revisions are needed and some gaps filled before it is placed on the web site. **(Action Ian Goddard).**

9. Submission to other bodies

During the year, submissions were made by CRIRSCO and its members to various requests for input. The Russian Guidelines have been mentioned, as has the IASB Working Draft and the NI 43-101 review. In the year ahead, it will be important to have international input to the review of the JORC Code. **(Action NROs)**

10. Bureau of EGRC Specifications Task Force 2

The EGRC was revisited to discuss the request by the Specifications Task Force 2 to comment on whether CRIRSCO would consider some relevant issues of the 51 which were found by the Task Force regarding specifications and guidelines for the UNFC. Each of the relevant comments was discussed in turn and there were seven which CRIRSCO will consider for possible modification of the template. It is the CRIRSCO view that further specifications and guidelines are not required in UNFC. The Template should remain the basis for classification in the minerals industry. **(Action Ferdi Camisani)**

11. Expansion of Membership

CRIRSCO encourages and assists countries to upgrade their Reporting systems to align them with CRIRSCO standards and progress was reported in the development of CRIRSCO-style Codes in 9 countries throughout the world. The situation in Russia, China and South America has been mentioned. Peter Stoker (JORC) has had dealings with parties in Philippines and Indonesia on behalf of CRIRSCO. Philippines probably qualifies for CRIRSCO Membership and that process will be expedited. **(Action Peter Stoker)** Roger Dixon and Edmundo Tulcanaza attended a conference in Peru where its wish eventually to be a CRIRSCO member was discussed. Their proposal would mirror the Chilean situation and Peru will receive assistance from that country to achieve this goal.



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Argentina has also made an approach to join CRIRSCO and its Code will be further investigated for compliance. **(Action Ian Douglas, Edmundo Tulcanaza)** Mongolia is reviewing their system and CRIRSCO has offered to help the process. Through CRIRSCO and the World Bank, Mongolian representatives attended the CRIRSCO-GKZ Conference. PERC will follow up on an approach from Turkey. **(Action Stephen Henley)**

12. Governance

The CRIRSCO “Terms of Reference” document, which is on the web site, was reviewed. Some minor modifications will be made to the section on compliance with the CRIRSCO Template.

With the signing of the MOU between ICMM (International Council for Mining and Metals) and CRIRSCO in 2009, the strategic relationship with ICMM has been formalised for three years. Regular communications take place between the parties and the objective is to provide mutual support for each party’s activities. ICMM is a major contributor to the costs of running CRIRSCO and the support of employers and other entities through funding and provision of time was gratefully acknowledged.

From 1 July, 2011, the Chair will be Deborah McCombe (CIM) and the First Deputy Chair Edmundo Tulcanaza (Comisión Minera). Ian Goddard (JORC) will continue as Second Deputy Chair.

13. CRIRSCO promotion

It was decided to investigate holding a CRIRSCO Masterclass in conjunction with a major international conference on Mineral Resources and Reserves in 2013, both as a means of promotion of the Template and also to supplement funds. The AusIMM, SAIMM, CIM and SME to be approached regarding the joint organising of an appropriate conference. **(Action Deborah McCombe)**

14. CRIRSCO Administration

Agreement was reached on the upgrading of the CRIRSCO web site, which will continue to be managed by The AusIMM. **(Action Ian Goddard)** The practice of combining the CRIRSCO Annual Meeting with other related events will be continued. It is planned that the 2011 meeting will be in London. The 2012 meeting will be in Brisbane, Australia, to coincide with the 34th IGC Meeting, and the 2013 meeting will most likely be in South America to assist in the increasing use of CRIRSCO-aligned Codes there.

CRIRSCO-GKZ SYMPOSIUM

On Monday, 27 September, a joint CRIRSCO-GKZ-NAEN conference on Russian and International Mineral Reserves/Resources Standards was held. NAEN is the parent body of the Russian Society of Subsoil Use Experts (OERN), and is a member of the European Federation of Geologists and hence PERC.

Following a series of welcoming addresses from representatives of GKZ, NAEN, OERN and CRIRSCO (Roger Dixon), there were presentations from Russian, UNFC and CRIRSCO speakers. CRIRSCO topics included technical aspects of resource and reserve estimation (Harry Parker); the CRIRSCO Template



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(Niall Weatherstone); the use of the Template in a mining company (Ian Douglas); the relationship between NROs and their exchanges and regulators (Ian Goddard); the Russian Guidelines Handbook (Stephen Henley); the role of the Competent Person (Peter Stoker); the European Federation of Geologists (Stephen Henley); the ROPO system (Deborah McCombe); and the steps to develop a CRIRSCO compliant Russian Code (Roger Dixon). A constructive period of discussion, with active participation, followed.

On the evening of 28 September, a signing ceremony took place, where the Guidelines Handbook and the Protocol of intentions were signed by representatives of GKZ, CRIRSCO and OERN.

CRIRSCO would like to express its gratitude to GKZ, NAEN and OERN and to CRIRSCO members (Grigoriy Malukhin and Stephen Henley) for their efforts in organising what was a most successful Conference. Particular thanks go to Yuri Podturkin, the General Director of GKZ. CRIRSCO is also indebted to the Russian organisations for the hospitality and arranging transport and tours.