



COMMITTEE FOR MINERAL RESERVES INTERNATIONAL REPORTING STANDARDS

Mineralisation beyond Inferred Resources

- a CRIRSCO position paper

Position statement

The principle objective of the Committee for Mineral Reserves International Reporting Standards (CRIRSCO) is to promote best practice public reporting of Exploration Results, Mineral Resources and Mineral Reserves. As a strategic partner of the International Council on Mining and Metals (ICMM), CRIRSCO endorses the aim of that organisation to promote transparency and clarity in all reporting carried out by the solid minerals industry.

The CRIRSCO International reporting Template (the Template) includes a number of Mineral Reserve and Mineral Resource categories, based on the extent to which these have been defined by geological, other technical and economic studies. The main stakeholders in public resource and reserve reporting are investors and potential investors in mineral companies, including financial institutions.

CRIRSCO recognises that situations exist where reporting of potential mineral assets beyond the categories defined by the Template may be required and that different stakeholders, such as governments, may require reports on these additional categories.

CRIRSCO has engaged and continues to work with organisations developing classifications of material 'beyond Inferred' with the aim of both assisting in such developments and also ensuring that the resulting classification schemes are consistent with the Template.

CRIRSCO will continue to monitor developments in other classification systems but at this stage does not propose to modify the Template to accommodate mineralisation beyond Inferred Resources.

Summary

CRIRSCO reporting standards are contained in the CRIRSCO International Reporting Template, published in July 2006, which defines Exploration Results, Mineral Resources, including sub-categories of Measured, Indicated and Inferred Resources, and Mineral Reserves, including sub-categories of Proved and Probable Reserves. The definitions contained in the CRIRSCO Template have been adopted by CRIRSCO members although due to specific local requirements minor differences may exist among member reporting Codes and Standards¹. These differences are not considered to be material.

¹ The term 'Code' is generally used to describe reporting systems where there are formal and legally binding uses defined by regulators. The term 'Standard' is used to describe systems which may be very similar in content to the Codes but which are not the subject of such legal agreements. Henceforward in this paper the generic term standard is used to denote both Codes and Standards.



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Public reporting is targeted at investors and potential investors in mineral exploration and mining companies. Such stakeholders rely on informed statements relating to Exploration Results, Mineral Resources or Mineral Reserves prepared by Competent Persons as defined in the Template.

CRIRSCO acknowledges that mineralisation may exist beyond those categories contained in the Template and also acknowledges that it is common practice amongst mineral companies to maintain registers or inventories of such material for their own strategic planning purposes. Such purposes include, for example, the prioritisation of exploration targets for future work and maintaining records of mineralised material that currently fails to meet requirements for public reporting but may do so in future (for example if economic conditions change).

This paper is intended to expand on CRIRSCO's views on 'Mineralisation beyond Inferred Resources' and to explain the relationship between the CRIRSCO-aligned reporting standards and other classification systems that categorise such material.

Background

In July 2006, CRIRSCO published the International Reporting Template for the public reporting of Exploration Results, Mineral Resources and Mineral Reserves ('the Template')² which represents a synthesis of the minerals reporting standards of CRIRSCO members. CRIRSCO members currently comprise the National Reporting Organisations (NROs) of Australia, Canada, Chile, South Africa, the UK and Western Europe and USA. The Template and individual member standards are for public reporting for the benefit of investors or potential investors in mining and exploration companies. Definitions of Mineral (or Ore) Reserves and Mineral Resources are very closely aligned amongst the various NRO reporting standards and are well known and understood in the stakeholder groups which they serve, including not only investors but financial institutions and the media.

CRIRSCO engages with other organisations that categorise or may consider categorising, mineralisation that is not defined in the Template to ensure that definitions are not contradictory and that such extended systems are complementary to the Template. Such organisations include the United Nations Economic Commission for Europe (UNECE), the Society of Petroleum Engineers (SPE), the International Accounting Standards Board (IASB) and various international agencies and governments. Such categories of mineralisation are generally not of interest to investors and are not reported publicly but may be required to be reported to other institutions such as governments, or may be of use internally by companies developing exploration strategies, prioritising development options or purchase price accounting for exploration prospects. The Template caters to some extent for this by defining Exploration Results, which are points of information, usually derived from drilling and sampling, which may be of interest to investors but which are insufficient to estimate Mineral Resources.

In some NRO jurisdictions (currently not in the Template) the term exploration targets is used as a sub-set of Exploration Results. Exploration targets allow minerals companies to discuss minerals potential that may arise from future exploration. Reporting of such targets, which are conceptual in

² Available at <http://www.crirSCO.com/template.asp>



COMMITTEE FOR MINERAL RESERVES INTERNATIONAL REPORTING STANDARDS nature, is strictly constrained so that report users will not confuse exploration targets and Mineral Resources.

CRIRSCO's engagement with other organisations has helped to develop an understanding of mineral definitions across different industry sectors and for different users. This work has included discussions of the categories of mineralisation that exist in other systems that are not primarily intended for public reporting and which are not part of the Template.

The CRIRSCO Template and other systems

The Template was published to provide countries that did not have a minerals classification and reporting standards or that wanted to modify their own standard to become internationally compatible, with a guide to reporting of Exploration Results, Mineral Resources and Mineral Reserves. Changes to the Template are made with members' agreement and in turn, changes to individual member standards are openly discussed in CRIRSCO in order to preserve international compatibility. The Template thus represents current international best practice in minerals reporting.

The Template contains definitions for Exploration Results, Mineral Resources (including Measured, Indicated and Inferred Resources) and Mineral Reserves (including Proved and Probable Reserves).

The general relationship between these defined terms is illustrated in Figure 1 (a) and will be familiar to users of the Template. The highest level of confidence is represented by Proved Reserves and the lowest by Exploration Results.

For the purposes of this paper, the conventional representation has been re-oriented in Figure 1 (b) to facilitate comparison with two other systems; the Petroleum Resource Management System (PRMS)³ sponsored by the Society of Petroleum Engineers and others, and the United Nations Framework Classification (UNFC 2009)⁴ which is a product of the United Nations Economic Commission for Europe, both of which systems contain categories of mineralisation not found in the CRIRSCO Template. In a general sense, confidence decreases from top to bottom in this illustration.

Further details of the mapping exercise conducted between the CRIRSCO system and the PRMS on behalf of the International Accounting Standards Board in 2007 can be found at

<http://www.ifrs.org/NR/rdonlyres/0E012C2E-EE3E-4E8E-8321-85286B16FEA/0/Extract0803b10bobs.pdf>

A report entitled Mapping of the United Nations Framework Classification for Fossil Energy and Mineral Resources, which compares the CRIRSCO and PRMS systems to the UNFC, can be obtained from http://www.unece.org/energy/welcome/pub/ense.html#map_unfcu

³ Available at <http://www.spe.org/industry/reserves/prms.php>

⁴ Available at <http://www.unece.org/energy/se/reserves.html>