



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.