



COMMITTEE FOR MINERAL RESERVES
INTERNATIONAL REPORTING STANDARDS





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USA Update

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November 8, 2016

Notable Activities since 2015 Meeting

- SEC proposes replacement to IG7
- Registered Membership changes

The United States Security and Exchange Commission (SEC) issued proposed rules to revise the property disclosure requirements for mining registrants.

These Proposed Rules would replace the current disclosure guideline called Industry Guide 7

The proposed rules incorporate many concepts of CRIRSCO, including for the first time:

- Recognition of Mineral Resources
- Recognition of the Competent Person
- Requirements for Competent Persons Report
- Declaration of Mineral Reserves at Pre-Feasibility

However the proposed rules have significant differences and issues including:

- Reserve prices based on 2 year averages and use of same pricing for Resources
- QP liability issues, including liability of QP for work done by experts
- CP Report required for material properties, but exceptions allowed for multi-jurisdictional registrants
- Disclosure Table requirements that are onerous and do not provide useful information for investors
- In-Situ Reserves concept (undiluted) disclosure required in addition to diluted estimates

Responses to the proposed rule change have been submitted by the SME, CRIRSCO, NRO's and many interested parties. More than 73 comment letters submitted to the SEC, some quite lengthy including SME's 63 page comment letter.

The SEC's path forward is not clear, but it is likely the SEC could be working through comment letters and developing a second proposal for comment over the next 1 to 2 years. The SME Reserves Committee is developing it's strategy on how to support an outcome that can be supported by the US mining industry, CRIRSCO and its NRO's.

- As of January 2016, the Registered Member class of the SME which are the Competent/Qualified Persons of the SME instituted two changes to become Registered Members:
 - The minimum of number of years of professional experience was increased from 5 to 7 years; and,
 - Registered Members must designate their area of competency when signing as a QP including but not limited to:

Geology, Resource Modeling, Geotechnical Evaluation, Engineering, Mine Design, Infrastructure, Metallurgy and Processing, Environmental, and Market and Financial Analysis.