

Committee for Mineral Reserves International Reporting Standards Report to Committee Members June 2007

This Report to Members is intended to inform CRIRSCO members of events and progress since the last report in March 2007. Items broadly follow the format and sequence of previous reports.

1. CRIRSCO membership

Current membership is Peter Stoker and Ian Goddard (Australia), Niall Weatherstone (UK), John Clifford (Ireland and W Europe), Ferdi Camisani and Roger Dixon (South Africa), Edmundo Tulcanaza (Chile), John Postle and Debbie McCombe (Canada) and Jean Michel Rendu and Harry Parker (USA). UK, Ireland and Western Europe and Chile currently have no nominated second members for their areas.

2. CRIRSCO restructuring

The ICMM Executive Working Group's January decision to endorse the CRIRSCO proposal to become a Task Force of ICMM was ratified by the ICMM Council at their meeting in Dublin on 9th May.

For the next two years, CRIRSCO will become a Task Force of the ICMM on a trial basis. Continuation beyond that time would be by mutual agreement. Funding is now available according to an agreed budget for 2007, provided by ICMM members by means of a special levy. It is planned to put the CRIRSCO/ICMM budget on a more conventional basis by preparing a work plan and budget for the period 2008-10 as required of all the Task Forces. This work is in progress and the work plan and budget will be available for the ICMM Executive Working Group (EWG) July meetings. CRIRSCO members' comments have been incorporated in the draft work plan and budget and cost estimates have been finalised.

As yet, no attempt has been made to seek funding beyond the ICMM contribution but this is likely to occur in future years as only a portion of the total budget will be funded by ICMM. Once CRIRSCO Executive elections are past (below) it is proposed that other potential sponsors be approached for their agreement in principle to augment CRIRSCO funds.

Niall continues as Chairman, but as noted in previous reports this was a temporary arrangement until the future work plan and funding became clearer. With the ICMM alliance now agreed this is now the case and it is proposed that elections will be held in the near future for a Chairman and two Deputy Chairmen to act as a CRIRSCO Executive; essentially sharing the workload largely undertaken by the Chairman at present. It is further proposed that one of the elected Deputy Chairmen will take over as Chairman on a date to be agreed. Peter Stoker has agreed to conduct the elections. This is the first time CRIRSCO has constituted itself in this way and is an indication of the maturing organisation.

3. International Reporting Template

It is pleasing to note that the International Reporting Template is now considered, along with National Codes such as JORC and SAMREC, to be a reference document for the development of new codes as evidenced by the imminent publication of a new Philippines reporting code. The Template is also frequently cited in press comments and is receiving both the attention and acceptance that was intended by its publication.

A final draft copy of SAMREC 2007 has been obtained and supplied to the Template Sub-Committee. The Code is currently going through its final approvals process and should be published shortly. The Template Sub-Committee has been asked to review it and present any recommendations for amending the Template that arise from it.

Other National reporting standards that are in the process of being updated include the PERC Code and the SME Guide (Item 7). These will also be reviewed when available and it is envisaged that the first significant update of the Template would occur after these reviews. Members will be invited to comment and agree on any changes prior to their insertion.

4. Joint CRIRSCO/UNECE Committee

The Bureau of the UNECE Ad Hoc Group of Experts generally meets twice a year with a meeting in mid year to decide the agenda for the main AHGE meeting in Geneva in September or October. This year a meeting of the Bureau is planned for 24th June to coincide with an AAPG/SPE Multidisciplinary Reserves Conference in Washington (24-26 June). The conference is oil related and follows the publications of the new SPE Resource Management System (RMS) which had significant CRIRSCO input.

Ferdi will attend this meeting in his role as Deputy Chairman of the AHGE Bureau. Niall will also attend as an observer. Agenda items of interest to CRIRSCO include proposals to align the UNFC-Minerals system with CRIRSCO, closing the gap between the UNFC-Petroleum and the SPE Resource Management System, and aligning UNFC-Petroleum and UNFC-Minerals.

There are no current plans to tackle issues raised by CRIRSCO on resource classification and a re-drafting of the UNFC as these are influenced by other discussions with the IASB (Item 5) and SPE (Item 6)

5. IASB Matters

We have continued to liaise with the IASB during the quarter. The IASB have a Board meeting planned in London on 18-21 June at which they will discuss the latest update of the CRIRSCO/SPE Convergence Team report on progress with definitions convergence which was provided to them in May. John Etherington of the SPE Oil and Gas Reserves Committee will be in London at the time and will attend the meetings on our behalf.

Immediately following these meetings the IASB will be represented at the Washington Conference (Item 4) and a meeting has been arranged for 25th June to be attended by

CRIRSCO (Niall, Ferdi and Harry), SPE and IASB. This meeting will hopefully clarify what happens next in terms of developing a mapping document between SPE Guidelines and CRIRSCO Template for accounting purposes although it will be some time before we get clarity on the IASB's requirements in this regard.

During the course of the conference we hope to meet with the SPE to progress issues of mutual concern regarding the quantification of, or at least the qualitative language used in uncertainty relating to resource and reserve classes. Harry brings considerable expertise to this discussion and has agreed to be present to take the lead for CRIRSCO.

6. CRIRSCO-SPE Convergence Team

Progress with the CRIRSCO-SPE Convergence team is reported under Item 5. All of the efforts of the team are focused on addressing issues raised by the IASB, and an IASB Board Member, Bob Garnett, will be speaking at the Washington Conference on the IASB's view on progress made in the convergence effort.

It is our belief that by working with the SPE to assist the IASB, we are simultaneously addressing the concerns of the UNECE, which continues to state that it would like to see a single code covering all of the extractive industries. This is not the view of the SPE and CRIRSCO, nor is it the aim of the IASB; however, we are agreed that we should aim to produce relevant documentation that demonstrates the links among the SPE, CRIRSCO and UNFC documents in due course.

It is interesting to note that the recently published Petroleum Resources Management System (the former SPE/AAPG Guidelines), while professing to be aligned with the UNFC, does not mention it once.

7. Communication and relationship with SEC

JM reports that he continues to guide the 2005 SME Guide (which was submitted to the SEC in 2005 as a draft for comment) through SME management, so that it will become effective in 2008 when it will be called the 2008 SME Guide. It will replace the current 1995 Guide. But this new guide will be only a recommendation for SME members, to be followed only to the extent that it does not conflict with SEC rules and regulations. The SEC did not comment on the 2005 draft and does not recognise the SME Guide. The SEC Industry Guide 7, and its unwritten interpretation by the SEC staff, continue to be the official rules in the US regulatory environment.

CRIRSCO continues to offer its support to SME and the opportunity will be taken at the appropriate time to press the case for adoption of SME Guide 2008 as part of the international suite of compatible reporting standards.

8. CRIRSCO communications

Anyone interested in CRIRSCO's affairs and who wants to raise issues, make comments or wishes further information beyond that on the web site should contact any member of the Committee.

Niall met with various ICMM staff in London on 15th June to discuss the 2008-10 work plan and budget requirements. A meeting was also held with the ICMM Communications Director, Ben Peachey, to discuss a strategy whereby CRIRSCO uses ICMM resources to publicise its activities and vice versa. We also need to consider whether the CRIRSCO Web site should continue to be managed by the AusIMM or move to the ICMM. In the short term it was agreed we would work on developing a CRIRSCO 'page' for the ICMM Web site and vice versa.

9. Invitations to Comment on Code Revisions

It is current CRIRSCO policy not to provide a single response to calls for comment on National Code revisions, although members are encouraged to do so as individuals or through their professional and National bodies. The reason for this is that the CRIRSCO Template is seen as reactive to National changes and not proactive in introducing these changes.

10. Web Site management

The web site continues to be run by Tatiana Feldman of the AusIMM. There are not many regular updates needed, but where these are needed, Niall is acting as temporary link between CRIRSCO and Tatiana. Future management and development of the site is under review.

11. Russian and Chinese Sub-Committees

Steve Henley has taken over Chairmanship of the Sub-Committee and has continued to liaise with his counterpart in Russia on progressing the process of comparing the new Russian reporting system with Western standards.

Steve recently produced a short set of notes for discussion by the Sub-Committee outlining the differences and main points of debate. One of the most significant differences is that Russian resource classification boundaries are defined numerically according to a set of guidelines additional to the classification Code and with preferred computational methods for different deposit types and geometries. In the West the judgment of deposit complexity is left to the CP who is expected to respond accordingly in the design of data acquisition.

It is pleasing to note that the Russians have created a non-governmental organisation called the Association of Competent Persons in Natural Resources, which could provide the equivalent to professional organisations elsewhere.

Peter Stoker reports that the China group has not made much progress as yet. Peter is Chair of the Group and has established contact with the MLR in China. A group of likely Australian based members with China experience has been identified but time is needed to develop the scope of work for the Sub-Committee and instigate action.

12. Other News

Niall gave a Keynote address at the Resource and Reserve Reporting Africa 2007 conference in Johannesburg on 25th June. The paper on which the presentation was based will be lodged on the CRIRSCO web site shortly.