



COMMITTEE FOR MINERAL RESERVES
INTERNATIONAL REPORTING STANDARDS



Update by National Reporting Organisation on major issues in Russia

Grigoriy Malukhin

November 2013

- **OERN recognition as RPO by NROs**
- **NAEN Code recognition**
- **OERN other main activities**
- **Conclusion**

Russian Society of Subsoil Use Experts (OERN)

- Is non-profit organisation
- Is an association of highly professional specialists
- Has a Charter, a Code of professional ethics and disciplinary procedures.
- Has 1142 members. In 2013 - 133 new members were admitted.



ОЭРН
ОБЩЕСТВО
ЭКСПЕРТОВ РОССИИ
ПО НЕДРОПОЛЬЗОВАНИЮ



Territorial Branches of OERN

Territorial Branch
in Vladivostok

Territorial Branch
in Khabarovsk

Territorial Branch
in Chita

Central office
in Moscow

Territorial Branch
in Kemerovo

Territorial Branch
in Krasnoyarsk

Territorial Branch
in Perm

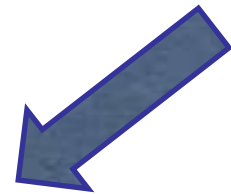
Territorial Branch
in Irkutsk

Territorial Branch
in Samara

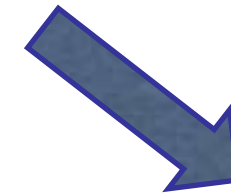
Territorial Branch
in Rostov



Acceptance of OERN internationally as a RPO



Allow OERN's members to
act as Competent Persons



Prepare reports in
compliance with the
International standards

OERN recognition as RPO by Comision Minera - Chile



ВЗАИМНОЕ СОГЛАШЕНИЕ / RECIPROCITY AGREEMENT

Некоммерческое партнерство «Саморегулируемая организация «Национальная ассоциация по экспертизе недр» (НП НАЭН), Квалификационная комиссия по компетенции в области минеральных ресурсов и запасов (Горная комиссия) (Comisión Calificadora de Competencias en Recursos y Reservas Mineras (Comisión Minera) и Общество экспертов России по недропользованию (ОЭРН) (Russian Society of Subsoil Use Experts (OERN))

- исходя из целей и задач своей основной деятельности и долгосрочных интересов обеих сторон в развитии мирового горнопромышленного бизнеса;
- отмечая растущую важность международного взаимодействия в области недропользования и условий глобализации рынков сырья и капитала, и, в частности, укрепления профессиональных контактов между Компетентными лицами России и Чили.

ДОГОВОРИЛИСЬ О НИЖЕСЛЕДУЮЩЕМ:

- Целью настоящего Соглашения является создать условия, при которых Компетентные лица будут призваны другой юрисдикцией, являющейся Стороной данного Соглашения.
- Компетентные лица. Соплашено, что как в России, так и в юрисдикции Чили, оценки ресурсов ТПИ должны готовиться

высококвалифицированными профессиональными геологами либо инженерами.

- Если оценки ресурсов ТПИ предназначаются для публикации в соответствии с принципами прозрачности, материальности и компетентности, то эти оценки должны быть верифицированы геологами либо инженерами, имеющими квалификацию и опыт работ, соответствующие требованиям к Компетентному лицу CRIRSCO.
- Компетентные лица, ставящие свои подписи под оценками ресурсов ТПИ, принимают на себя персональную ответственность за точность и надежность этих оценок; они могут подвергаться дисциплинарным мерам воздействия со стороны профессиональных организаций, членами которых они являются.
- Российские геологи, инженеры или другие специалисты будут признаны Компетентными лицами в Чили, если они являются членами ОЭРН и отвечают требованиям, обозначенным чилийским законодательством.
- Чилийские геологи, инженеры или другие специалисты будут признаны Компетентными лицами в России в соответствии с российским законодательством, если они обладают квалификацией и опытом работы и являются членами Горной комиссии Чили.

prepared by suitably qualified professional geologists or engineers.

- If mineral resources estimates are to be published under proven transparency, materiality, and competence, then they must be verified by geologists or engineers with qualifications and appropriate experience to be defined as Competent Persons according to the CRIRSCO definition.
- Competent Persons, when signing estimates of mineral resources, take personal responsibility for the accuracy and reliability of these estimates and are to be subject to disciplinary procedures of the professional organisations of which they are members.
- Russian geologists, engineers or other specialists will be recognised as Competent Persons in Chile if they are members of OERN and if they meet requirements imposed by the Chilean regulatory system.
- Chilean geologists, engineers or other specialists will be recognised as Competent Persons within Russia if they have qualifications, experience, and valid membership in Comision Minera de Chile as Competent Persons and if they meet requirements imposed by the Russian regulatory system.

Директор НП НАЭН / Director, NAEN
Первый заместитель председателя ОЭРН /
Vice-chairperson, OERN

Александр Иванович Ефимов / Alexander Ezhov

2 мая 2012 г.



Президент Горной комиссии / President,
Comisión Minera

Эдмундо Тулканаз / Edmundo Tulcanaza

2 May 2012

Reciprocity Agreement between NAEN, Comision Minera and OERN, signed on 2 May, 2012

APPENDIX 5 RECOGNISED PROFESSIONAL ORGANISATIONS (RPOS)

This is a list of professional organisations (RPOs, or Recognised Professional Organisations) and required membership levels for the purpose of the definition of a Competent Person in the PERC Standard (paragraph 10).

To be recognised as an RPO, an organisation must satisfy the following criteria:

- 1 be a self-regulatory organisation covering professionals in the mining and/or exploration industry;
- 2 admit members primarily on the basis of their academic qualifications and professional experience;
- 3 require compliance with the professional standards of competence and ethics established by the organisation anywhere in the World (not just within the home jurisdiction of the organisation); and
- 4 have disciplinary powers, including the power to suspend or expel a member for breaches of professional standards of competence or ethics anywhere in the World.

The minimum membership classes required are consistent with those in other CRIRSCO codes and have been set at a level where the membership class is based on a system of peer scrutiny, including submission of documentation demonstrating experience and expertise and normally a professional interview, or where there is no interview PERC would need to be satisfied that the system of peer scrutiny is sufficiently robust.

Organisations wishing to be considered as RPOs and added to the list below should write to the PERC Secretary with full justification and documentary evidence that they meet the criteria outlined above.

Organisations not listed below may nonetheless be considered as RPOs provided that they meet the criteria above, but a Competent Person relying upon membership of such an unlisted organisation may be challenged and required to provide the necessary evidence to justify their acceptance.

EUROPEAN RPOS RECOGNISED BY PERC, AND MEMBERSHIP LEVELS REQUIRED

Organisation	Minimum membership class required
The Institute of Materials Minerals and Mining (IOM3)	'Member' (MIMMM) or 'Fellow' (FIMMM)
National Associations which constitute the European Federation of Geologists (EFG)	'European Geologist' (EurGeol)
The Institute of Geologists of Ireland	'Professional Geologist' (PGeo)
The Geological Society of London	'Chartered Geologist' (CGeol) or 'Chartered Scientist' (CSci)

RPOS OUTSIDE EUROPE

Organisation	Minimum membership class required
OERN (Russia)	'Expert'

American Institute of Professional Geologists (AIPG)	Certified Professional Geologist
Mining and Metallurgical Society of America (MMSA)	Qualified Professional
Australasian Institute of Mining and Metallurgy (AusIMM)	Fellow or Member
Australian Institute of Geoscientists (AIG)	Fellow or Member
South African Institute of Mining and Metallurgy (SAIMM)	Fellow
South African Council for Natural Scientific Professions Professional Natural Scientist (SACNASP)	Professional Natural Scientist
A self-regulatory organization of engineers, geoscientists or both engineers and geoscientists that is given authority or recognition by statute in a jurisdiction of Canada	Professional Geoscientist (P.Geo.), Professional Geologist (P.Geol.), Professional Geophysicist (P.Geoph) or Professional Engineer (P.Eng)
Chilean Comision Minera (ChCM)	Current registration as a Competent Qualified Person in the relevant subject area
Other organisations within Europe or elsewhere which have been defined as acceptable by the European Securities and Markets Authority regulations for minerals companies paragraph 133.i) a) i) 2). These may include appropriate recognised professional associations, institutions or bodies relevant to the activity being undertaken, with enforceable rules of conduct.	Any person who is professionally qualified and a member or registrant in good standing of such professional association, institution or body, who is subject to the enforceable rules of conduct, and whose membership status is based on rigorous peer scrutiny including submission of documentary evidence of experience and competence and an examination (oral or written).

OERN recognition as RPO by SAMREC/SAMVAL Committee



5 February 2013

Mr Alexander Ezhov
Vice-Chairperson
Russian Society of Subsoil Use Experts
Office 2.204, 57/2 Business Center "Brent City"
Dubninskaya Street
Moscow
Russia
115054

Dear Mr Ezhov,

RE: RECOGNISED OVERSEAS PROFESSIONAL ORGANISATION (ROPO)

Your correspondence of 23 May 2012 with regards to the abovementioned matter refers.

The Russian Society of Subsoil Use Experts, has been recognized by the SAMREC/SAMVAL Committee (SSC), on behalf of the JSE Limited, as a Recognized Overseas Professional Organisation (ROPO). This recognition allows a member of The Russian Society of Subsoil Use Experts, providing he/she has the relevant experience, to submit a Competent Persons Report to the Johannesburg Securities Exchange. Recognition as a ROPO is dependent on the professional organisation having a Code of Ethics and a disciplinary procedure to handle any complaints in respect of Competent Persons.

Every year over the period of either September or October the SSC chairperson will circulate a letter requesting your organization to notify the SSC if any of the members of The Russian Society of Subsoil Use Experts have been reported to you for non-compliance with the SAMREC Code and if there were such complaints, what disciplinary action was taken. Each organisation is also requested to confirm the category of membership of the The Russian Society of Subsoil Use Experts to which the ROPO agreement applies.

The Russian Society of Subsoil Use Experts should the above mentioned letter in September/October 2013.

Thank you in advance for your cooperation.

Yours truly



ED SWINDELL - CHAIRPERSON
SSC SAMREC/SAMVAL COMMITTEE



This recognition allows OERN members, providing the relevant experience, to submit a Competent Persons Report to the Johannesburg Securities Exchange.



Society for
Mining, Metallurgy
& Exploration

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E-mail: sme@sminet.org
www.sminet.org
12999 E. Adams Avenue Circle
Englewood, CO 80112-4167

20 August 2013

Russian Society of Subsoil Use Experts
57/2 Business Center "Brent City"
Office 2.204
Dubninskaya St.
Moscow, Russia, 115054

Attn: Vice-Chairman Alexander
Grigoriy Malukhin

Re: Application for Inclusion of
Experts (OERN) as a Recognized
Reporting Exploration Results
Application for SME Registered
according to the Russian Code
Resources and Mineral Reserves

Dear Alexander:

The SME thanks you for your letter
and our Resources and Reserve
Competent Persons to be recognized
SME Guide for Reporting Exploration
acknowledge that Competent Persons

- Competent Persons must have a university degree
- Competent Persons must have at least five years of professional experience, with a minimum of three years in a position of responsibility. Professional experience is experience that is gained after graduation; responsible experience means the individual is capable of executing his duties with minimal supervision and directing the work of subordinates with the capability of scoping and checking their work to ensure it meets industry standards
- Registered Members must agree to practice according to a code of ethics which includes a requirement Members shall perform work only in their areas of competence; they must annually reaffirm that they are not subject to findings of improper practice by government agencies.

Therefore the SME hereby grants
Persons under the terms set forth

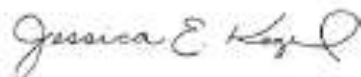
The SME would like to request that
Recognized Overseas Professional
members are very similar to those

- Registered Members must have a university degree
- Registered members must have at least five years of professional experience, with a minimum of three years in a position of responsibility. Professional experience is experience that is gained after graduation; responsible experience means the individual is capable of executing his duties with minimal supervision and directing the work of subordinates with the capability of scoping and checking their work to ensure it meets industry standards
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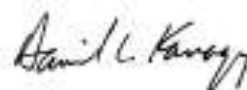
The Registered Members Committee consists of five Registered Members that review applications. The Reserve Committee consists of fifteen SME Members that review issues related to public reporting of Reserves and Resources, including periodic updating of the SME Guide. These Committees contain representatives of metals, coal and industrial minerals mining; Committee representatives have qualifications in the areas of geology, mining engineering and processing.

Attached are copies of our application form and code of ethics. We hope you will act favorably on our request. If you have questions, please address them to Tara Davis (davis@sminet.org)

Yours truly,



Jessica Kogel
President, Society for Mining, Metallurgy and Exploration



David L. Kanagy
Executive Director, Society for Mining, Metallurgy and Exploration

The SME grants the Competent Persons of the OERN status as Competent Persons under the terms set forth in the 2007 SME Guide.



- **Accreditation Certificate is a document, confirming qualification level of an OERN member, intending to act as a Competent Person**
- **13 Competent Persons are awarded**



ESMA update of the CESR recommendations

The consistent implementation of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive

20 March 2013 | ESMA/2013/319



Date: 20 March 2013
ESMA/2013/319

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I. Introduction

Paragraphs 1-19

IV. Appendices (Revised March 2013)

Appendix I - Acceptable Internationally Recognised Mineral Standards.
Appendix II - Mining Competent Persons Report – recommended content.
Appendix III - Oil and Gas Competent Persons Report – recommended content.



APPENDIX I - Acceptable Internationally Recognised Mineral Standards

For the purposes of meeting the exemption in paragraph 133(ii) above, predecessors of these following reporting standards (Mining Reporting and Oil and Gas Reporting) are acceptable

Mining Reporting

- The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, as amended ('JORC');
- The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves published by the South African Mineral Resource Committee under the joint auspices of the Southern African Institute of Mining and Metallurgy and the Geological Society of South Africa, as amended ('SAMREC');
- The various standards and guidelines published and maintained by the Canadian Institute of Mining, Metallurgy and Petroleum ('CIM Guidelines'), as amended;
- A Guide for Reporting Mineral Exploration Information, Mineral Resources and Mineral Reserves prepared by the US Society for Mining, Metallurgy and Exploration, as amended ('SME');
- The Pan European Resources Code jointly published by the UK Institute of Materials, Minerals, and Mining, the European Federation of Geologists, the Geological Society, and the Institute of Geologists of Ireland, as amended ('PERC');
- Certification Code for Exploration Prospects, Mineral Resources and Ore Reserves as published by the Instituto de Ingenieros de Minas de Chile, as amended; or
- Russian Code for the Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves prepared by the National Association for Subsoil Examination (NAEN) and the Society of Russian Experts on Subsoil Use (OERN) (The 'NAEN Code')

European Securities and Markets Authority (ESMA)



London Stock Exchange (LSE)



Canadian Securities Administrators (CSA)



The NAEN Code was updated in the following areas:

- **Amended Figure 1**
- **Revised standard definitions**
- **Added extra definitions**

Memorandum of Understanding between Russia and Kazakhstan



ФБУ «Государственная комиссия по запасам полезных ископаемых» (ГКЗ)



Министерство индустрии и новых технологий Республики Казахстан (МИНТ РК)
Комитет геологии и недропользования



Общество экспертов России по недропользованию (ОЭРН)

МЕМОРАНДУМ О ВЗАИМОПОНИМАНИИ

Комитет геологии и недропользования Министерства индустрии и новых технологий Республики Казахстан в лице Председателя Комитета Нурабаева Базарбая Канасевича, и Общество экспертов России по недропользованию в лице Председателя Ежова Александра Ивановича, при участии Федерального бюджетного учреждения «Государственная комиссия по запасам полезных ископаемых» Федерального агентства по недропользованию Министерства природных ресурсов и экологии Российской Федерации в лице Генерального директора Подтуркина Юрия Александровича, совместно именуемые Стороны,

- принимая во внимание цели и задачи своей основной деятельности и долгосрочных интересов в развитии мирового горнопромышленного бизнеса с активным включением в него России и Казахстана;
- учитывая роль ГКЗ в обеспечении условий для рационального и наиболее полного использования минерально-сырьевых ресурсов России и Казахстана и ведущую роль CRIRSCO в разработке международных стандартов отчетности по запасам и ресурсам твердых полезных ископаемых (ТПИ);
- отмечая растущую важность международного взаимодействия в области недропользования в условиях глобализации рынков сырья и капитала, а также вхождение России и Казахстана в единое экономическое пространство на базе Таможенного союза,

ДОГОВОРИЛИСЬ О НИЖЕСЛЕДУЮЩЕМ:

1. Создание единого пространства в минерально-сырьевом секторе экономики обеих стран путем присоединения Казахстана к международным стандартам отчетности по запасам и ресурсам ТПИ семейства CRIRSCO на основе использования Казахстанской стороной «Российского Кодекса публичной отчетности о результатах геологоразведочных работ, ресурсах и запасах ТПИ (Кодекс НАЭН)» и «Руководства по гармонизации стандартов отчетности России и CRIRSCO», согласованных CRIRSCO.
2. Подготовить меморандум между ОЭРН, CRIRSCO и МИНТ РК, при участии ФБУ «ГКЗ», о применении Казахстанской стороной Кодекса НАЭН и руководства по гармонизации стандартов отчетности России и CRIRSCO.
3. Осуществлять регулярные контакты с целью обмена мнениями и опытом по наиболее актуальным теоретическим и прикладным проблемам геолого-экономической оценки месторождений и геологического аудита (экспертизы), классификации запасов/ресурсов, обоснования кондиций при подсчете запасов и др.

4. Развивать обмен представляющие взаимный Сторон, по следующим напр:
 - стандартизация и у
 - и отчетности горнопромыш
 - данных о запасах/ресурсах Т
 - сопоставительный
 - классификаций, используе
 - странах и горнопромышлен
 - применение мето
 - компьютерных технологий
 - анализ методических подх
 - отчетности по минераль
 - действующих международ

5. Оказывать взаим

Настоящий Меморандум вступает в силу с момента его подписания уполномоченными представителями сторон, действует в течение двух лет и автоматически пролонгируется ежегодно, если не будет отказа одной из сторон.

Подписи сторон:

От ГКЗ (Генеральный директор):

Ю.А. Подтуркин

От Комитета геологии и недропользования МИНТ РК (Председатель):

Б.К. Нурабаев

От ОЭРН (Председатель):

А.И. Езов

«29» мая 2013 г.

Контакты:

ФБУ «Государственная комиссия по запасам полезных ископаемых»
Григорий Николаевич Малухин
gmalukhin@pkz-rf.ru

Комитет геологии и недропользования МИНТ РК
Кузовенко Александр Иванович
akuzovenko@geology.kz

Общество экспертов России по недропользованию
Дмитрий Игоревич Желдаков
zheldakov@naen.ru



OERN held 14 seminars and 1 conference including a master class. Three seminars and a conference more are planned till the end of this year.

Some of the questions which were discussed were related to the resources and reserves reporting standards:



- **Development of the Russian market of resources and reserves: issues of valuation, audit and investment attractiveness;**
- **Investment decisions in the subsoil use. Evaluation of mineral deposits. Russian and international standards.**

Introductory seminars for students at Russian State Geological Prospecting University about international mineral reporting standards - CRIRSCO

OERN participated in many mining events such as:

- **MINEX Central Asia and MINEX Russia**
- **the National Science Forum "Narzan 2013"**
- **International Exhibition Mining World Russia**
- **Translation into Russian The Rules of Reporting Mineral Resources and Mineral Reserves at London and Toronto Stock Exchanges.**
- **Other**



In 2013 we continued discussion on issues of Russian and International reporting systems and finding the best way to align the results.

The key themes of the journal:

- the risks of investing in deposits development in Russia
- market development of mineral resources
- problems of renewal of mineral raw materials in Russia
- regulatory issues of subsoil use
- harmonization of Russian and international standards



Plans:

- to continue working on development of the Russian society of Competent persons
- to continue working with Canadian NRO towards OERN recognition
- to continue working with stock exchanges
- to continue education program – seminars, conferences, workshops
- to continue working on harmonization of Russian and international reporting systems in more details