

JORC
Joint Ore Reserves Committee



Changed compliance requirements in the 2012 JORC Code

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Deputy Chair JORC

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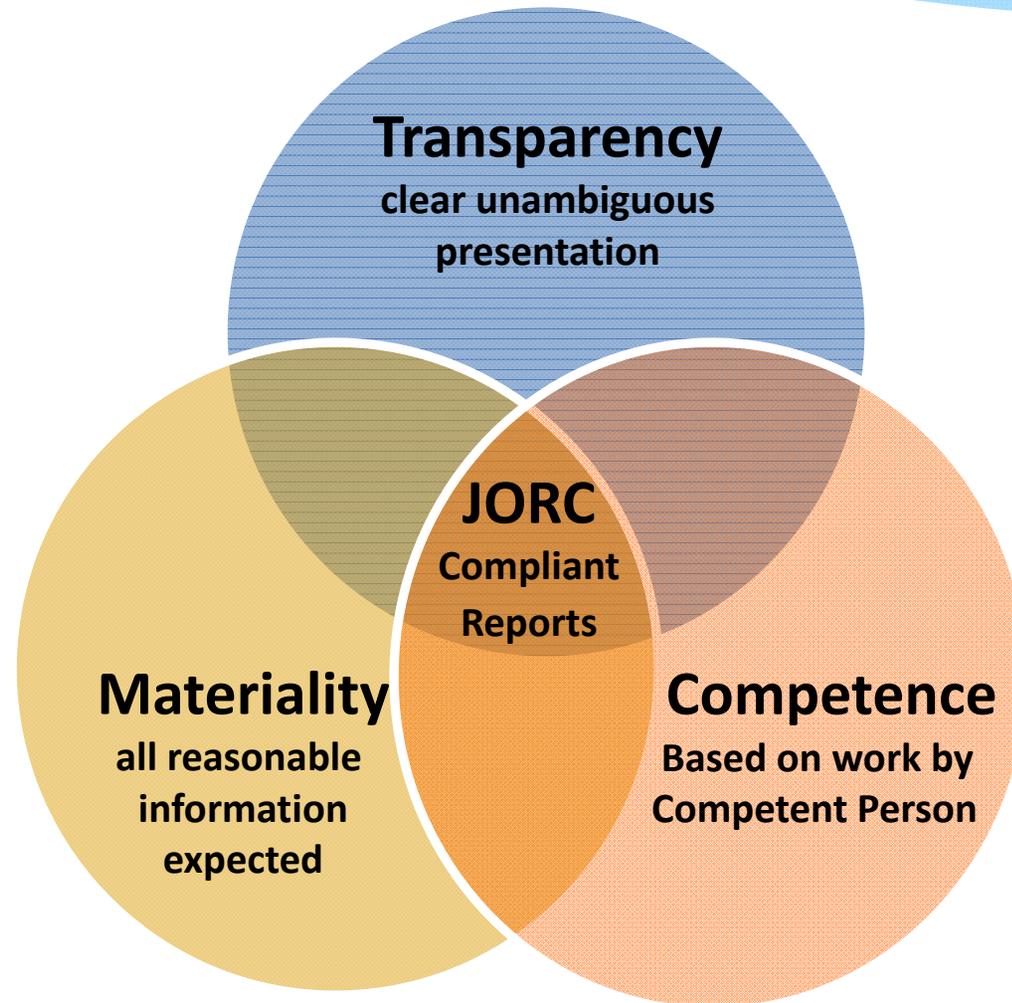
Introduction

Why are there so many changes between the 2004 Code and the 2012 Code?
A little background:

- A number of ASX Companies Updates had been issued between 2005 and 2008 related to JORC Code matters.
- In October 2011, the JORC Committee released an Issues Paper to stimulate discussion and comment on how the JORC Code could be improved.
- The Issues Paper attracted 114 written submissions, as well as significant additional feedback received through public forums and meetings.
- **Comments on the Issues Paper confirmed strong support for the JORC Code to remain a principles-based professional Code. Comments also highlighted there was a need for improved disclosure standards, and a greater balance between the core principles of Transparency, Materiality, and Competence in Public Reporting.**
- Evaluation of the responses enabled JORC to prepare an Exposure Draft of the 2012 JORC Code which was released for public comment in September 2012.
- In addition to many comments made in consultation forums and meetings, JORC received 82 written submissions in response to the Exposure Draft.

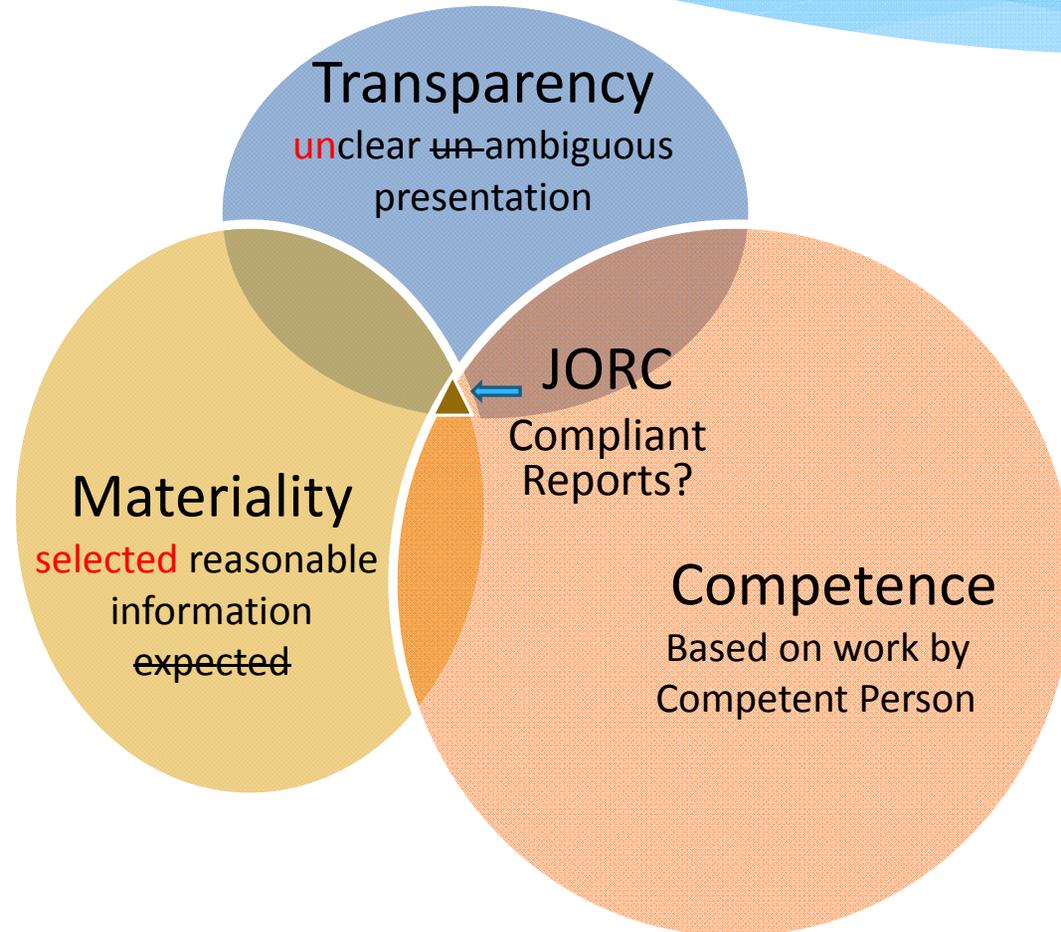
JORC Code - Principles based

The principles in Clause 4, 2004 JORC Code are:



2004 JORC Code Principles— Competence Bias?

A common distortion of the application of the Principles from Clause 4, 2004 JORC Code had been noticed resulting in:



Changed Compliance Requirements for the 2012 Code

- The requirement, when reporting **initial or materially changed** Exploration Results or estimates of Mineral Resources and Ore Reserves for significant projects, to report against Table 1 on an ‘**if not, why not**’ basis—Clauses 2, 5, 19, 27, 35, and the introduction to Table 1.
- Competent Person attributions—Clause 9.
- Exploration Target—now defined in the revised Clause 17.
- At least a Pre-Feasibility Study required for an Ore Reserve declaration—Clause 29.
- Technical studies definitions—Clauses 37, 38, 39, and 40.
- Metal equivalents—Clause 50.
- *In situ* or ‘in ground’ values—Clause 51.
- Additional guidance on reporting requirements for Competent Persons—Table 1 body of table.

Clause 2 2004 Code

“2. In this edition of the JORC Code, important terms and their definitions are highlighted in **bold** text. The guidelines are placed after the respective Code clauses using *indented italics*. They are intended to provide assistance and guidance to readers. They do not form part of the Code, but should be considered persuasive when interpreting the Code. Indented italics are also used for Appendix 1 – ‘Generic Terms and Equivalents’ and Table 1 – ‘Check List of Assessment and Reporting Criteria’ to make it clear that they are also **part of the guidelines, and that the latter is not mandatory for reporting purposes.**”

This statement (in red above), together with all of the examples being negative, was taken by many Competent Persons as an opportunity not to report all material information.

Clause 2 2012 Code

“2. In this edition of the JORC Code, important terms and their definitions are highlighted in bold text. The guidelines are placed after the respective Code Clauses using indented italics. Guidelines are not part of the Code, but are intended to provide assistance and guidance to readers and should be considered persuasive when interpreting the Code.”

~~Indented italics are also used for Appendix 1 – ‘Generic Terms and Equivalents’ and Table 1 – ‘Check List of Assessment and Reporting Criteria’ to make it clear that they are also part of the guidelines, and that the latter is not mandatory for reporting purposes.~~

Further guidance on the importance of material information is now included in Clauses 5, 19, 27, 35, and the introduction to Table 1.

Clause 4 2012 Code—Additional Explanation of Principles

“Transparency and Materiality are guiding principles of the Code, and the Competent Person must provide explanatory commentary on the material assumptions underlying the declaration of Exploration Results, Mineral Resources or Ore Reserves.

In particular, they must consider that the benchmark of Materiality is that which includes all aspects relating to the Exploration Results, Mineral Resources or Ore Reserves that an investor or their advisers would reasonably expect to see explicit comment on from the Competent Person. The Competent Person must not remain silent on any material aspect for which the presence or absence of comment could affect the public perception or value of the mineral occurrence.”

Clause 5 2012 Code—Expands on Reporting Principles

“Table 1 provides a checklist or reference of criteria to be considered by the Competent Person in developing their documentation and in preparing the Public Report.

In the context of complying with the principles of the Code, comments relating to the items in the relevant sections of Table 1 should be provided on an ‘if not, why not’ basis **within the Competent Person’s documentation**. Additionally comments related to the relevant sections of Table 1 must be complied with on an ‘if not, why not’ basis **within Public Reporting** for significant projects (see Appendix 1 Generic Terms and Equivalents) when reporting Exploration Results, Mineral Resources or Ore Reserves for the first time. Table 1 also applies in instances where these items have materially changed from when they were last Publicly Reported. Reporting on an ‘if not, why not’ basis is to ensure that it is clear to an investor whether items have been considered and deemed of low consequence or are not yet addressed or resolved.”

This slide contains extracts only of Clause 5, 2012 JORC Code

2012 Code—Introduction of Some New Terms

- **Significant project:** “An exploration or mineral development project that has or could have a significant influence on the market value or operations of the listed company, and/or has specific prominence in Public Reports and announcements.” (Appendix 1, equivalent to ASX material project).
- **Material change:** “A material change could be a change in the estimated tonnage or grade or in the classification of the Mineral Resources or Ore Reserves. Whether there has been a material change in relation to a significant project must be considered by taking into account all of the relevant circumstances, including the style of mineralisation. This includes considering whether the change in estimates is likely to have a material effect on the price or value of the company’s securities.” (Guideline to Clause 5).
- **‘if not, why not’:** “means that each item listed in the relevant section of Table 1 must be discussed and if it is not discussed then the Competent Person must explain why it has been omitted from the documentation.” (Guideline to Clause 5).

Clause 19 2012 Code—Additional Requirements for Exploration Results

Greater clarity on what information related to Exploration Results is required to be reported along with ‘if not, why not’ reporting against the relevant criteria in Table 1.

For significant projects the reporting of all criteria in sections 1 and 2 of Table 1 on an ‘if not, why not’ basis is required.

This is preferably as an appendix to the Public Report.

Additional disclosure is particularly important where inadequate or uncertain data affect the reliability of, or confidence in, a statement of Exploration Results; for example, poor sample recovery, poor repeatability of assay or laboratory results, etc.

Clause 27 2012 Code—Additional Requirements for Mineral Resources

In Public Reports of Mineral Resources for a significant project for the first time, or when those estimates have materially changed (including classification changes) from when they were last reported, a brief summary of the information for all relevant criteria in Table 1 on an ‘if not, why not’ basis is required. If a particular criterion is not relevant or material, a disclosure that it is not relevant or material and a brief explanation of why this is the case must be provided.

“The Technical summary based against Table 1 criteria should be presented as an appendix to the Public Report.”

Note: This guidance relates directly to ASX Listing Rule requirements.

Clause 35 2012 Code—Additional Requirements for Ore Reserves

In Public Reports of Ore Reserves for significant projects for the first time, or when those estimates have materially changed (including classification changes) from when they were last reported, a brief summary of the information for all relevant criteria in Table 1 on an ‘if not, why not’ basis must be provided. If a particular criterion is not relevant or material, a disclosure that it is not relevant or material and a brief explanation of why this is the case must be provided.

Again the following guidance relates directly to ASX Listing Rule requirements: *“The Technical summary based against Table 1 criteria should be presented as an appendix to the Public Report.*

2012 Code—Introduction to Table 1

The introductory section of Table 1 is significantly expanded (compared to the 2004 Edition) to reinforce the 2012 Code's requirements for how and when Table 1 and 'if not, why not' reporting are required.

“In the context of complying with the Principles of the Code, comment on the relevant sections of Table 1 should be provided on an 'if not, why not' basis within the Competent Person's documentation and must be provided where required according to the specific requirements of Clauses 19, 27 and 35 for significant projects in the Public Report. This is to ensure that it is clear to the investor whether items have been considered and deemed of low consequence or have yet to be addressed or resolved.”

Clause 9 2012 Code—Additional Provisions for Competent Persons

Clause 9 of the JORC Code, 2012 Edition now includes requirements to identify and disclose potential conflicts of interest by the Competent Person or a related party.

For any subsequent Public Report that re-issues previously reported Exploration Results or estimates of Mineral Resources or Ore Reserves which cross-references the relevant Public Report which contains the Competent Person's consent, then subsequent Competent Person's consents to publish are not required. However, the company must confirm in the subsequent Public Report that:

- “It is not aware of any new information or data that materially affects the information included in the relevant market announcement.”; and
- “In the case of estimates of Mineral Resources or Ore Reserves, the company confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.”

Clause 17 2012 Code—Exploration Target Now Defined

Exploration Target is defined in Clause 17 of the 2012 JORC Code which also explains how that terminology may be used within a Public Report. The clause emphasises the importance of ensuring that a reported Exploration Target cannot be misconstrued or misrepresented as a Mineral Resource or Ore Reserve, and that all disclosures of an Exploration Target must clarify whether the target is based on actual results or a proposed exploration programme.

Clause 17 of the 2012 JORC Code is a significant expansion and further development of Clause 18 of the 2004 JORC Code. The 2012 Clause 17 definition of Exploration Target is identical to the CRIRSCO definition. Clause 17 also includes additional further explanation of how Exploration Targets should be reported in Public Reports.

CRIRSCO: Committee for Mineral Reserves International Reporting Standards

Clause 29–Pre-Feasibility Study Required to Report an Ore Reserve

An important new requirement has been added to the JORC Code, 2012 Edition.

Clause 29 of the 2012 Code requires that at least a Pre-Feasibility Study has been conducted as part of estimating an Ore Reserve for inclusion in a Public Report. This new requirement establishes a minimum benchmark for the level of technical and economic study that is undertaken to examine the Modifying Factors as part of any Ore Reserve estimate that is included in a Public Report.

This enhancement brings the JORC Code, 2012 Edition, into line with the other international reporting codes and standards.

Clauses 37 to 40 2012 Code— Technical Studies Definitions

A new section has been added to the JORC Code in the 2012 Edition to define, and describe the appropriate application of, various technical and economic studies. Clause 37 describes what technical and economic studies are, and their application under the JORC Code.

Definitions are included in Clauses 38, 39, and 40 for a Scoping Study, Pre-Feasibility Study, and Feasibility Study respectively. This was in response to the inclusion of the requirement for a Pre-Feasibility Study to be conducted as part of estimating an Ore Reserve for inclusion in a Public Report.

These definitions are identical to those in the CRIRSCO standard definitions, and will eventually be included in all the CRIRSCO standards and codes.

Clause 50 2012 Code—Metal Equivalents

Clause 50 of the JORC Code, 2012 Edition introduces new requirements for Public Reporting of Exploration Results, Mineral Resources, or Ore Reserves in terms of metal equivalents. There was no equivalent clause in the 2004 Edition of the Code, so this new clause is extremely important for any Competent Person or company issuing a Public Report dealing with metal equivalents estimates.

The clause is based on the information previously included in ASX Companies Update 03/07, prepared jointly by ASX and JORC.

Clause 51 2012 Code—*In Situ* or ‘In Ground’ Values

Clause 51 of the JORC Code, 2012 Edition introduces a new prohibition on the publication of *in situ* or ‘in ground’ financial valuations in a Public Report.

In situ or ‘in ground’ financial valuations are inconsistent with the requirements of the Code as they do not take account of the Modifying Factors and are incompatible with the Code’s reporting terminology (as set out in Figure 1, and throughout the Code).

This new clause is based on information previously included in ASX Companies Update 03/08, also prepared jointly by ASX and JORC.

Table 1 2012 Code—Additional Guidance on Reporting

As part of the suite of changes in the 2012 Edition, Table 1 of the Code now includes additional criteria and amended and/or additional explanation of many of the criteria within Table 1 to assist Competent Persons.

This is particularly the case in the guidance related to the estimation and reporting of Mineral Resources and Ore Reserves, although there is also additional information related to sampling techniques and the reporting of Exploration Results.

JORC Code 2012 Edition, JORC Website & Transition Arrangements

The JORC Code, 2012 Edition was finalised and published by the JORC Committee on 20 December 2012 following an extensive review process.

The JORC Code, 2012 Edition is available [here](#).

The 20 December 2012 announcement of the release of the revised Code and its implementation can be found [here](#).

The JORC Committee released a number of supporting documents as follows:

- [Summary of changes between 2004 and 2012 Editions of the JORC Code](#)
- 'Side by side' comparison of 2004 & 2012 Editions of the JORC Code
- [Summary of comments on the Exposure Draft Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves](#)
- [Table 1 reporting template for the JORC Code, 2012 Edition](#) – provided to assist with reporting against Table 1 of the Code on an 'if not, why not' basis.
- [Press release issued 6 February 2013](#)

JORC 2004 Transition

The JORC committee encourages early adoption of the JORC 2012 code prior to the mandatory start date of December 1 2013.

Adoption honours *all aspects* of the code – no cherry picking

Mineral Resource and Ore Reserve statements released under JORC 2012 which are not materially changed from their JORC 2004 counterparts, will not require an additional Table 1 summary to be released (in alignment with clause 35, ASX Ch5, and GN31)

Mineral Resource and Ore Reserve statements already in the public domain under JORC 2004 may remain so beyond December 1 2013, providing there is no material change to their underlying assumptions. Subsequent restatements must comply with all aspects of JORC 2012 and ASX listing rules

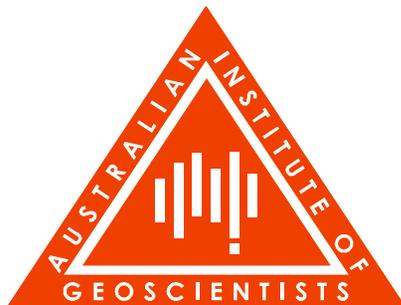
Education

An education programme on the ASX listing rules and the 2012 JORC Code will be run in two phases commencing in April 2013. This will be a cooperative venture between ASX ASIC JORC and JORC's parent bodies.

- ASX sponsored large roll-out presentations in the main capital cities for all involved with the use of Chapter 5 of the listing rules and the JORC Code commencing Perth April 3
- Smaller workshops primarily for Competent Persons in capital cities and regional centres. These workshops will also be available in electronic format for repeat and for Competent Persons in remote regions. (Perth 7 May)

Acknowledgements

To my JORC colleagues for preparation of some of the material included in this presentation and top JORC and its parent bodies for their support.



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