

The PERC Reporting Standard 2013

Eddie Bailey

- **Chairman, Pan-European Reserves & Resources Reporting Committee (PERC);**
- PERC representative on the Committee for Mineral Reserves International Reporting Standards (CRIRSCO);
- Group chief geologist, Aggregate Industries Ltd

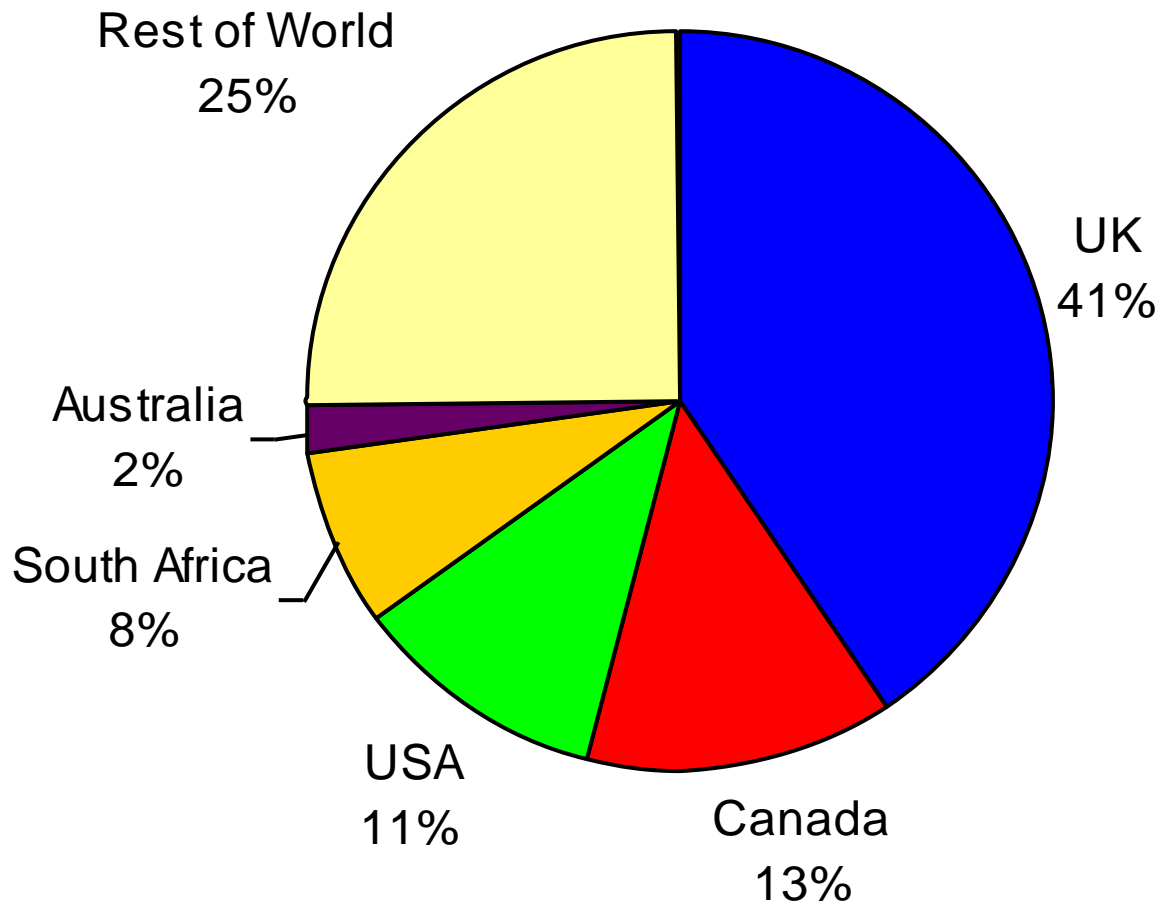
Public reporting of exploration results, resources and reserves - purposes

- **Disclosure by companies quoted on stock exchanges.**
 - Objectives: Reliable, transparent information for investors and potential investors
- **Governmental, inter-governmental, or NGO reporting of mineral resource estimates and forecasts.**
 - Objectives: Reliable mineral inventory to underpin minerals policies (especially cross border e.g. Europe), available to exploration and mining companies to attract inward investment and exploration activity

Disclosure by companies

- CRIRSCO family of codes
 - Includes JORC (Australasia), CIM/NI43-101 (Canada), SAMREC (S. Africa), etc.
- PERC is the European member of the family
- A full reporting standard
 - Reporting principles
 - Classification

PERC: a standard for European markets



Relative sizes of mining capital markets –

EU total estimated in the region of 45-50%

PERC – a short history

- 1991 IMM reporting code published
- 2001 “The Reporting Code” published by an *ad hoc* European working group
- 2006: PERC set up to replace the previous IMM Reserves Committee and an *ad hoc* European working group
 - Four parent organisations: EFG, IOM3, GSL, and IGI
- 2008: CRIRSCO-aligned “PERC Reporting Standard” published
- 2013: A registered not-for-profit organisation, now based in Brussels: **PERC asbl**
- 2013: Revised PERC Reporting Standard 2013 published
 - Includes specific provision for industrial and construction minerals, coal, historic estimates, ...

PERC members

- Four representatives from each founding organisation, plus any number of co-opted members
- Currently 21 members

PERC members

European Federation of Geologists

Ruth Allington
Markku Iljina
Carlos Almeida
Dan Germiquet (also IMA-Europe rep.)

Institute of Geologists of Ireland

Paul Gordon
Eibhlin Doyle
Andy Bowden
John Barry

Co-opted members

Gordon Riddler
John Clifford
Tomas From (Euromines rep.)

Institute of Materials, Minerals & Mining

Graham Woodrow
Paul Gribble
Liv Carroll
Steve Henley

Geological Society

Bill Gaskarth
Mark Howson
Paul Lusty
Eddie Bailey

Jay Hambro
Neil Wells



PERC asbl registration 2013

- A Belgian not-for-profit organisation
- The director of RBINS, Mrs. Pisani, accepted the registration of PERC asbl within the facilities provided to EFG (with an office at the Belgian Geological Survey)
- Company number: 0.521-825-257
- Legal personality acquired on 7 March 2013

PERC Reporting Standard 2013

- First draft completed 2011.
- Consultations during 2012.
- Final draft published and circulated Dec. 2012
- Approved at PERC AGM 15 March 2013
- Published on website 16 March 2013

PERC - A principles-based standard

Transparency

Materiality

Competence

Transparency

The reader of a Public Report must be provided with
sufficient information,
the presentation of which is
clear and unambiguous,
so as to understand the report and not be misled.

Materiality

A Public Report must contain

all the relevant information

which investors and their professional advisers would reasonably require, and reasonably expect to find,

for the purpose of making a reasoned and balanced judgement

regarding the Exploration Results, Mineral Resources or Mineral Reserves being Reported.

Competence

A Public Report must be based on work that is the responsibility of **suitably qualified and experienced persons** who are subject to an **enforceable professional code of ethics** and rules of conduct.

The Competent Person

- All CRIRSCO-style standards require publicly reported reserve and resource information to be based on work undertaken by a Competent Person
- The Competent Person is **named** in the public report
- It is the Competent Person's **responsibility** to ensure that the estimates have been performed properly

The Competent Person

- must have at least five years **relevant** experience
- must be a **member** of EFG, IoM3, GSL, IGI or other recognised **professional organisation** that:
 - requires compliance with professional and ethical standards
 - has disciplinary powers, including the power to expel a member

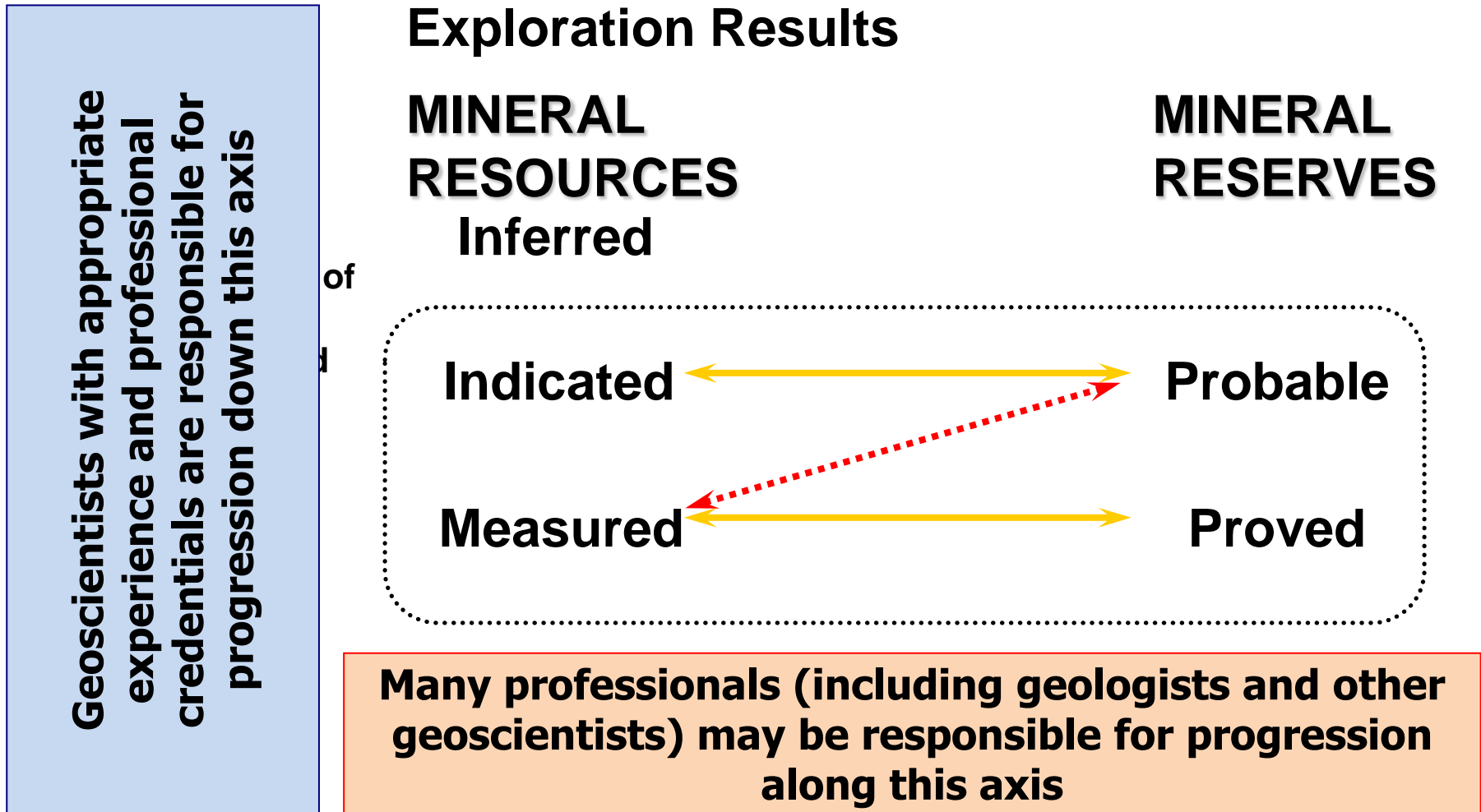
The Competent Person

- **Discipline of professionals is by professional organisations**
- **Discipline of companies listing and relying on the report is through the stock exchange regulator**

Classification

- Three sorts of information: exploration results, mineral resources, mineral reserves. All must be supported by geological data
 - **Exploration results** can be quoted only as ‘raw’ data, not tonnage and grade
 - **Mineral Resources** are estimates of mineral in the ground
 - **Mineral Reserves** are estimates of mineral as mined (allowing for losses/dilution)
- Core definitions are identical across all CRIRSCO standards

Relationship between exploration results, mineral resources & mineral reserves in the CRIRSCO template



MINERAL RESOURCES

- A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that **there are reasonable prospects for eventual economic extraction.**
- The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from **specific geological evidence** and knowledge, including sampling.

MINERAL RESERVES

- A Mineral Reserve is the **economically mineable part** of a Measured and/or Indicated Mineral Resource.
- It **includes diluting materials and allowances for losses**, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors.
- Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

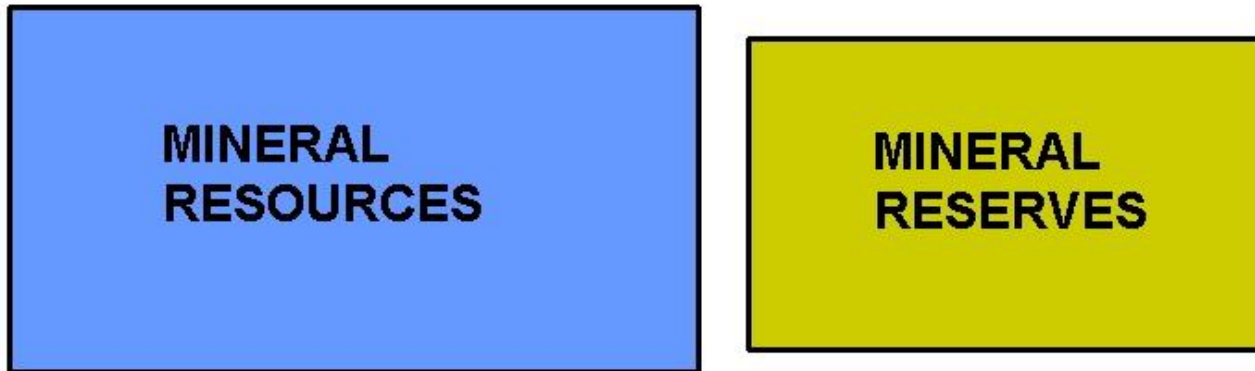
Constraints on Reserves reporting

- Mineral **Reserve** estimates **must not be added** to Mineral **Resource** estimates to report a single combined figure.
- A statement must be included in the report which clearly indicates whether the Mineral Resources are **inclusive** of, or **additional** to, the Mineral Reserves.

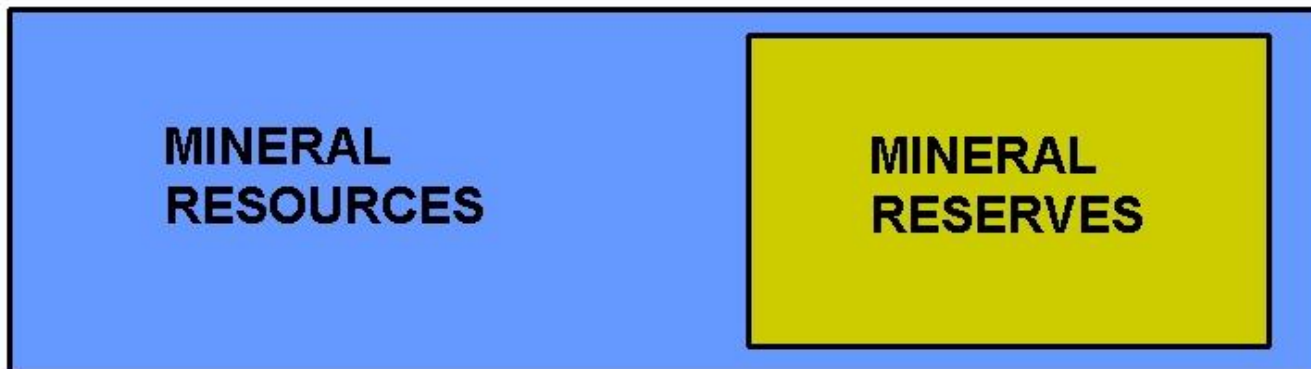
Resources & Reserves

two possible conventions:
must state explicitly which is used

(1) “Resources quoted **exclusive** of material used to estimate reserves”



(2) “Resources quoted **inclusive** of material used to estimate reserves”



PERC Reporting Standard - 2013

- Main updates:
 - Includes agreed standard CRIRSCO definitions
 - Re-written section on Competent Person definition
 - Re-written section on industrial and construction minerals
 - New section on oil shales and oil sands
 - New section on minerals extracted by solution mining
 - New guideline on materiality for consistency with ESMA rules (especially relevant for construction minerals companies)
 - New Table 1 checklist section on site visits and verification of data
 - New Appendix 5 for definition of Recognised Professional Organisations
 - Other minor improvements

PERC's Recent Activities

- Consultation submissions:
 - ESMA 2011 and 2012
 - JORC Code 2012
 - EGRC specifications 2012 (UNFC-2009)
 - IVSC (valuations) 2012
 - RMSG (EU Raw Materials Supply Group) 2012
- Presentations and workshops
 - IPGC Vancouver (Jan.2012)
 - EU-USA Workshop Brussels (Sept 2012)
 - CRIRSCO, London (Oct.2012)
 - Extract-IT, Leoben (Feb.2013)
- PERC hosted CRIRSCO 2011 and 2012 meetings in London

EU and international projects

- PERC participation in:
 - EURAW Consortium bid for European Intelligence Network (coordinator G. Tiess, Leoben)
 - European Innovation Partnership (already approved participants R. Allington, S. Henley)
 - Extract-IT (S.Henley invited participant in FP7 project)
 - Horizon-2020 Advisory Groups: nominated ‘expert’
 - UNECE EGRC Communications sub-committee (S. Henley) (UNFC-2009 classification)

PERC and ESMA

- ESMA: the European Securities & Markets Authority
 - Defines regulations for EU stock markets
 - Minerals company prospectus regulations issued in 2011 after consultation in 2010
 - Allows use of CRIRSCO family of reporting standards including PERC – **and no others**
 - Clarification issued in 2012 for cement companies, PERC 2013 Standard includes provision for this

PERC Priorities: “the reference standard” for Europe

- Engagement with financial and regulatory organisations to extend the recognition of the PERC Standard, and continue to lobby for it to become the "reference standard" for EU markets.
- While companies listed on EU markets may use JORC or other standards there is no regulatory or professional support - JORC is hard-wired into the Australian stock exchange system and professional membership of Australian organisations. **Using JORC in Europe is like flying without a parachute: no protection for investors or for companies if things go wrong.**

PERC Priorities: Training courses

- PERC will prepare and provide training courses on the preparation and use of reports using CRIRSCO-aligned standards
- An online training course to be developed
- NOTE – these courses will also be relevant to users of other CRIRSCO standards such as JORC, CIM, etc.

Contact information

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Websites

PERC – <http://www.percstandard.eu/>

CRIRSCO – <http://www.crirSCO.com>