

PERC Reporting Code 2008

Resource Reporting Workshop

15th May 2009 Dublin

www.percreserves.com

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Why have a reporting code ?

- Tenets
 - Materiality
 - Transparency
 - Competence
 - Impartiality
- Consistency – for investment decisions
- Reliability – “competent persons”
- Regulation of companies and markets (Bre-X)
- Protection against litigation
- Ease of communication: a common language

Reserves Reporting Codes in UK and western Europe

- 1991: the IMM code, defined:
 - Proven & probable reserves
 - Measured & indicated resources
 - The Competent Person
- 2001: “The Reporting Code”
 - Update for international convergence
 - Under the aegis of IMM, but co-sponsored by EFG, the Geological Society, and IGI

Why update the Code ?

- In response to increased globalisation
- In support of regulatory requirements, regionally and worldwide
- To meet needs of particular industry sectors
- To maintain a **European** reporting code for use in European markets

PERC: the Pan-European Reserves & Resources Reporting Committee

- Committee convened in 2006 as the successor to the former IMM Reserves Committee
- Continued formal involvement of IOM3, EFG, IGI, and GSL
- IOM3 now involved through IMM a
- Scope explicitly broadened to cover Europe, not just UK
- Principal tasks:-
 - to maintain and update minerals reporting code for European markets
 - Seek endorsement by the regulatory authorities

PERC Membership

- Representatives of
 - (1) the four sponsoring organisations
 - (2) CRIRSCO
 - (3) key mining industry sectors
 - (4) consultants
 - (5) the financial community

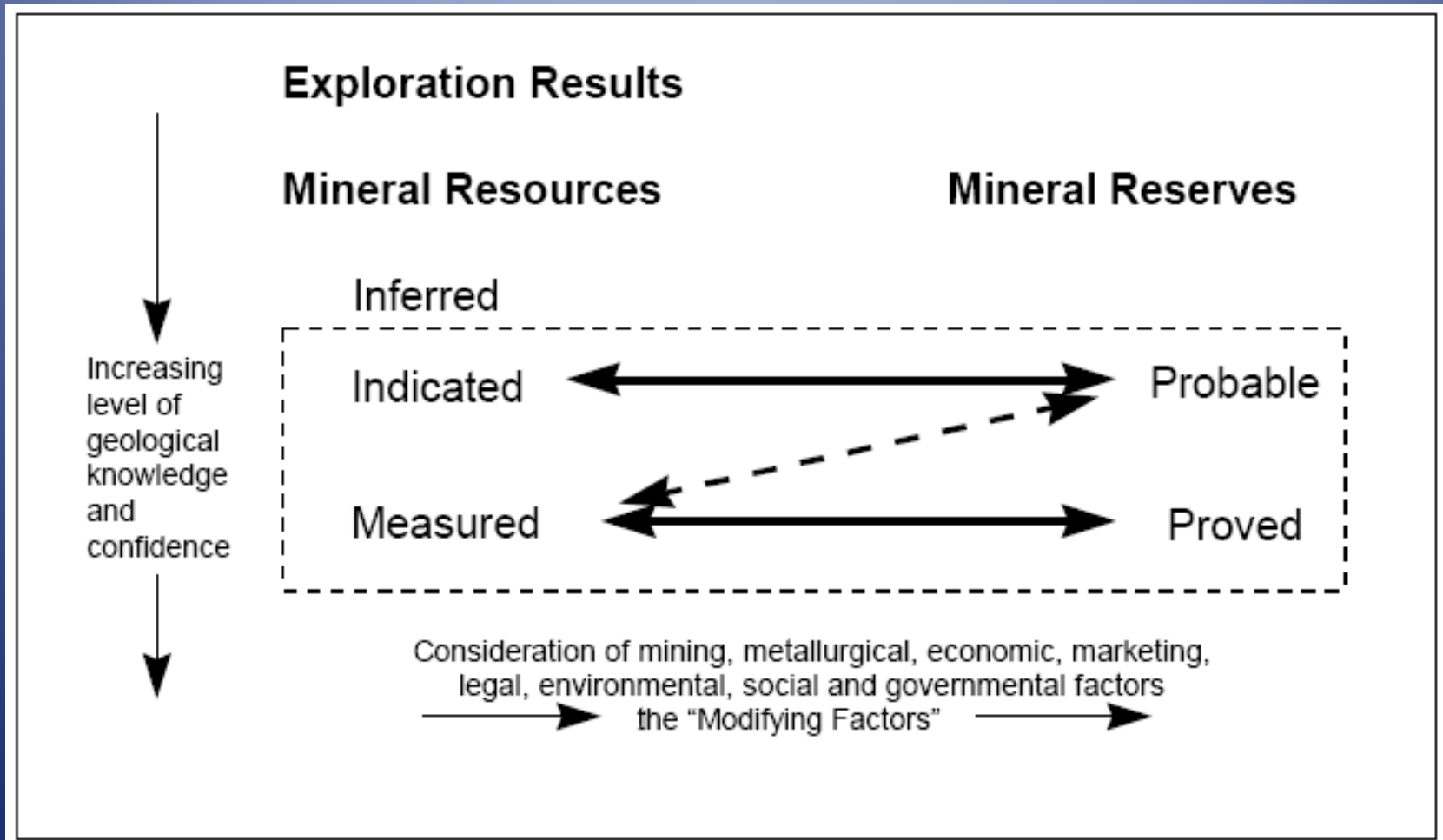
Structure of PERC

- Sub-committees:
 - London Financial sub-committee (as a model for further similar sub-committees elsewhere)
 - Industrial Minerals sub-committee
 - Diamonds/Gemstones sub-committee
- Working group:
 - PERC manages the CRIRSCO-GKZ working group on harmonisation of international and Russian reporting systems

The PERC Code 2008

- An update of the 2001 Reporting Code
- Progressive convergence with international standards as defined in the CRIRSCO code “template”
- Incorporating regional industry interests and requirements

Solid minerals: resources and reserves

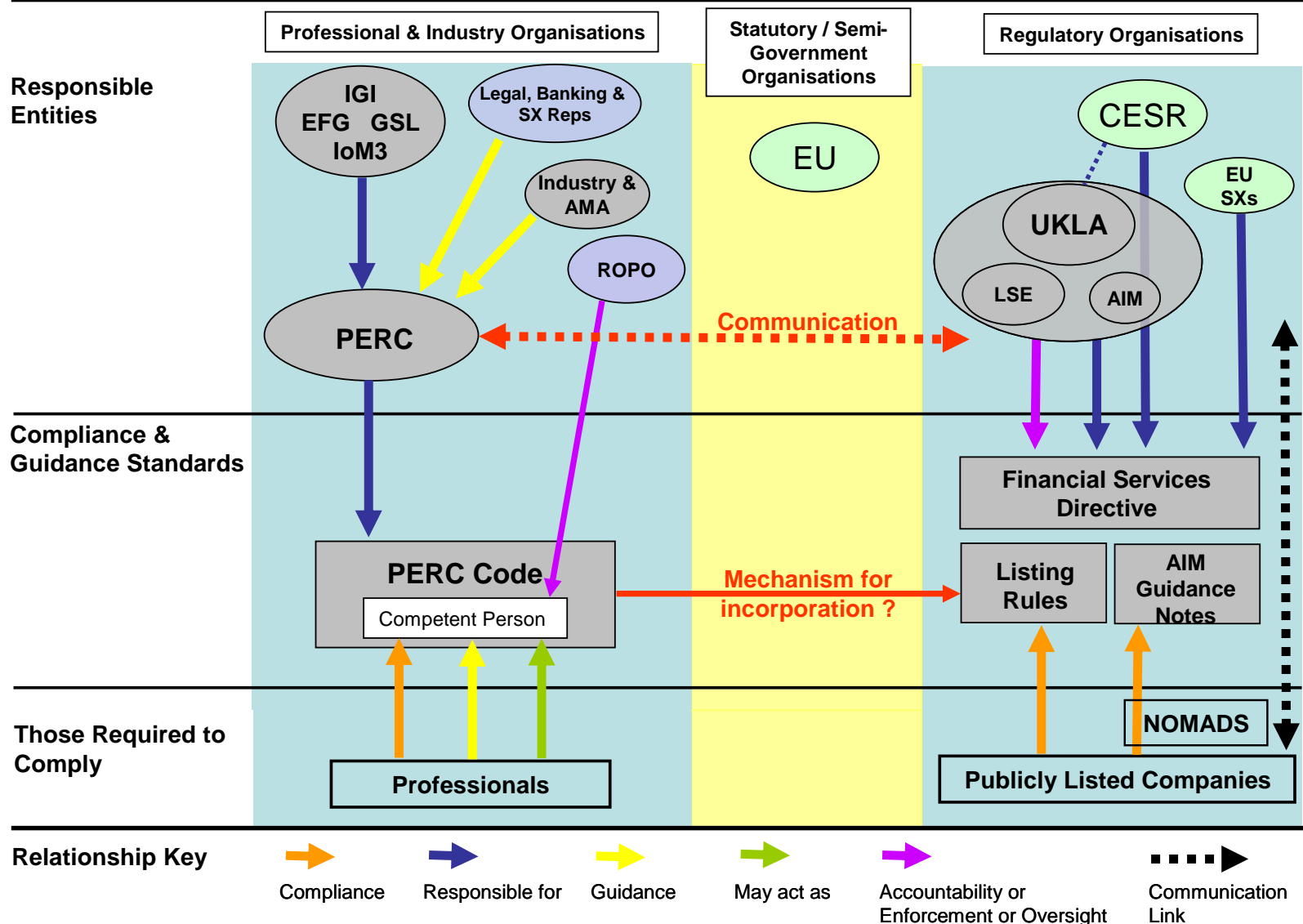


PERC Code 2008: key changes

- Competent Person definition. A tighter definition but without using a ROPO list
- New section for historical estimates
- Revised and expanded industrial minerals / dimension stone / aggregates section
- Expanded diamonds section
- New section for coloured gemstones
- Appendix 4 competent person consent form added

DRAFT

United Kingdom...(& Western Europe?)



Proposed relationships among PERC, the professions, and regulatory organisations

Where are we ?

- Exposure Draft launched – 17 June 2008
- Consultation among other CRIRSCO members, and the mining and financial communities concluded November 2008
- Finalisation of Code with agreed amendments December 2008
- Code released January 2009
- Initiated discussions with the FSA/UKLA January 2009

Recommendations

- PERC Code to be incorporated by reference into the listing, prospectus and disclosure rules of the UKLA – Committee of European Securities Regulators (CESR)
- PERC Code to be the only code for reporting on the London SXs – if not, then other codes must be compatible with CRIRSCO
- Establish standing committee (PERC/UKLA) to agree amendments to the rules
- PERC will act as advisor to UKLA on disputes. UKLA is the ultimate sanctioning body – discussions ongoing with FSA/UKLA