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# The Australasian Joint Ore Reserves Committee Releases For Public Comment The Exposure Draft Of The JORC Code 2012

## Introduction

The Australasian Joint Ore Reserves Committee (**JORC**) released for public comment the exposure draft of the JORC Code 2012 (**the Code**) on 18 September 2012. The exposure draft was prepared following the code review process commenced in late 2011.

The main amendments to the Code concern the redrafting of clauses 4, 18, 26 and 34, which seek to clarify the requirement for transparent disclosure. There is also a major redraft of the old clause 18 (which is now clause 16) regarding the reporting of exploration targets. The amendments endeavour to give effect to the core principles of transparency, materiality and competence in public reporting of mining resources and reserves.

The [exposure draft](http://www.jorc.org/docs/2012_jorc_update_exposure_draft.pdf) ([see archive](2012_jorc_update_exposure_draft.pdf)) and [explanatory letter](http://www.jorc.org/docs/exposure_draft_letter2012.pdf) ([see archive](exposure_draft_letter2012.pdf)) are available at the JORC's website.

## Background To The Code

The JORC Code is a Code of practice released in 1989 that is administered by the Australian Joint Ore Reserves Committee. The JORC comprises representatives of the Australasian Institute of Mining and Metallurgy (**AusIMM**), the Australian Institute of Geoscientists (**AIG**) and the Minerals Council of Australia (**MCA**). The Code sets out the minimum standards for public reporting of exploration results, mineral resources and ore reserves in Australia and New Zealand. It provides a mandatory system for classification of tonnage/grade estimates according to geological confidence and technical/economic considerations in reports prepared for the purposes of informing investors, potential investors and their advisors. It also provides extensive guidelines on the criteria to be considered when preparing public reports. A point to note is that the Code requires public reports to be based on work undertaken by a competent person. A competent person is a person who has requisite experience in the commodity for which results, resources and reserves are being reported.

The code adopts a principles-based approach. The underlying fundamental principles of the JORC Code are:

* Transparency – clear and unambiguous presentation of information
* Materiality – all the information reasonably required and expected, and
* Competence – public reports should be based on work undertaken by competent persons.

The review process of the Code confirmed that there was a need for improved disclosure standards as well as greater balance between the three main principles mentioned above in public reporting. This was the impetus for the Code’s amendment.

## Amendments To The 2012 Code

The following are the main amendments to the Code.

### Clause 4 – The three underlying core principles

Concerning the principle of Transparency, an elaboration has been added to the word “misled”. It now entails an intentional omission of material information that is known to the competent person. With regard to materiality, a new requirement has been added: where relevant information is not supplied, an explanation must be provided to explain its exclusion. Also, competent persons must provide an explanatory commentary on the material assumptions underlying the declaration of the exploration results, mineral resources or ore reserves. In particular, they must consider that the benchmark of materiality is what an investor or their advisors would reasonably expect to see explicit comment on from the competent person. They must not remain silent on any issue for which the presence or absence of the comment could impact the public perception or value of the mineral occurrence. There is also emphasis on the “if not why not” requirement in Table 1 concerning the competent person’s documentation.

### Clause 18 – Reporting of assay and analytical results

There is a new requirement concerning the competent person’s reporting of assay and analytical results. Clear diagrams and maps designed to represent the geological context must be included in the report. These should include, but not be limited to, a plan view of drill hole collar locations and appropriate sectional views. While it is not necessary to report all assays or drill holes, it is now a requirement that sufficient information about the omitted data is provided so that a considered and balanced judgment can be made by the reader of the report.

Where reports of exploration results do not include all drill holes or all intersections of drill holes, the competent person must provide an explanation as to why this information is not considered relevant or why it has not been provided. The “if not, why not basis” concerning the reporting of all criteria in Table 1 is again emphasized.

### Clause 26 – Reporting of Mineral Resource

The old clause stipulates that the criteria in Table 1 need not be discussed in a public report unless they materially affect estimation or classification of the material resources. However, the new clause requires that in a public report of a mineral resource for a significant project for the first time, or when those estimates have materially changed from when they were last reported, a brief summary of the information elicited under each of the criteria in Table 1 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 should be made.

When mineral resources are first released or there is a material change, there is an increased need for transparent discussion of the basis for the new mineral resource estimate so that investors are appropriately informed of the basis for the change.

Emphasis on the Table 1 “if not, why not basis” is again provided. There is a new requirement for the reporting of unresolved issues potentially impacting the reliability of, or confidence in, a statement of mineral resources (e.g.. poor sample recovery).

### Clause 34 – Reporting of Ore Reserve

The new clause requires that in a public report of an ore reserve estimate for a significant project for the first time, or when the estimates have materially changed, a brief summary of the information and modifying factors elicited under each of the criteria in Table 1 must be provided or, 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 should be made.

When Ore Reserves are first released or there is a material change, there is an increased need for transparent discussion of the basis for the new ore reserve estimate in order that investors are appropriately informed of the basis for the change. There is also a new requirement for the reporting of unresolved issues potentially impacting the reliability of, or confidence in, a statement of ore reserves (e.g. limited geotechnical information).

A new guideline is also provided: if there is doubt about what should be reported, it is better to err on the side of providing too much information rather than too little. A competent person should also disclose any uncertainties in any of the criteria listed in Table 1 that could lead to under- or over- statement of ore reserves.

### The new clause 16 – Reporting of Exploration Target

A definition is given to the term “Exploration Target”: it is a statement or estimate in a public report of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate relates to mineralisation for which there has been insufficient exploration to estimate a mineral resource.

Several new requirements concerning the reporting of Exploration Target have been added:

1. Concerning any statement referring to potential quantity and grade of the target, a clarification statement should now be included stating the potential quantity and grade is conceptual in nature and that it is uncertain if further exploration will result in the estimation of a mineral resource.
2. Due to the level of uncertainty surrounding the supporting data, an Exploration Target tonnage or grade must not be reported as a ‘headline statement’ in a public report.
3. If an Exploration Target is included in a public report, proposed exploration activities designed to test the validity of the exploration target are to be detailed. Also, a timeframe should be specified within which those activities are expected to be completed.
4. If an Exploration Target is shown pictorially or with a graph, it must be accompanied by text which meets the above requirement.
5. A public report which includes an Exploration Target must be accompanied by a competent person’s statement taking responsibility for the form and context in which the Exploration Target appears.

There are also a few newly added guidelines:

1. All disclosures of an Exploration Target should clarify whether the target is based on actual exploration results completed or on proposed exploration programs yet to commence;
2. If the Exploration Target statements include information relating to ranges of tonnages and grades, these should be represented as approximations;
3. For an Exploration Target based on actual exploration results, a summary of the data and the nature of the results should be stated, including a disclosure of the current drill hole or sampling spacing and relevant plans or sections; and
4. In any subsequent upgraded or modified statements on the Exploration Target, the competent person should discuss any material changes to potential scale or quality arising from completed exploration activities.

Other areas of note in relation to the amendments include a significant expansion of the discussion points for modifying factors and a more general alignment to the CRIRSCO standard definitions across the code for mineral resource and ore reserve categories, and study levels. New clauses covering the reporting of metal equivalents (clause 49) and in-situ values (clause 50) have also been added.

## Submitting Comments To The Exposure Draft

The major amendments to the Code seek to consolidate the three main core principles of transparency, materiality and competence, by improving disclosure standards as well as providing concrete guidelines for reporting. Competent persons and any other interested parties should respond to the exposure draft by submitting their comments no later than 26 October 2012 to JORC at jorc@ausimm.com.au, under the subject heading “2012 JORC Code Exposure Draft Comments”.

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