

JORC UPDATE

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Discussion Topics

- Review of JORC Code Disclosure Compliance – May 2009
- Summary of breaches
- Public Reports
- Specific matters

Review of JORC Code Disclosure Compliance



- Covers period from 30 September 2008 to 31 March 2009.
- Review of reports lodged with ASX pursuant to companies' continuous disclosure obligations and periodic disclosure obligations.

Key Findings

- The review was conducted by ASXMS for the six months to 31 March 2009.
- Approximately 800 companies listed on ASX are mining entities or entities that report under the JORC Code.
- An estimated 5,200 announcements were reviewed by ASXMS for compliance with the JORC Code during the six month period of the review.
- 312 (6.0%) of those announcements were found to contain a total of 333 instances of material non-compliant reporting by 246 entities.
- The most common breach was a deficient or missing Competent Person Statement (176 instances or 52.9% of total breaches).

Summary of breaches

JORC CODE CLAUSE	ISSUE	Instances of Non-compliance
8	Competent Person Statement deficient or missing	176
17	Insufficient information on results	12
18	Exploration Target Statements reported incorrectly	41
25	Combined categories of resources	80
33	Combined categories of reserves	11

Summary of breaches continued

JORC CODE CLAUSE	ISSUE	Instances of Non- compliance
In-ground and in-situ values	Use of in-ground value or insufficient information to explain equivalent calculations	5
Non-JORC historical and foreign estimates		5
Miscellaneous		3
	TOTAL	333

Clause 5 – Public Reports

- What is a public report?

“... a report or reporting on Exploration Results, Mineral Resources or Ore Reserves, prepared for the purpose of informing investors or potential investors and their advisers.”

- Includes

- Annual reports/half yearly reports/quarterly activities statements
- Prospectus
- Web-sites
- Shareholder briefings/presentation slides
- ASX announcements

- Public reports that report on

- Exploration results
- Mineral resources or
- Ore Reserves

must report in compliance with the JORC Code and include a competent person statement

Clause 8 – Competent Person Statement Requirements



Of the 176 instances of non-compliance with this clause, the most of the breaches fell within the following three categories:

- Failure to include a Competent Person Statement in the periodic reports, such as annual reports, quarterly activities statements, and half-yearly reports;
- Failure to include a Competent Person Statement on company presentation slides; or
- Failure to include a Competent Person Statement in announcements that reiterate previously announced information.

Clause 8 breaches

- ASXMS considers that structured periodic reports such as annual reports, quarterly activities statements, and half-yearly reports are Public Reports for the purposes of clause 5 of the JORC Code and consequently must comply with clause 8 of the JORC Code.
- ASXMS also considers that a presentation slide lodged with the ASX is also a Public Report for the purposes of clause 5 of the JORC Code and consequently must comply with clause 8 of the JORC Code.
- Where ASXMS has detected material non-compliance with clause 8 of the JORC Code, the entity has been required to either issue a clarifying announcement incorporating the appropriate Competent Person Statement or retract the noncompliant announcement or report and re-release a compliant announcement or report on CAP.

Clause 17

- Clause 17 provides that a public report of Exploration Results must “contain sufficient information to allow a considered and balanced judgment of their significance”
- Main instance of non-compliance:-
 - Selected reporting of drill holes
 - Results that do not contain adequate information required by Table 1 of the JORC Code in particular cut-off grades and sampling techniques
- (See also ASX Companies Update of 18 March 2008)

Clause 18 – Target Statements

- Examples of non-compliant reporting include:-
 - Failure to include the potential quantity and grade of the target
 - Failure to express the potential quantity and grade of the target as a range
 - Expressing the target as a contained metal
 - Not including the cautionary statement
 - Not including the cautionary statement in close proximity to the target statement

Clause 25

- Clause 25 requires that any resource statement must categorise the resource as inferred, indicated or measured
- Main instances of non-compliance include:-
 - Referring to a resource without specifying a category
 - Referring to a combined resource without specifying the individual categories
 - Reporting a contained metal without including the corresponding tonnage and grade

Other breaches

- Clause 33 – combining of proved and probable reserves and not specifying the individual categories
- Referring to in-ground and in-situ values which bears little relationship to economic viability or potential returns to investors

Other breaches

- Referring to historical and foreign resources and reserves non compliant with the JORC Code
- If an entity intends to report a foreign or historical resource or reserve in a public report or in a prospectus it must apply for a waiver from ASX. Each waiver application is considered on its merits.
- (see also ASX Company update 5 December 2007)

Action taken by ASX

Corrective action may include:

- Requiring a replacement announcement that was compliant with the JORC Code to be released to the market;
- Requiring a clarifying announcement or addendum to be released to the market;
- Providing an educative warning to an entity; or
- Writing a 'please explain' letter to an entity with a significant breach and releasing that letter to the market.

Other matters

- Clauses 14 & 35

- Clause 14

- “Companies must review and publicly report on their Mineral Resources and Ore Reserves at least annually”

- Clause 35 – Table 1

- “These criteria need not be discussed in a Public Report unless they materially affect estimation or classification of Ore Reserves. Changes in economic or political factors alone may be the basis for significant changes in Ore Reserves and should be reported accordingly.

The JORC Code

ASX's interpretation of the the JORC Code (2004) has been clarified and discussed in the following ASX Company updates:-

25 March 2004

3 May 2007

5 December 2007

18 March 2008

Education

- ASXMS conducts ongoing analysis of disclosure and undertakes a range of educative initiatives to help improve compliance with the JORC Code. These include the publication of guidance in Companies Updates and seminars as part of the Education and Research Program

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