



JORC, History, ASIC Regulatory Issues and International Comparisons

ASX and ASIC Listed Companies Conference



ASIC

Australian Securities &
Investments Commission

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Discussion Topics

1. History of JORC
2. ASIC's general approach in fundraising
3. ASX Companies Update 11/07 - Waivers of Listing Rule 5.6
4. ASIC's general approach in takeovers
5. Recent Takeovers Panel decision in Midwest Corporation Limited
6. ASIC Policy – RG 55, RG111, RG 112
7. International comparisons with JORC

History of JORC

Where we have come from?

Poseidon Boom

Rae Committee

JORC Code

What was the problem we were seeking to fix?

Rumours

Assumptions

Quality of geological reports

JORC and fundraising

- ASIC continues to monitor compliance with JORC.
- JORC compliant information is information that is reasonably required by investors i.e. information required to be disclosed under s710 of the Corporations Act.
- This applies equally to listed and unlisted entities.
- Non-JORC material may be allowed for listed entities where historical (pre JORC or competent person) or foreign report & ASX has granted waiver of LR 5.6.
- ASIC will consider disclosure issues on case by case basis for both listed (in consultation with ASX) and unlisted companies having regard to approach in ASX Companies Update 11/07.

JORC and takeovers

- ASIC continues to monitor compliance with JORC in takeover documents and schemes of arrangement.
- Foreign mining companies offering scrip required to provide JORC compliant information.
- ASIC may consider alternatives on case by case basis having regard to approach in ASX Companies Update 11/07.

JORC and takeovers

Midwest Corporation Limited [2007] ATP 33

- Production targets are forward looking statements.
- Important for the production targets that were made to comply with the spirit of JORC.
- Forward looking statements should not be used unless the aspirational nature and reasonable basis for the statements is clearly set out.
- In this case, additional disclosure was provided to shareholders.

RG 55

Disclosure documents and PDS: Consent to quote

- RG 55 sets out ASIC's policy on the requirement to obtain consent before citing a person in a disclosure document.
- The requirement triggers liability (see item 5 of s729).
- CO 07/428 gives relief to reference a historical geological report without consent if lodged with an Australian mines department or ASX.
- CO 07/428 does not extend to foreign geological reports therefore consent still required.
- ASIC will consider any 'consent' issues in consultation with ASX where ASX may have granted a waiver of LR 5.6 in relation to the foreign geological report.
- ASIC considers the same principles relevant in takeovers.

RG 111 Content of expert reports

- RG 111 gives guidance to experts on how to draft an expert report that satisfies the requirements of the Act.
- Principles relevant to independent expert reports prepared for transactions under Chapters 5, 6 and 6A.
- Principles are also relevant to geologists reports for inclusion in Ch 6D disclosure documents and Ch 7 product disclosure statements.
- Key requirement is disclosure of methodologies and assumptions.

RG 112 Independence of experts

- RG 112 gives guidance on the need for an expert to be independent.
- ASIC continues to monitor fundraising and takeovers disclosure for disclosure of relationships and interests.

International regulation

IRT - CRIRSCO

SAMREC Code (South Africa)

Reporting Code (UK & Europe)

SEC's Industry Guide (USA)

National instrument 43-101 (Canada)

Current Minerals Reporting Practice Summary

	Australia	Canada	South Africa	UK/ West Europe	Chile	Peru	USA-SME	USA-SEC	UN - ECE FC
JORC-type standard	Y	Y	Y	Y	Y	Y	Y	N	N
Recognised by Regulator	Y	Y	Y	Y	Y	Y	N		N
Competent Person	Y	Y	Y	Y	Y	Y	Y	N	N
ROPO-type system	Y	Y	Y	N	N	N	N	N	N

Source: Stephenson, *Presentation to the International Accounting Standards Board in London*, 19 April 2005

Competent person requirements

JORC (Para 10)	Reporting Code (Para 9)	SAMREC 2007 (Paras 9-10)
<p>Member or Fellow of: The Australasian Institute of Mining and Metallurgy or The Australian Institute of Geoscientists, or 'Recognised Overseas Professional Organisation' ('ROPO') included in a list promulgated from time to time.</p> <p>Minimum of five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which that person is undertaking.</p>	<p>A corporate member of a recognised professional body relevant to the activity being undertaken, and with enforceable Rules of Conduct.</p> <p>Minimum of five years experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which that person is undertaking.</p>	<p>A person who is registered with SACNASP, ECSA or PLATO or a Member or Fellow of SAIMM, GSSA or a Recognised Overseas Professional Organisation (ROPO).</p> <p>A complete list of recognised organisations will be promulgated by the SSC from time to time.</p> <p>The Competent Person must comply with the provisions of the relevant promulgated Acts.</p> <p>Minimum of 5 (five) years experience relevant to the style of mineralisation and type of deposit or class of deposit under consideration and to the activity which that person is undertaking.</p>