



# 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. Takeovers Panel decision: 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

<b>JORC (Para 10)</b>	<b>Reporting Code (Para 9)</b>	<b>SAMREC 2007 (Paras 9-10)</b>
<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>