

ASX consults on changes to reporting requirements for resources companies

In October 2011, the Australian Securities Exchange (ASX) began a comprehensive consultation process on the method of reserves and resources disclosure by mining and oil and gas companies.

In mid-September this year, the ASX released a consultation paper setting out a revised Chapter 5 of the Listing Rules dealing with reserves and resources disclosure. At the same time, the Australasian Joint Ore Reserves Committee (JORC) released an exposure draft of an updated JORC Code intended to support the proposed amendments to the Listing Rules.

Public comment on both documents is being sought until 26 October 2012 and both documents should be considered in parallel to fully understand the potential impact on an individual listed entity.

Key issues

- Proposed changes to Chapter 5 of the Listing Rules impose new reporting requirements on mining and oil and gas companies
- Mining companies are also affected by proposed changes to the JORC Code
- Consultation on both sets of proposals closes on 26 October 2012

Key changes to Listing Rules

The proposed revised Chapter 5 of the ASX Listing Rules represents a thorough rewrite of the existing chapter and sets out a consistent framework for reporting by mining companies (backed by the JORC Code) and oil and gas companies (backed by the Petroleum Resources Management System (SPE-PRMS)).

The ASX is proposing a 12-month transition period to allow companies to make the necessary amendments to internal systems.

The revised Rules introduce *new reporting requirements*:

- for mining companies to report production targets at a company level and for material projects;
- for oil and gas companies to report information in accordance with SPE-PRMS; and
- for all companies to include an annual mineral resources and reserves statement or annual petroleum reserves statement (as the case may be) in their annual report.

The revised Rules introduce requirements to *report additional information*:

- for mining companies when reporting exploration results, estimates of ore reserves and mineral resources, production targets and historical or foreign estimates for material projects. Reporting against all criterion in Table 1 of the JORC Code on an “if not, why not” basis will be required. The JORC Code has been updated to correspond to the proposed requirements in Chapter 5. When reporting

historical or foreign estimates, specific supporting information must also be given, in compliance with JORC Code requirements if appropriate, to provide the market with sufficient information to assess the estimates; and

- for oil and gas companies when reporting estimates of reserves, contingent resources and prospective resources for material projects.

These information requirements apply when reporting on results for the first time and where previously reported results have materially changed.

The ASX has also issued draft guidance notes No. 31 (*Reporting on Mining Activities*) and No. 32 (*Reporting on Oil & Gas Activities*) to complement the revised rules in Chapter 5 and assist companies to understand the reporting requirements.

JORC Code changes

The proposed revisions to the JORC Code reflect many of the proposed changes to Chapter 5 of the Listing Rules. A number of new requirements have also been added:

New definitions of "Scoping Study", "Preliminary Feasibility Study" and "Feasibility Study" are set out and

specific disclosure must be made when scoping studies are referred to in public reports.

If mineral resources are converted to ore reserves, the Code will require that at least a "Pre-Feasibility Study" will have been carried out.

New clauses dealing with the reporting of metal equivalents and in-situ or in-ground values have been inserted.

Detailed information

Copies of the revised Chapter 5, draft Guidance Notes and the revised JORC Code are available on the ASX and JORC Code websites (www.asxgroup.com.au/public-consultations and www.jorc.org) and the JORC Committee has prepared a template that can be used to provide comments on the revised Code.

Further information

If you have any questions on the revisions to the Listing Rules or the JORC Code, or you would like any assistance in preparing comments on the revisions, please contact us for assistance.

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