

INCLUSIVE MINERAL RESOURCE REPORTING

By Deborah Spicer

Venmyn has shown that there is a strong preference for the reporting of mineral resources inclusive of mineral reserves in a survey it carried out to see what the current industry practise is.

The issue relates to whether mineral resources (all mineralised material) should be reported inclusive or exclusive of mineral reserves (the economically-viable mineable portion of mineralised material). This is important because, for valuation purposes, the codes require that at least two valuation methods be used. This is to assist in ensuring comparisons. If companies are allowed to report mineral resources exclusive of mineral reserves, the value-per-mineral-resource-unit will not be a valid valuation method. It's as simple as that.

In terms of the preliminary research, 68% of juniors and mid-tier companies favoured the reporting of mineral resources inclusive of mineral reserves, while 56% of majors favoured the reporting of mineral resources inclusive of mineral reserves. This difference reflects their respective positions in the project lifecycle, where juniors and mid-tier companies are interested in demonstrating their size, while majors are interested in demonstrating income-generating assets. The results of the Venmyn survey are shown below:-

Table 1: The Reporting Preferences of Selected Major, Junior and Mid-tier Companies

COMPANY	INCLUSIVE		EXCLUSIVE		BOTH	
	NO OF FIRMS	%	NO OF FIRMS	%	NO OF FIRMS	%
Majors	10	56%	6	33%	2	11%
Juniors and Mid-tiers	70	68%	32	30%	2	2%
TOTAL	80	66%	38	31%	4	3%

Note: This table excludes double counting, where companies are listed on multiple exchanges

JSE-listed companies, along with their Australian and UK counterparts, also showed a marked preference for the reporting of mineral resources inclusive of mineral reserves. This is to be expected, since the Canadian authorities have indicated their preference for the reporting of mineral resources exclusive of mineral reserves. The Securities Exchange Commission has also insisted on exclusive reporting of reserves, which is a problem. The exchange results of the Venmyn survey are shown below:-

Table 2: Results by exchange

EXCHANGE	INCLUSIVE		EXCLUSIVE		BOTH	
	NO OF FIRMS	%	NO OF FIRMS	%	NO OF FIRMS	%
ASX	22	76%	7	24%		
JSE	24	75%	6	19%	2	6%
LSE	17	68%	7	28%	1	4%
TSX	30	55%	23	42%	2	4%
Other	2	33%	4	67%		
TOTAL	95	65%	47	32%	5	3%

Comments and suggestions on this issue can be sent to Venmyn MD Andy Clay.