PERC is a voluntary not-for-profit organisation registered in Brussels whose role is setting standards for public reporting of exploration results, mineral resources, and mineral reserves of solid minerals (i.e. not oil and gas) by companies listed on European markets.

PERC is a member organisation of CRIRSCO and its standards are fully aligned with the CRIRSCO Reporting Template.

We are not directly involved with valuation, but recommend the use of existing valuation codes such as VALMIN (Australia), SAMVAL (South Africa) and CIMVAL (Canada), which have all been developed in conjunction with CRIRSCO-aligned reporting standards.

Our comments on the IVSC consultation document relate only to section 3, as follows:

3.1 Mineral Classification Codes.
GN 14 referenced the CRIRSCO and UNFC codes. However, the Board is aware that other codes are used for classifying minerals reserves and resources, including the PRMS Code for petroleum and the JORC for hard rock. Understanding the Codes used for identifying minerals is fundamental to the valuation of those assets.

Question 3
a) Which classification code or codes are most commonly used in your industry / sector?
b) Which code do you normally use or rely on?
c) Are you aware of differences across your / industry sector on the classification codes used? If so please indicate whether these differences cause problems in undertaking or understanding valuations.

We agree very strongly with the statement above that "Understanding the Codes used for identifying minerals is fundamental to the valuation of those assets." It is disappointing to note, therefore, that the preceding sentence shows a flawed understanding on the part of IVSC.

To clarify, therefore:

In all of the world's major mining markets except for the USA, the only standards which may be used in reporting exploration results, mineral resources, and mineral reserves are those recognised by CRIRSCO as aligned with the CRIRSCO Reporting Template. These include:

- PERC Reporting Code (Europe)
- JORC Code (Australasia)
- CIM Definition Standards (Canada)
- SME Guide (USA)
- SAMREC Code (South Africa)
- Chilean Certification Code (Chile)
- NAEN Code (Russia)
In the USA, the SEC Industry Guide 7 is still used, but we understand that this is currently under review.

Please note that JORC is not another code but is one of the seven 'national' standards currently recognised within the CRIRSCO family.

Core definitions within CRIRSCO reporting standards are standardised, and differences among them relate principally to requirements of the different jurisdictions in which they are used.

The United Nations Framework Classification (UNFC) is not a reporting code and is not used for public reporting of minerals. It is a 'neutral' classification which is mapped to CRIRSCO codes for solid minerals and to PRMS for petroleum and gas. CRIRSCO and PRMS provide the commodity-specific definitions within UNFC. For this reason, UNFC is not relevant to the question of valuation. Its purpose is principally for governmental and NGO use in raw materials planning and national/regional minerals inventories.

We propose that an explicit statement should be made that CRIRSCO-aligned reporting standards should form the basis of any valuations of solid mineral assets. This will then be in line with the recognition of CRIRSCO by the International Accounting Standards Board for use in the International Financial Reporting Standards.

Stephen Henley
Chairman
PERC
16 October 2012.