



MINING ENGINEERS' ASSOCIATION OF INDIA

Regd. Under Societies Act at Rungta House, Barbil, Odisha.

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F.No: MEAI/UNFC/CRIRSCO/122

Hyderabad
24.11.2014

To,

Sub: Standards of reporting mineral deposits estimates- A request to attend meeting on India's participation in CRIRSCO on 18.12.2014 at MEAI H.qtrs, Hyderabad.

Dear Sir,

You are aware that India is bestowed with large resources of most of the minerals and coal that are essential for the industrial development and sustainable progress. India being one of the few leading emerging economies of the world has to catch up a lot with the world best practices in all areas of its participation, including the mineral industry. It is all the more necessary for any emerging economy to attract huge investments from the market to develop its mineral based industries, for which public reporting of mineral resources forms the foundation.

There are two most important ore reserves reporting systems followed by the mineral industry in the world viz. Committee for Mineral Reserves International Reporting Standards (CRIRSCO) and United Nations Framework Classification (UNFC).

CRIRSCO's members are the National Reporting Organizations (NROs), the country specific bodies that are responsible for developing mineral reporting codes, standards and guidelines. Known mainly by their acronyms, the NROs are: in Australasia (JORC), Chile (Comision Minera), Canada (CIM), Europe (PERC), Russia (NAEN), South Africa (SAMREC) and the US (SME). The NROs nominate representatives to CRIRSCO, two per NRO for a committee currently numbering 14. Recently Mongolia has been admitted as the eighth member of the CRIRSCO. The users of the CRIRSCO family standards are mining companies, financial institutions, stock exchange regulators, governments and shareholders. The guiding principles of CRIRSCO are transparency, materiality, competence and impartiality.

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The Template is applicable to all solid minerals, including diamonds, other gemstones, industrial minerals, stone and aggregates, and coal, for which Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves is required by the relevant regulatory authorities. The template developed by CRIRSCO is not a code with legal or regulatory force but plays advisory role only; it assists countries to produce new code consistent with international best practices and the national codes are comparable with other international reporting systems. The role of NRO includes maintaining special relationship with its national stock exchange regulatory regime, multiple national regimes and multiple professional organizations.

The research initiative of United Nations Economic Commission for Europe (UN-ECE) in early 1990's to develop simple, user friendly and uniform system for classifying and reporting reserves and resources of fossil fuels and Mineral commodities resulted in creation of UNFC 1997 and the same was extended to apply to petroleum and uranium in 2004. In 2009, generic, principle-based system, stronger and simple version of classification UNFC-2009 was prepared. While few individual companies report their resources and reserves using the UNFC, the system is still accepted as a basis for reporting by some governments, including those of China, India and some Eastern European countries. Because of the relevance of these countries to future mining developments, including stock exchange listings, CRIRSCO continues to work with countries to map government systems to the template and vice versa. For example, Russia mapped its system to the template in 2009 leading to the CRIRSCO-compatible NAEN code in 2011. The CRIRSCO Template is the set of commodity-specific definitions in UNFC-2009 for all solid minerals. CRIRSCO and UNFC-2009 systems are related and use consistent definitions but they are not interchangeable. India adopted UNFC-1997 in the year 2003 and the national mineral inventory is accordingly classified. UNFC must not be used in Public Reporting by listed companies.

In light of the above brief on CRIRSCO and UNFC classifications, it would be advantageous for India to become a member of CRIRSCO and adopt its template for public reporting to benefit the mineral industry in raising capital from the market. If the Indian Bureau of Mines (IBM) prefers to continue with UNFC, then it would be necessary for it to migrate to UNFC-2009, which has already been mapped with CRIRSCO. In such a case, the additional categories of mineral resources which can't be mapped with CRIRSCO may be used for the internal reporting by IBM and the categories that were mapped with CRIRSCO may be used for public reporting subject to adoption of the guiding principles of CRIRSCO (transparency, materiality, competence and impartiality). The possibility of providing competence through membership of Indian professional organizations should be studied.

Mining Engineers' Association of India (MEAI) is in the service of the nation for more than 50 years and is strategically positioned to function as the nodal organization on behalf of the country and put efforts to join CRIRSCO as its NRO. Necessary amendments required to be made to the MEAI bye-laws, to implement the CRIRSCO guidelines with respect to competence and ethics, can be accomplished with least hindrance. There will not be any conflict of interest with IBM's functions. The government of India has to take a call in nominating the MEAI to join the CRIRSCO, in the overall interest of the Indian mineral industry.

In the above backdrop, MEAI wish India joining CRIRSCO is of National interest and take lead in organizing the maiden meeting of principal stakeholders to deliberate and decide on the next course of action, at 11:15 AM on 18th December 2014 at its headquarters in Hyderabad. Your patronage and support will encourage us to actively engage ourselves in this national mineral industry cause.

A word on confirmation of your participation and advice will be thankfully acknowledged.

Thanking you,

Yours faithfully,

Secretary General, MEAI

India's participation in CRIRSCO:
An initiative for greater economic benefit of the country