The JORC Code
Friend or Foe?
Decoding investments and raising funds
by: Graham Jeffress
Graham Jeffress
BSc (Hons),
FAIG, RPGeo, FAus IMM, FSEG, MGSA

- 30+ years’ experience in exploration, res def, and public reporting of Exploration Results and Mineral Resources, DD, IGR and Valuations
- Worked for large mining companies, junior explorers, private companies, government, & in consulting
- Has been with CSA Global for 10 years
- Former Director of the Australian Institute of Geoscientists, a JORC parent body for 11 years.
- Joint Ore Reserves Committee executive since May 2014.
Disclaimer

Whilst Graham Jeffress is a member of the Joint Ore Reserves Committee (JORC), any comments and views presented are his own and should not be taken as necessarily representing those of the full JORC.
“A careful owner, before buying shares, should: visit the mine and carefully examine the nature of the vein, as it is very important that he be on his guard, to avoid being the victim of dishonest sellers of shares seeking to defraud him”
Definition of a mine or a miner?

“A mine is a hole in the ground with a liar on top”

~ commonly attributed to Mark Twain
The Poseidon Boom (& bust)
Tasminex: Another bust...

Tasminex myth explodes with boos and jeers

By LESLIE CARLYON, our Finance Editor

The Tasminex myth exploded on Australian stock exchanges yesterday afternoon amid groans, guffaws and boos and jeers. An exploration report from the company disappointed the market — and the shares were slashed from $16 to $7.

A month ago, the shares sold as high as $75 after the chairman (Mr. W. Singline) told reporters that the company’s nickel treatment at Mount Vesu in Western Australia would be
"...probably the most explosive document produced by either House of Parliament since Federation ... also the most important..." *The Age*
Regulation and the JORC Code’s place

Codes are part of a bigger regulatory environment
What is a Public Report?

ANY report or briefing to inform (potential) investors about RRR:

• Annual & Quarterly reports
• Media releases
• Information Memoranda
• Technical papers
• Website postings
• All social media
• Public presentations
• Expert Reports & Valuations
• Environmental Reports
What the JORC Code DOES

✓ **Minimum standards** for public reporting
✓ **Classification** of tonnage/grade estimates
✓ Describes who can report (the **Competent Person**)
✓ Provides **guidance** on how to report
❖ Is based on 3 Principles
  Materiality/Transparency/Competence
The heart of the JORC Code = Figure 1

- Exploration Results
- MINERAL RESOURCES
  - Inferred
  - Indicated
  - Measured
- ORE RESERVES
  - Probable
  - Proved

Increasing level of geological knowledge and confidence

Consideration of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the “Modifying Factors”).
Features and Reasons for Success (1)

✓ Simplicity – mirrors real world stages, reduces complexity
✓ Non prescriptive (mostly guidance not rules) and flexible
✓ Part of a World process (constantly improving)
Features and Reasons for Success (2)

✓ Competent persons – avoid rules by relying on expertise
✓ Designed with the investor in mind
✓ Regulatory backing
The JORC Codes DOES NOT...

• ... dictate everything required for Exploration Results
• ... regulate the estimation or classification of Mineral Resources and Ore Reserves
• ... tell you how to value a project
• ... regulate companies’ internal approaches & systems
• ... deal with breaches of the Codes:
  ➢ By companies ➔ dealt with by ASX (and/or ASIC)
  ➢ By individuals ➔ dealt with by the codes of ethics of AIG and AusIMM
A competitive advantage

• Many competitors for capital – old & new
• The JORC Code is a critical information tool
• Provides key data
• Overtly addresses risks
• Makes it easy to compare
• Provides confidence
  ➔ easier (not easy) fund raising
For many mining has developed a reputation for destroying wealth
And despite some spectacular successes, we still have examples of failures
The Codes are an invaluable framework to help us craft our messaging and allow informed investments
   ➢ Instead of treating them like an administrative hassle
   ➢ Treat the requirements like a pre-match training and coaching
   ➢ They’re there to help you win
Elements of a good public report

- Integrity & ethical standards
- Technical mastery
- Clarity of purpose & strategy
- Balanced & informative
- Fit for purpose
- Context & status
- Investor friendly
Project Selection and Risk

• It is a battle to attract investor interest and to win their funding
• Neither JORC nor VALMIN Codes dictate what makes a good project
• ... that depends your risk profile
• Good reporting gives investors the comfort they need to invest
Want investment?

- RCF quoted that not one of 107 mine construction projects completed under budget
- On average 38% over budget
- Ross Bhappu was quoted as saying “investment is there for those that deserve it”
  ➢ Codes help you do a “better job”
Think like an investor when you write a public report
Wrap Up

✓ The JORC Code – the “babel fish” of the Mining industry
✓ Let’s you compare apples, oranges and elephants
✓ It is not a silver bullet
✓ Or a stifling blanket
➢ It is a critical communication tool
➢ And the mining industry’s secret weapon against competitor sectors

Stick one in your ear, and you can instantly understand anything said to you in any form of language. The speech you hear decodes the brain wave matrix.
Final Remarks

The Codes:
• Help you navigate ‘rules’ and professional expectations industry
• Are ‘fit for purpose’
• Don’t tell you how to do your job but how to talk about it
Thanks for your attention

Appraisal of mineral assets at all stages of the development cycle to support corporate decision making.

Exploration properties through to mining operations. VALMIN, SAMVAL, NI 43-101 compliance.

Board support, merger and acquisition assistance, identification of assets for sale, cost modeling, 3rd party introductions, asset de-risking.

Fatal flaws analysis through to comprehensive technical audits.

Provision of technical assessment, valuation and independent reporting services. VALMIN, JORC, NI 43-101 compliance.

Spring Portals, Data rooms, Data management and migration, Technology advice and support, Cyber security, IT management, Cartography, GIS plans, sections and 3D plots.
CSA Global is a leading mining, geological, technology and management consulting company which provides high quality solutions to our clients in the global minerals industry.

Our staff include geologists, mining engineers, project managers, data management professionals and technical personnel.
Our Commitment to Excellence

CSA Global is committed to realising the potential of our client's projects through excellence, innovation and collaboration.

With more than 200 employees and associates, our team include geologists, mining engineers, project managers, data management professionals and technical personnel.
Our Services

• Exploration to production technical services.
• Project reviews, program design and management.
• Operational audits and improvement strategies.
• Code compliant reports e.g. JORC, NI 43-101, etc.
• Mineral Resource and Ore Reserve estimation.
• Concept to feasibility studies.
• Gap analysis, fatal flaw studies and due diligence.
• Expert reports, valuations and specialist advice.