



**CHARTERED SECRETARIES
AUSTRALIA**

Keeping good companies

5 April 2002

Mr Peter Stoker
Secretary
Australasian Joint Ore Reserves Committee (JORC)
42 Canowindra Street
Jindalee QLD 4074

Dear Mr Stoker,

Chartered Secretaries Australia (CSA) welcomes the opportunity to make a submission in relation to the current review of the JORC Code. The comments set out below reflect the views of representatives of a number of Australia's resource companies including BHP Billiton and Western Mining Corporation (WMC).

CSA is Australia's peak membership body for corporate governance and compliance, and firmly consider ourselves as fully qualified to respond to this matter. In Australia CSA has over 8,000 members representing the majority of public companies listed on the Australian Stock Exchange. Members of CSA regularly deal on a day-to-day basis with the ASX, ASIC and the ACCC and have a thorough working knowledge of the operations of the markets, the needs of investors and the law and regulation dealing with market practices and independence. In addition, representatives from the ASX, ASIC and the ACCC regularly address members at our seminars and conferences.

Global Recognition of Competent Persons

The definition of a Competent Person in the JORC code does not adequately provide for the needs of companies with operations in overseas countries. The JORC Code currently requires a Competent Person to be a member of the AusIMM or AIG, and does not allow for any other professional membership.

We would like to see JORC adopt a broader definition for a Competent Person, consistent with international standards, which facilitates reciprocal recognition of the role between countries, and establishes rules of conduct for the Competent Person.

We commend to you the definition of a Competent or Qualified Person provided in the document NI 43-101 referred to in the Canadian Institute of Mining and Metallurgy's (CIM) latest draft of the Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines. It states that a Qualified Person must be an engineer or a geoscientist, must be an individual not a firm, must have

at least five years of experience and have experience relevant to the nature of the current project, and must be a member of a "professional association". It goes on to explain that a "professional association" is any self-regulatory organisation of engineers and/or geoscientists that: is authorized or recognized by statute, admits members primarily on the basis of academic qualifications and experience, requires compliance with competence and ethics standards it establishes, and has disciplinary powers, including the power to suspend or expel a member. The definition lists the accepted professional associations within Canada and the rest of the world and includes the AusIMM and the AIG.

Recognised Mining Professional

ASX Listing Rule 5.10 allows reports containing information about minerals to be compiled by a Recognised Mining Professional rather than a Competent Person. While this is a good concept in theory a Recognised Mining Professional is defined in the listing rules as "a person who has membership of a recognised overseas professional body that has agreed to sanction the person if they do not comply with the JORC Code". Currently there are no such agreements in place and AusIMM and AIG may not be interested in brokering such agreements if they believe it could compromise efforts to secure potential members.

Adoption of International Standards

The JORC Code needs to recognise the global nature of many of our resource companies and the need to accommodate reporting requirements in varying jurisdictions. While significant progress has been made in the development of common definitions (under the CMMI protocol) the major exception is the US SEC. A number of fundamental definitions and related reporting requirements are different which means that it is impracticable to comply with both the ASX requirements (which all use codes based on the CMMI definitions) and the SEC requirements in one report.

Summarised Reporting in Concise Annual Reports

The JORC Code does not encourage companies to report on ore reserves and resources in a concise annual report. The Code is quite prescriptive about the information that must be disclosed in reports. Item 26 prohibits aggregation of resource categories without provision of constituent categories. Mineral resources must not be reported in terms of contained metal or mineral without corresponding tonnages and grades. Mineral resources must not be aggregated with ore reserves. Similarly, item 34 prohibits aggregation of categories of reserves unless individual categories are provided.

It is our view that companies should be permitted to disclose summarized ore reserve and resource figures displaying total reserve and resource figures in concise reports without the need to detail the underlying category information in the report. This summarized disclosure should only be permitted on the basis that a full statement of reserves and resource information is disclosed in the full annual report which is available on request, and that appropriate footnotes appear in the concise report drawing attention to the detailed disclosure in the full annual report.

Since the introduction of concise annual reporting in 1996 a significant number of companies have adopted it. A recent CSA survey of top 100 companies found that over 80% of companies with a market capitalization of over 5 million produced concise reports. In those cases less than 10% of shareholders elected to receive the full annual report. Given the limited space available in concise reports many large resource companies have decided it is not practicable to include full details of ore reserves and resources in the concise report. As a consequence, this important information is relegated to the full report which is not seen by 90% of shareholders. In order to encourage companies to disclose ore reserves and resources in the concise report we recommend that JORC adopt a more flexible view on the reporting of summarized mineral information in concise annual reports.

CSA is supportive of JORC's efforts to improve the Code and our representatives would be pleased to meet with you to discuss any of the above matters.

Yours sincerely

A handwritten signature in black ink, appearing to read "Tim Sheehy". The signature is written in a cursive, flowing style.

Tim Sheehy
CHIEF EXECUTIVE